

2025 ANNUAL REPORT 年報

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Corporate Information

Executive Directors Ms. Liao Liping (Co-Chairman)

Mr. Ho Chak Yu

Non-executive Directors Mr. Tian Yi (Co-Chairman)

Mr. Bian Wenbin

Independent non-executive

Directors

Mr. Chu Hoi Kan Mr. Lam Chi Wing Mr. Tang Sher Kin

Mr. Deng Chaowen

Company Secretary Mr. Yu Ngai

Principal Bankers Hang Seng Bank Limited

Shanghai Commercial Bank Limited

Auditor Global Link CPA Limited

Registered Public Interest Entity Auditor

Legal Advisers on Bermuda Law Conyers, Dill & Pearman

Registered Office Clarendon House

2 Church Street Hamilton HM11 Bermuda

Head Office and 11/F, Metropole Square

Principal Place of Business 2 On Yiu Street

Sha Tin

New Territories Hong Kong

Principal Registrars Conyers Corporate Services (Bermuda) Limited

Clarendon House 2 Church Street Hamilton HM11 Bermuda

Registrars in Hong Kong Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Website http://www.alco.com.hk

Stock Code 328

Chairman's Statement

GROUP RESULTS AND DIVIDENDS

The revenue of the continuing operations of the Group was HK\$99 million for the year ended 31 March 2025 as compared to HK\$148 million for the year ended 31 March 2024, represented a 33% decrease in revenue. Gross profit of the continuing operations of HK\$5 million was recorded for the year ended 31 March 2025 as compared to the gross profit of HK\$9 million for the year ended 31 March 2024. The loss for the year ended 31 March 2025 of HK\$64 million was mainly attributable to the decrease in revenue due to economic downturn worldwide and people reduces personal consumptions in markets, while the profit for the year ended 31 March 2024 of HK\$592 million was mainly attributable to the gain on deconsolidation of Disposal Group from discontinued operation of HK\$596 million and gain on deconsolidation of subsidiaries of HK\$78 million.

The directors do not recommend the payment of a final dividend for the financial year ended 31 March 2025 (2024: Nil).

REVIEW OF OPERATIONS

The core business of the Group during the period under review was focused on the development and sales of own brand notebooks and tablets.

While there has been a modest improvement in transitioning from in-house manufacturing to outsourcing Original Design Manufacturer (ODM) and Original Equipment Manufacturer (OEM) functions, yielding a gross profit, the Company remains in challenging business environment. Exploring new products and markets has become one of the most important missions for the Company to complete.

The Company still require additional resources to refine operations, including but not limited to strategically leveraging its network from business partners and investors. These collaborations aim to enhance operational efficiency and optimize processes, aligning with the Company's commitment to adaptability and growth.

It is crucial to note that the overall financial picture remains challenging. Disregarding the one-off gain from deconsolidation of subsidiaries, the company still faces a net loss for the year. Caution is advised in both operational and cash flow aspects, given the persistently grim business environment.

To address financial challenges, the company will continue relying on raising funds from the capital market. Although there's a slight improvement in ongoing operations, finding a stable and profitable mode of operation remains a focal point. Efforts will be devoted to navigating these challenges and securing a sustainable and resilient business model for the future.

Chairman's Statement

PROSPECTS

Looking ahead, the Group remains committed to its strategic objectives and will continue to pursue opportunities for growth and profitability. The following prospects outline the key focus areas for the Group:

- Operational optimization: The Group will continue to implement measures to improve operational
 efficiency, including ongoing downsizing initiatives, process enhancements, and cost control
 measures.
- Business cooperation: The Group will actively explore opportunities for business cooperation, including strategic partnerships, technological innovation, and product diversification, to enhance competitiveness and capture new market opportunities.
- Capital market financing: The Group intends to explore capital market financing options, including rights issues, to raise funds for strategic investments and future growth initiatives.

The Group remains cautiously optimistic about its prospects, driven by the ongoing efforts to improve operational efficiency, reduce debts, and pursue growth opportunities. The focus on financial stability, strategic partnerships, and transformative initiatives positions the Group for long-term success in a rapidly evolving market landscape.

APPRECIATION

On behalf of the Board of Directors, I want to thank every staff member of the Group for their endurance, dedication and commitment in assisting the Group in this particular difficult year. I also want to extend our sincere gratitude to our business partners for their tremendous understanding, patient and support to the Group.

Liao Liping

Co-chairman and executive director

Hong Kong, 30 June 2025

Executive Directors

Ms. Liao Liping ("Ms. Liao"), aged 50, obtained a certificate of social music in department of art issued by Gannan Normal University (贛南師範學院) in July 1996. She has over 27 years of experience in banking, investment and education. She worked as general manager of Ganzhou Youbeibei Education Consulting Co., Ltd. (贛州市優貝貝教育諮詢有限公司) from May 2018 to March 2023; deputy general manager of Jiangxi Wenqin Education Investment Co., Ltd. (江西文欽教育投資有限公) from January 2013 to April 2018; and manager of risk management department of Ganzhou Bank Co., Ltd. (贛州銀行股份有限公司) from July 1996 to December 2012.

Mr. Ho Chak Yu ("Mr. Ho"), aged 37, has over 12 years of business experience. He is currently a director of Gloadvise SDN BHD, a company incorporated in Malaysia since December 2020. Mr. Ho also works as an oversea business development manager in Stellar Capital since August 2019 and mainly focus on exploring oversea market. In addition, Mr. Ho was director of Sensethere SDN BHD from November 2020 to June 2022. In general, Mr. Ho has extensive experiences in multi-national business.

Non-executive Directors

Mr. Tian Yi ("Mr. Tian"), aged 35, obtained a diploma in law from Guangdong Open University in 2023. He is the founder and chief executive officer of Yongfuxiang Health Management Co., Ltd. (永福祥健康管理有限公司) since 2018 and the founder and chairman of Shiruikang Health Technology Co., Ltd. (施瑞康健康科技有限公司) since 2018.

Mr. Bian Wenbin ("Mr. Bian"), aged 43, has over 15 years of experience in finance. Mr. Bian graduated from Jiangnan University (江南大學) majoring in finance in 2016. Mr. Bian served as the Head of the Bank Insurance Department of China Pacific Property Insurance Co., Ltd. (中國太平洋財產保 險股份有限公司) from 2006 to 2011, primarily responsible for bank contracting and the promotion of insurance business. From 2011 to 2012, he served as the General Manager of the Bank Insurance Department of China Continent Property and Casualty Insurance Company Ltd. (中國大地財產保險股 份有限公司), responsible for the management and development of the Bank Insurance Department. From 2012 to 2014, he served as the head of the Bank Insurance Department of Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), where he led the promotion of the company's banking business. From 2014 to 2016, he served as the head of the Liability and Accidental Insurance Department of China Life Property & Casualty Insurance Company Limited (中國人壽財產保險股份有限公司), mainly responsible for business review management and company business promotion. From 2016 to 2018, he served as the person in charge of Wuxi Branch of Huatai Property & Casualty Insurance Co., Ltd. (華泰財產保險股份有限公司), responsible for institutional management. From 2018 to 2019, he served as Product Manager at Alltrust Insurance (永誠保險) and China United Insurance (中華聯合保險), primarily responsible for the development

of new insurance products. From 2019 to 2024, he served as the founder of Jiangsu Guohu Network Technology Co., Ltd. (江蘇國互網路科技有限公司) (a company primarily engaged in information transmission, software and information technology services), responsible for promoting the integration of traditional financial business with digital tools. During that period of employment, Mr. Bian successively founded Linzai (Jiangsu) Legal Consulting Service Co., Ltd. (臨在(江蘇)法律諮詢服務有限公司) and Shanghai Honglüda Intelligent Technology Co., Ltd. (上海宏律達智慧科技有限公司), leading the intelligent transformation of financial and legal services. Since 2024, Mr. Bian has been the founder and chairman of Shenzhen Zhongcheng Shuke Holdings Group Co., Ltd. (深圳中城數科控股集團有限公司).

Independent Non-executive Directors

Mr. Chu Hoi Kan ("Mr. Chu"), aged 38, has over 10 years of experience in the accounting and corporate finance industries. He is currently an associate director in Honestum International Limited performing corporate finance advisory work since January 2019. Prior to that, he was mainly engaged in corporate finance advisory work at CLC International Limited from December 2012 to January 2019 with his last position as a manager. He also gained accounting experience from Deloitte Touche Tohmatsu from October 2010 to November 2012, with his last position as an audit senior in the audit function.

Mr. Chu obtained a degree of Bachelor of Business Administration in Finance and Professional Accounting with first class honors from the Hong Kong University of Science and Technology in November 2010. He has been certified as a member of the Hong Kong Institute of Certified Public Accountants since September 2014. Mr. Chu was an independent non-executive director of MOG Digitech Holdings Limited (stock code: 1942) from September 2022 to September 2023. Mr. Chu currently serves as an independent non-executive director of DreamEast Group Limited (stock code: 593) since January 2024.

Mr. Lam Chi Wing ("Mr. Lam"), aged 46, obtained a bachelor of business administration in accounting and finance degree from The University of Hong Kong in December 2003, a master of science in knowledge management degree from The Hong Kong Polytechnic University in December 2006 and a master of business administration degree from The Chinese University of Hong Kong in December 2010. He is currently a postgraduate of the Executive Master in Public Administration Hong Kong Administrative Talents Program conducted by the School of Public Policy & Management at Tsinghua University.

Mr. Lam joined Li & Fung Group in September 2003, where he served as the group chief representative and general manager of Southern China of Li & Fung Development (China) Limited prior to his departure in July 2015. From June 2020 to December 2020, he was a brand and new retail strategic officer of Bonjour Holdings Limited.

Mr. Lam has been a deputy to the 14th National People's Congress (第十四屆全國人大代表), a member of each of the 12th and 13th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆及第十三屆廣東省委員會) and a member of each of the 11th and 12th Zhongshan Municipal Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆及第十二屆中山市委員會). Mr. Lam is currently a vice-chairman of each of the Hong Kong Guangdong Youth Association (香港廣東青年總會), the council of the Guangdong Society of Commercial Economy (廣東省商業經濟學會理事會), the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation (廣東省粵港澳合作促進會) and the Federation of Hong Kong Zhong Shan Community Organisations Limited (香港中山社團總會). He is also currently an adjunct associate professor of the department of information systems, business statistics and operations management of the Business School of The Hong Kong University of Science and Technology, and co-director and an adjunct professor of the Center of Innovation Design and Entrepreneurship of the School of Management and Economics of The Chinese University of Hong Kong, Shenzhen. Mr. Lam served as a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region from 2011 to 2012.

Mr. Lam was an executive director of Bonjour Holdings Limited (stock code: 653) from July 2020 to December 2020. Mr. Lam currently serves as an independent non-executive director of Carry Wealth Holdings Limited (stock code: 643) since January 2024, an independent non-executive director of China Wantian Holdings Limited (stock code: 1854) since June 2023, a non-executive director of DreamEast Group Limited (stock code: 593) since November 2023, an independent non-executive director of MTT Group Holdings Limited (stock code: 2350) since August 2022, an independent non-executive director of Renheng Enterprise Holdings Limited (stock code: 3628) since July 2023, an independent non-executive director of Space Group Holdings Limited (stock code: 2448) since April 2023, an independent non-executive director of TOMO Holdings Limited (stock code: 6928) since January 2024 and an independent non-executive director of Wai Hung Group Holdings Limited (stock code: 3321) since March 2019.

Mr. Lam has also served as an independent non-executive director of Aidigong Maternal & Child Health Limited (stock code: 0286) from March 2016 to December 2022, and from October 2023 to February 2025.

Mr. Tang Sher Kin ("Mr. Tang"), aged 55, has about 30 years of experience in the engineering industry and project management. Mr. Tang obtained a bachelor's degree of engineering in mechanical engineering from the Oxford Polytechnic (now known as the Oxford Brookes University) in the United Kingdom in July 1992 and a master's degree of arts in global business management from the City University of Hong Kong in November 2006. Mr. Tang was admitted as a chartered engineer of the Engineering Council in December 2004, a registered professional engineer of the Engineer Registration Board in April 2009, a BEAM professional of the Hong Kong Green Building Council in July 2010 and a registered energy assessor of the Electrical and Mechanical Services Department of the Government in August 2012. Mr. Tang is a council member of The Hong Kong Institution of Engineers (HKIE) and also a fellow member of HKIE in five disciplines including (i) building services; (ii) control, automation and instrumentation; (iii) environmental; (iv) energy; and (v) mechanical. He was an independent non-executive director of Kwong Luen Engineering Holdings Limited (stock code: 1413) from February 2021 to September 2023.

Mr. Deng Chaowen ("Mr. Deng"), aged 46, holds a Master's degree in International Management from Oxford Brookes University, UK, awarded in July 2003. He also obtained a Bachelor's degree in Management from Guangdong University of Technology, China, in July 2002.

Mr. Deng possesses over twenty years of experience in human resources management, organizational management and corporate operation management in the information technology industry. He worked as human resource manager from 2009 to 2011 in Tencent Holdings Limited (stock code: 0700), a company listed on the main board of The Stock Exchange of Hong Kong. Prior to that, he also worked for Huawei and Kingdee International (Stock code: 0268) as human resource manager and senior human resource manager respectively. Mr. Deng currently serves as the Co-founder and CEO of Oriental Info Technology Co., Ltd., and its wholly-owned enterprises, including Shenzhen Industry Technology Co., Ltd. Since 2017, he has also worked as a strategic consultant for numerous startup IT companies in Shenzhen. He currently serves as independent non-executive director of Hang Yick Holdings Company Limited (stock code: 1894) since January 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 March 2025 ("Year"), the Company has complied all the applicable code provisions of the Code.

THE BOARD

The Board is responsible for the formulation of the Group's business and strategic decisions and monitoring the performances of the management team.

Board composition

The Board currently comprises two executive Directors, namely Ms. Liao Liping (Co-Chairman) and Mr. Ho Chak Yu, two non-executive Directors, namely Mr. Tian Yi (Co-Chairman) and Mr. Bian Wenbin, and four independent non-executive Directors, namely Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Tang Sher Kin and Mr. Deng Chaowen.

All independent non-executive Directors are appointed for a term of three years.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors in accordance with rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

Board diversity policy

The Company has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. The nomination committee of the Company will review the board diversity policy from time to time to ensure its continued effectiveness.

Responsibilities and accountabilities of the Board and Senior Management

The Board is the primary decision making body of the Company and takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. Before entering into any significant transactions or commitments on behalf of the Company, members of the senior management should obtain prior approval and authorization from the Board.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' attendance at Board/general meetings

20 Board meetings and one general meetings were held during the year ended 31 March 2025. The attendance of each Director is set out as follows:

	Attended/Eligible to attend		
	Board	General	
Members of the Board	Meeting	Meeting	
Fuggither Directors			
Executive Directors	10/10	0.14	
Ms. Liao Liping (appointed on 8 April 2024)	19/19	0/1	
Mr. Ho Chak Yu	20/20	0/1	
Mr. Liang Yanan (resigned on 8 April 2024)	N/A	N/A	
Non-executive Director			
Mr. Tian Yi (appointed on 15 November 2024)	5/5	N/A	
Mr. Bian Wenbin (appointed on 20 June 2025)	N/A	N/A	
Mr. Yang Min (resigned on 20 June 2025)	20/20	0/1	
Independent non-executive Directors			
Mr. Chu Hoi Kan	20/20	1/1	
Mr. Lam Chi Wing	20/20	1/1	
Mr. Tang Sher Kin	20/20	0/1	
Mr. Deng Chaowen	20/20	1/1	
Ms. Mak Suet Man (resigned on 15 November 2024)	14/14	1/1	
Ms. Mo Li (appointed on 25 October 2024 and resigned on			
15 November 2024)	2/2	N/A	

CHAIRMAN

At the dated of this report, Ms. Liao Liping Chao and Mr. Tian Yi are the co-chairman of the Board..

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the directors, all the directors confirmed that they had complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions with the Company for the year ended 31 March 2025.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference in accordance with the Code provisions.

The Remuneration Committee currently comprises Mr. Tang Sher Kin (chairman of the Remuneration Committee), Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Deng Chaowen, all of whom are independent non-executive Directors.

The Remuneration Committee reviews and recommends to the Board the remuneration and other benefits paid by the Group to its Directors and senior management. The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to the Board on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management member; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

Four Remuneration Committee meetings were held during the Year for making recommendations to the Board on the remuneration packages of individual Directors and the senior management. The attendance of each Committee member is set out as follows:

	Attended/	
Members of the Remuneration Committee	Eligible to attend	
Mr. Tang Sher Kin	4/4	
Mr. Chu Hoi Kan	4/4	
Mr. Lam Chi Wing	4/4	
Mr. Deng Chaowen	4/4	
Ms. Mak Suet Man (resigned on 15 November 2024)	3/3	

AUDIT COMMITTEE

The Audit Committee currently comprises Mr. Chu Hoi Kan (chairman of the Audit Committee), Mr. Lam Chi Wing, Mr. Tang Sher Kin, Mr. Deng Chaowen, all of whom are independent non-executive Directors.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising the Group's financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

Three Audit Committee meetings were held during the Year to review the Group's interim and annual financial results for submission to the Board for approval, make recommendation on the re-appointment of the external auditor, review the internal control and risk management systems of the Group, review and monitor the effectiveness of internal audit function and oversee the audit process. The attendance of each Committee member is set out as follows:

Members of the Audit Committee Eligible to attend

Mr. Chu Hoi Kan

Mr. Lam Chi Wing

Mr. Tang Sher Kin

Mr. Deng Chaowen

Ms. Mak Suet Man (resigned on 15 November 2024)

NOMINATION COMMITTEE

The Company established a Nomination Committee with written terms of reference in accordance with the Code provisions.

The Nomination Committee currently comprises Mr. Lam Chi Wing (chairman of the Nomination Committee), Mr. Chu Hoi Kan, Mr. Tang Sher Kin, Mr. Deng Chaowen.

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identifying, selecting or making recommendations to the Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors and succession planning for the Directors.

Four Nomination Committee meetings were held during the Year to review the structure, size and composition (including the skills, knowledge and experience) of the Board, the board diversity policy, assess the independence of independent non-executive Directors, and make recommendations to the Board on the appointment of the new Director in accordance with the Company's nomination policy including the nomination procedures and criteria listed below and composition of the Board Committees. The attendance of each Committee member is set out as follows:

Members of the Nomination Committee

Mr. Lam Chi Wing

Mr. Chu Hoi Kan

Mr. Tang Sher Kin

Mr. Deng Chaowen

Ms. Mak Suet Man (resigned on 15 November 2024)

Attended/

Eligible to attend

4/4

4/4

3/3

Nomination policy

The Company has adopted a nomination policy which sets out the selection criteria and procedures to nominate board candidates. The Nomination Committee aims to nominate suitable candidates to the Board and advise the Board on the appointment of directors and make recommendation to the Board, after assessing a number of factors of a candidate as set out in the nomination policy.

Pursuant to the nomination policy, the Nomination Committee shall identify suitable board candidates and make recommendation to the Board, after assessing a number of factors of a candidate, including, but not limited to:

- reputation for integrity
- accomplishment and experience
- compliance with legal and regulatory requirements
- commitment in respect of available time and relevant interest
- diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural
 and educational background, ethnicity, professional experience, skills, knowledge and length of
 service

The Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the shareholders as a whole.

The Nomination Committee will review the nomination policy, as appropriate, and recommend revision to the Board for consideration and approval from time to time.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the Hong Kong Financial Reporting Standards have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

Disclaimer of Opinion (the "Disclaimer of Opinion")

The Company's auditor, Global Link CPA Limited (the "Auditor") issued a disclaimer of opinion on the consolidated financial statements of the Group, details of which are set out in the independent auditor's report.

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in Note 1 to the consolidated financial statements, the Group incurred loss from continuing operations of approximately HK\$64,270,000 for the year ended 31 March 2025 and net current liabilities of approximately HK\$142,651,000 as at 31 March 2025. During the year ended 31 March 2025, the Group has failed to repay certain bank borrowings amounted to approximately HK\$47,528,000 according to their scheduled repayment date and remained outstanding as at 31 March 2025. Such default in repayment amounted to bank borrowings of approximately HK\$47,528,000 as at 31 March 2025 became immediately repayable if requested by the banks and the relevant banks have the right to cancel or suspend the facilities. The current liabilities also included a provision of financial guarantee of approximately HK\$108,468,000 for former subsidiaries for borrowings and related interest payables. As at 31 March 2025, the Group's bank balances and cash amounted to approximately HK\$10,056,000 only. These conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been formulating and undertaking a number of plans and measures to mitigate the Group's liquidity pressure, to improve the financial position of the Group and to remediate the delayed repayments to lenders and creditors.

The consolidated financial statements had been prepared on a going concern basis, the validity of which depends on the outcome of those plans and measures as mentioned in Note 1 to the consolidated financial statements, which are subject to multiple uncertainties.

However, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the events or conditions underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable because of (i) the lack of sufficient supporting basis from the management on the successfulness of negotiation with the remaining lenders and creditors on restructuring or extension of repayment terms of shareholders' loan, bank and other borrowings and trade payables; and (ii) the lack of sufficient supporting basis that the improvement of future operating results and cash flows would be realised, in particular, the uncertainty of outcome of those plans and measures and how variability in outcome would affect the future cash flows of the Group. Hence, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the management of the Group.

Should the Group fail to achieve its plans and measures as mentioned in Note 1 to the consolidated financial statements, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by us and we expressed a disclaimer of opinion on those statements on 28 June 2024. Any adjustments to the balances as at 31 March 2024 would affect the balances of these financial statements items as at 1 April 2024 and the corresponding movements, if any, during the year ended 31 March 2025. The balances as at 31 March 2024 and the amounts for the year then ended are presented as corresponding figures in the consolidation financial statements for the year ended 31 March 2025. In view of the significance of and the potential interaction of the multiple uncertainties described above and their possible cumulative effects on the consolidated financial statements, we disclaimed our audit opinion on the consolidated financial statements relating to the going concern issue only and not any other issues for the year ended 31 March 2025 and also for the possible effect of the comparability of the current year's figures and the corresponding figures.

The consolidated financial statements of the Group for the year ended 31 March 2023 were audited by another auditor who expressed a disclaimer of opinion on those statements on 27 June 2023. Any adjustments to the balances as at 31 March 2023 would affect the balances of these financial statements items as at 1 April 2023 and the corresponding movements, if any, during the year ended 31 March 2024. The balances as at 31 March 2023 and the amounts for the year then ended are presented as corresponding figures in the consolidation financial statements for the year ended 31 March 2024. In view of the significance of and the potential interaction of the multiple uncertainties described above and their possible cumulative effects on the consolidated financial statements, we disclaimed our audit opinion on the consolidated financial statements relating to the going concern issue only and not any other issues for the year ended 31 March 2024 and also for the possible effect of the comparability of the current year's figures and the corresponding figures.

Other Matters

The consolidated financial statements of the Group for the year ended 31 March 2024, were audited by us and we expressed a disclaimer of opinion on those statements on 28 June 2024.

Had we not disclaimed our opinion, we would have issued a qualified opinion on the basis that the scope limitation on the comparative figure of gain on deconsolidation of the Disposal group as disclosed in the discontinued operation for the year ended 31 March 2024 and the corresponding balances instead of a disclaimer of opinion.

The other issues mentioned below do not form part of paragraphs in relation to the disclaimer of opinion or the basis of disclaimer of opinion. As set out in note 11 to the consolidated financial statements, on 31 August 2022, the directors of the Company have made the strategic decision to cease the operation of the production line in Dongguan and has obtained the approval from the local government on the same date. In August 2023 (the Deconsolidation Date", the Company had been informed by the Court that the Court held that the creditor's application complied with the legal requirements and accepted the creditor's application for bankruptcy and liquidation against the Disposal Group. In addition, the books and records of the Disposal Group were kept and maintained by the bankruptcy administrator of the Disposal Group, which were not made available to the Group's management subsequent to the Deconsolidation Date. The related deregistration and insolvency application is in progress with the assistance from the local government as at this report date.

The results of the discontinued operation for the year ended 31 March 2024 are set out in note 11 to the consolidated financial statements.

As the books and records of the Disposal Group were kept and maintained by the bankruptcy administrator of the Disposal Group. Accordingly, we were not able to obtain sufficient appropriate audit evidence to verify the gain on deconsolidation of the Disposal Group, shown as comparative figure on the consolidated statement of profit or loss and related note 11 to the consolidated financial statements.

Given the above scope limitation, we were unable to obtain sufficient appropriate audit evidence with respect to the result of the Group's discontinued operation for the year ended 31 March 2024, shown as comparative figure as at 31 March 2024 as set out in note 11. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments were necessary in respect of the Group's gain for the year from discontinued operations of HK\$594,842,000, shown as corresponding comparative figures.

The Management's Position, View and Assessment on the Disclaimer of Opinion

The Board have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Board considers that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into account the following facts and assumptions:

(i) Restructure of bank and other borrowings

The bank and other borrowings which are repayable on demand or within one year or was defaulted in repayment amounted to approximately HK\$47,528,000 as at 31 March 2025. The Group is negotiating with the banks for debt restructuring. The management is of the view that the Group will be able to obtain consent from the banks to extend the repayment of borrowings and continue to provide the banking facility to improve the liquidity position of the Group, considering the valuation of the office premise of the Group amounting to approximately HK\$130,000,000, with reference to valuation performed by independent qualified professional valuers and market data information from bank, and other properties held by Mr. Leung Wai Sing, Wilson ("Wilson") pledged to the banks.

(ii) Future treatment of the loans from shareholders

As at 31 March 2025, the Group has loans from past and existing shareholders of approximately HK\$38,052,000, of which approximately HK\$38,052,000 was loan from the deceased exchairman of the Group, Wilson. As the estate of Wilson is frozen before the appointment of the estate administrator, the extension agreements related to loans from Wilson could not be arranged. As the loans are repayable within one year, the Company will discuss the extension of the loans with the estate administrator once he/she is appointed.

(iii) Restructure of trade payables

As at 31 March 2025, trade payables amounted to approximately HK\$7,338,000. The Group will negotiate with the creditors to further extend the repayment.

(iv) Cash inflow from operations

The Group is taking measures to streamline the product mix and production mode, to tighten cost controls over various costs and expenses and is adopting a more flexible procurement policy to control the purchase costs with the aim to attain gross profit and positive operating cash flow.

Based on the sales orders on hand for the notebook products up to June 2025, the Board expects an increase in sales in the coming months comparing to the corresponding period for the year ended 31 March 2025. The directors of the Company will continue with its effort in sales and marketing to promote the Group's notebook products in existing market and explore opportunities in other countries.

The Board believes that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 March 2025. However, should the Group fail to achieve the above-mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

The Management's Position, View and Assessment on the Other Matter

The Other Matter is a non-recurring incident, and only affect the comparative figures in relation to the Disposal Group but not the opening balance on the consolidated financial statements of the Group for the year ended 31 March 2025. Therefore, the Other Matter will be removed in the year ending 31 March 2026.

Audit Committee's View on the Disclaimer of Opinion and the Other Matter

The Audit Committee had critically reviewed the Disclaimer of Opinion and the Other Matter, the management's position concerning the Disclaimer of Opinion and the Other Matter (the "Management's Position") and measures taken by the Group for addressing the Disclaimer of Opinion and the Other Matter.

The Audit Committee agreed with the Management's Position based on the reasons above. Moreover, the Audit Committee requested the management to take all necessary actions to address the uncertainties regarding going concern underlying the Disclaimer of Opinion that no such Disclaimer of Opinion will be made in the forthcoming audited financial statements. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditor's rationale and understood their consideration in arriving their opinion.

The auditor's responsibilities are set out in the Independent Auditor's Report.

AUDITOR'S REMUNERATION

For the Year, the remuneration paid to the Company's auditor, Global Link CPA Limited, is set out as follows:

Services rendered Fees paid/payable
HK\$'000

Audit-related services 750

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the ultimate responsibility for the risk management and internal control systems of the Company, and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The audit committee is responsible for overseeing the Company's risk management and internal control systems and procedures, and to report to the Board on any material issues and make recommendations to the Board.

The audit committee and management are responsible for identifying the risks of the Group and discussing those risks with management board. Management board shall evaluate whether the risks are significant and shall manage them according to a level that is acceptable to the Group when achieving its strategic objective.

During the Year, we have outsourced the internal control review work to a third party consulting company to review the effectiveness and adequacy of the internal controls over the various systems of the Group. Recommendations for internal control will be communicated with management and proper improvement plans will be implemented after due consideration.

The Company holds at least two audit committee meetings in a financial year, with the participation of external auditors. External auditors prepare audit committee reports and discuss the issues with the audit committee. Deficiencies or weaknesses in internal control (if any) are identified and appropriate corrective actions are to be taken.

The Board evaluates whether the information is inside information and requires disclosure according to the requirements of Securities and Futures Ordinance and the Listing Rules. Inside information shall be handled strictly confidential on a need-to-know basis and shall be disclosed to the public as soon as reasonably practicable.

DIRECTOR'S TRAINING

During the year, all Directors have participated in professional training relevant to business developments and regulatory updates. All Directors have provided the Company with their records of training which they received during the year.

DIVIDEND POLICY

The Company does not have any pre-determined dividend payout ratio. The Board considers a number of factors in declaration and payment of dividends, including the financial condition, results of operation and level of cash; statutory and regulatory restrictions; future prospects and any other factors that the Board may consider relevant. The Board has the discretion to declare and distribute dividends to the shareholders of the Company to the extent that the Company shall maintain adequate cash reserve for meeting its working capital requirements and future growth.

COMMUNICATION WITH SHAREHOLDERS

In order to allow shareholders and potential investors to make enquiries and provide comments in an informed manner, the Company has established a Shareholders' Communication Policy which sets out the ways shareholders and potential investors may communicate with the Company.

Shareholders and potential investors may send written enquiries to the Company Secretary of the Company by email to investor.enquiry@alco.com.hk, by fax to (852) 2597 8700 or by mail to 11/F, Metropole Square, 2 On Yiu Street, Sha Tin, New Territories, Hong Kong.

SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Under the Company's Bye-laws, shareholders holding not less than one-tenth of the paid-up capital of the Company can, by deposit a written requisition signed by the shareholders concerned to the Board or the Company Secretary to the principal place of business of the Company at 11/F, Metropole Square, 2 On Yiu Street, Sha Tin, New Territories, Hong Kong, require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

CONCLUSION

The Board believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interest. The management will try to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

The Directors submit their report together with the audited financial statements for the year.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 21 to the consolidated financial statements.

Analysis of the Group's performance for the Year by product and geographical area is set out in Note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 35.

The Directors did not declare an interim dividend.

The Directors do not recommend the payment of a final dividend.

BUSINESS REVIEW

A review of the business of the Group during the year as required by Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is included in the Chairman's Statement and covered by different sections in this annual report. Those sections form part of this Report of the Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to managing and, where possible, minimizing environmental impacts attributable to its operation. The Group actively controls and endeavors to reduce emissions and waste, and uses energy and resources in an efficient manner. It also uses environmental-friendly production parts in its manufacturing operation. In addition, the Group's management team constantly reviews the effectiveness of the environmental protection measures and makes improvement where necessary.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the importance of good relationships with its employees, customers and suppliers to meet long-term business goals.

Employees are considered valuable assets of the Group and are reasonably remunerated according to performance, qualification and market trend. Remuneration packages, including medical insurance and education subsidies, will be reviewed regularly.

The Group has been building long-term relationships with customers and suppliers. A good relationship with suppliers helps develop practices of punctual delivery of raw materials with good condition. With reliable production parts, we are able to produce products with high quality and reliability for our customers. These all in turn benefit the Company and its shareholders as a whole.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Company is aware, there was no material breach of or non-compliance with relevant laws and regulations that have a significant impact on the business and operation of the Group.

USE OF PROCEEDS FROM THE PLACING

The net proceeds from placing completed in March 2024 ("Mar 2024 Placing") and placing completed in November 2024 ("Nov 2024 Placing") amounted to approximately HK\$30.05 million and HK\$65.2 million respectively.

Set out below is the actual use of net proceeds during the year ended 31 March 2025.

			Net		
			proceeds		
		Unutilised	utilised	Unutilised	
		net	during	net	Expected
		proceeds	the year	proceeds	timeline on
		as at	ended	as at	utilisation of
	Net	31 March	31 March	31 March	Unutilised net
Use of net proceeds	proceeds	2024	2025	2025	proceeds
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Mar 2024 Placing					
Repayment of bank and other					
borrowings	10,000	10,000	(10,000)	_	N/A
Settlement of external debts	17,000	1,500	(1,500)		N/A
General working capital	3,050	-	<u> </u>	<u> </u>	N/A
Nov 2024 Placing					
Repayment of bank and other borrowings and settlement of					
external debts	58,680	· · · · · · · · · · · · · · ·	(50,104)	8,576	Used by June 2025
General working capital	6,520	_	(6,520)	-	N/A

There is no material change between the intended use of the net proceeds of the 2023 Rights issue, Mar 2024 Placing and Nov 2024 Placing.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total deficit as at 31 March 2025 was HK\$65 million (2024: HK\$88 million). As at 31 March 2025, we had bank balances and cash of HK\$10 million (2024: HK\$24 million). After deducting bank and other borrowings of HK\$48 million (2024: HK\$48 million), provision of financial guarantee of HK\$108 million (2024: HK\$124 million) and loans from shareholders of HK\$38 million (2024: HK\$38 million), we had net borrowing of HK\$184 million (2024: HK\$186 million).

As at 31 March 2025, our inventory was HK\$25 million (2024: HK\$3 million). We take a cautious approach to monitor the inventory level especially during this environment with uncertainty. Trade receivables as at 31 March 2025 were HK\$43 million (2024: HK\$38 million). We are actively following the receivable with our customers for payments. Trade payables as at 31 March 2025 were HK\$7 million (2024: HK\$29 million).

Due to peg-rate system, we have limited exposure to trade-related foreign exchange risk as substantially all of our sales, purchases and borrowings are denominated in United States dollars and Hong Kong dollars. Adhering to the policy of not engaging in currency speculation, there were no speculative activities during the reporting financial year.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2025.

EMPLOYEES

As at 31 March 2025, the Group had approximately 20 (2024:15) employees in Mainland China, Taiwan and Hong Kong. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. We also provide other benefits including medical insurance, provident fund and education subsidies to all eligible staff.

MAJOR SUPPLIERS AND CUSTOMERS

The purchases and sales attributable to the Group's major suppliers and customers expressed as a percentage of total purchases and sales of the Group for the year are as follows:

Purchases

 the largest supplier 	25%
- five largest suppliers combined	82%

Sales

- the largest customer	28%
- five largest customers combined	71%

None of the directors, their associates or shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above at any time during the year.

DISTRIBUTABLE RESERVES AND RESERVES

Movements in reserves of the Group and the Company during the year are set out in Note 31 and Note 37(b) to the consolidated financial statements respectively.

Distributable reserves of the Company as at 31 March 2025 amounted to nil (2024: Nil), comprising the contributed surplus and accumulated losses.

DONATIONS

No donations had been made by the Group during the year (2024: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 30 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 116.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor its subsidiary companies has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2025.

BANK LOANS AND OTHER BORROWINGS

An analysis of the Group's bank borrowings as at 31 March 2025 and 2024 is set out below:

	Bank bo	Bank borrowings	
	2025	2024	
	HK\$'000	HK\$'000	
Within one year	47,528	47,528	
After one year but within two years	-	_	
After two years but within five years	-	_	
After five years	-	_	
	47,528	47,528	

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2025 are set out in Note 21 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEMES

Details of the Group's retirement benefit schemes are set out in Note 14 to the consolidated financial statements.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

Ms. Liao Liping (appointed on 8 April 2024)

Mr. Ho Chak Yu

Mr. Liang Yanan (resigned on 8 April 2024)

Non-executive Directors

Mr. Tian Yi (appointed on 15 November 2024)

Mr. Bian Wenbin (appointed on 20 June 2025)

Mr. Yang Min (resigned on 20 June 2025)

Independent non-executive Directors

Mr. Chu Hoi Kan

Mr. Lam Chi Wing

Mr. Tang Sher Kin

Mr. Deng Chaowen

Ms. Mak Suet Man (resigned on 15 November 2024)

Ms. Mo Li (appointed on 25 October 2024 and resigned on 15 November 2024)

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company for a term of 3 years.

Each of the non-executive Director and the independent non-executive Directors has signed an appointment letter with the Company for a term of 3 years.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of Directors are set out on pages 5 to 8.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors of the Company has an interest in a business which competes or may compete with the business of the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

The Company has arranged directors' liability insurance, which provides appropriate insurance cover for the directors.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2025, none of the Directors and chief executives or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO), which were (a) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or the chief executives or their spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2025, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

			Percentage of	
			the issued	
		Number of	share capital	
	Capacity in which	shares -	of the	
Name	shares were held	Long position	Company	
Mr. Bong Ching Chung	Beneficial owner	6,400,000	5.59%	
Mr. Toh Cheng Hock Kenneth	Beneficial owner	5,500,000	4.80%	

Save as disclosed above, as at 31 March 2025, according to the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO, there was no person, other than the Directors of the Company, whose interests are set out in the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, who had any interest or short position in the shares or underlying shares of the Company.

SHARE OPTION SCHEME

There was no share option scheme for the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

CORPORATE GOVERNANCE

The Company is maintaining a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in Corporate Governance Report on pages 9 to 21.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the financial statements of the Group for the Year.

The Audit Committee currently comprises four independent non-executive Directors of the Company, namely Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Tang Sher Kin, Mr. Deng chaowen.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to and within the knowledge of the directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at all times during the Year and up to the date of this report.

AUDITOR

The consolidated financial statements have been audited by Global Link CPA Limited who will retire and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting of the Company.

By order of the Board

Liao Liping

Co-chairman and executive director

Hong Kong, 30 June 2025

TO THE MEMBERS OF ALCO HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Alco Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 115, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As described in Note 1 to the consolidated financial statements, the Group incurred loss from continuing operations of approximately HK\$64,270,000 for the year ended 31 March 2025 and net current liabilities of approximately HK\$142,651,000 as at 31 March 2025. During the year ended 31 March 2025, the Group has failed to repay certain bank borrowings amounted to approximately HK\$47,528,000 according to their scheduled repayment date and remained outstanding as at 31 March 2025. Such default in repayment amounted to bank borrowings of approximately HK\$47,528,000 as at 31 March 2025 became immediately repayable if requested by the banks and the relevant banks have the right to cancel or suspend the facilities. The current liabilities also included a provision of financial guarantee of approximately HK\$108,468,000 for former subsidiaries for borrowings and related interest payables. As at 31 March 2025, the Group's bank balances and cash amounted to approximately HK\$10,056,000 only. These conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

BASIS FOR DISCLAIMER OF OPINION (Continued)

Multiple Uncertainties Relating to Going Concern (Continued)

The directors of the Company have been formulating and undertaking a number of plans and measures to mitigate the Group's liquidity pressure, to improve the financial position of the Group and to remediate the delayed repayments to lenders and creditors.

The consolidated financial statements had been prepared on a going concern basis, the validity of which depends on the outcome of those plans and measures as mentioned in Note 1 to the consolidated financial statements, which are subject to multiple uncertainties.

However, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the events or conditions underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable because of (i) the lack of sufficient supporting basis from the management on the successfulness of negotiation with the remaining lenders and creditors on restructuring or extension of repayment terms of shareholders' loan, bank and other borrowings and trade payables; and (ii) the lack of sufficient supporting basis that the improvement of future operating results and cash flows would be realised, in particular, the uncertainty of outcome of those plans and measures and how variability in outcome would affect the future cash flows of the Group. Hence, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the management of the Group.

Should the Group fail to achieve its plans and measures as mentioned in Note 1 to the consolidated financial statements, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by us and we expressed a disclaimer of opinion on those statements on 28 June 2024. Any adjustments to the balances as at 31 March 2024 would affect the balances of these financial statements items as at 1 April 2024 and the corresponding movements, if any, during the year ended 31 March 2025. The balances as at 31 March 2024 and the amounts for the year then ended are presented as corresponding figures in the consolidation financial statements for the year ended 31 March 2025. In view of the significance of and the potential interaction of the multiple uncertainties described above and their possible cumulative effects on the consolidated financial statements, we disclaimed our audit opinion on the consolidated financial statements relating to the going concern issue only and not any other issues for the year ended 31 March 2025 and also for the possible effect of the comparability of the current year's figures and the corresponding figures.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 March 2024, were audited by us and we expressed a disclaimer of opinion on those statements on 28 June 2024.

Had we not disclaimed our opinion, we would have issued a qualified opinion on the basis that the scope limitation on the comparative figure of gain on deconsolidation of the Disposal group as disclosed in the discontinued operation for the year ended 31 March 2024 and the corresponding balances instead of a disclaimer of opinion. The other issues mentioned below do not form part of paragraphs in relation to the disclaimer of opinion or the basis of disclaimer of opinion.

As set out in note 11 to the consolidated financial statements, on 31 August 2022, the directors of the Company have made the strategic decision to cease the operation of the production line in Dongguan and has obtained the approval from the local government on the same date. In August 2023 (the Deconsolidation Date", the Company had been informed by the Court that the Court held that the creditor's application complied with the legal requirements and accepted the creditor's application for bankruptcy and liquidation against the Disposal Group. In addition, the books and records of the Disposal Group were kept and maintained by the bankruptcy administrator of the Disposal Group, which were not made available to the Group's management subsequent to the Deconsolidation Date. The related deregistration and insolvency application is in progress with the assistance from the local government as at this report date.

The results of the discontinued operation for the year ended 31 March 2024 are set out in note 8 to the consolidated financial statements.

As the books and records of the Disposal Group were kept and maintained by the bankruptcy administrator of the Disposal Group. Accordingly, we were not able to obtain sufficient appropriate audit evidence to verify the gain on deconsolidation of the Disposal Group, shown as comparative figure on the consolidated statement of profit or loss and related note 11 to the consolidated financial statements.

Given the above scope limitation, we were unable to obtain sufficient appropriate audit evidence with respect to the result of the Group's discontinued operation for the year ended 31 March 2024, shown as comparative figure as at 31 March 2024 as set out in note 11. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments were necessary in respect of the Group's gain for the year from discontinued operations of HK\$594,842,000, shown as corresponding comparative figures.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and to issue an auditor's report, solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Au Yeung Ming Yin Gordon.

Global Link CPA Limited

Certified Public Accountants

Au Yeung Ming Yin Gordon

Practising Certificate Number: P08219

Hong Kong

30 June 2025

Consolidated Statement of Profit or Loss

or the vear ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Continuing operations			
Revenue	6	99,313	148,422
Cost of goods sold	8	(94,192)	(139,558)
Gross profit		5,121	8,864
Other income, gain and loss	7	2,483	65,007
Selling expenses	8	(13,770)	(12,801)
Administrative expenses	8	(46,787)	(50,295)
Research and development expenses	8	-	(115)
Other operating expenses	8	(46)	(243)
Impairment losses on trade and other receivables		(1,310)	(4,031)
		(54,309)	6,386
Finance income	9	-	2
Finance costs	9	(9,961)	(9,458)
Loss before income tax		(64,270)	(3,070)
Income tax expense	10	-	_
Loss for the year from continuing operations		(64,270)	(3,070)
Discontinued operations			
Profit for the year from discontinued operations	11	_	594,842
			,
(Loss)/profit for the year		(64,270)	591,772

Consolidated Statement of Profit or Loss

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the year attributable to owners of the Company			
from continuing operationsfrom discontinued operations		(64,270) –	5,850 594,842
(Loss)/profit for the year attributable to owners of the Company		(64,270)	600,692
Loss for the year attributable to non-controlling interests – from continuing operations – from discontinued operations		-	(8,920) -
Loss for the year attributable to non-controlling interests		_	(8,920)
		(64,270)	591,772
(Loss)/earning per share From continuing and discontinued operations	16		
- Basic (HK\$)		(0.63)	9.79
– Diluted (HK\$)		(0.63)	9.79
From continuing operations - Basic (HK\$)		(0.63)	0.10
– Diluted (HK\$)		(0.63)	0.10

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the vear ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the year	(64,270)	591,772
Other comprehensive expense, net of tax:		
Item that may be reclassified subsequently to profit or loss: Currency translation differences	6,187	(8,775)
Total comprehensive (expense)/income for the year	(58,083)	582,997
Total comprehensive (expense)/income for the year		
attributable to:		
- Owners of the Company	(58,083)	591,917
 Non-controlling interests 	-	(8,920)
Total comprehensive (expense)/income for the year	(58,083)	582,997

Consolidated Statement of Financial Position

		2025	2024
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	37,486	39,356
Right-of-use assets	20	53,357	55,755
Prepayments, deposits and other receivables	24	226	226
		91,069	95,337
CURRENT ASSETS			
Inventories	23	24,875	3,340
Trade and other receivables	24	53,485	59,869
Income tax recoverable		9	9
Bank balances and cash	25	10,056	23,855
		88,425	87,073
CURRENT LIABILITIES			
Trade and other payables	26	37,028	47,332
Provision of financial guarantee	28	108,468	123,532
Bank and other borrowings	27	47,528	47,528
Loans from shareholders	29	38,052	38,052
		231,076	256,444
Net current liabilities		(142,651)	(169,371)
TOTAL ASSETS LESS CURRENT LIABILITIES		(51,582)	(74,034)

Consolidated Statement of Financial Position

As at 31 March 2025

		2225	0004
		2025	2024
	Notes	HK\$'000	HK\$'000
CAPITAL AND RESERVES ATTRIBUTABLE TO			
OWNERS OF THE COMPANY			
Share capital	30	1,146	955
Reserves		(65,189)	(73,540)
Equity attributable to owners of the Company		(64,043)	(72,585)
NON-CONTROLLING INTERESTS		(650)	(14,942)
Total deficit		(64,693)	(87,527)
NON-CURRENT LIABILITIES			
Other payables	26	1,111	13,493
Bank and other borrowings	27	12,000	_
		13,111	13,493
TOTAL DEFICIT AND NON-CURRENT LIABILITIES		(51,582)	(74,034)

The consolidated financial statements on pages 35 to 115 were approved and authorised for issue by the board of directors on 30 June 2025 and are signed on its behalf by:

LIAO Liping
Director

HO Chak Yu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

Non-			Attributable	to owners of the	Company			
Loss for the year		capital	reserves (Note 32)	losses	a disposal group held for sale		controlling interests	
Other comprehensive expense for the year:	As at 1 April 2023	79,557	463,315	(1,330,476)	(1,044)	(788,648)	(6,022)	(794,670)
- Currency translation differences - (8,777) (8,777) - (8,777) Total comprehensive expense - (8,777) 600,692 - 591,915 (8,920) 582,995 Capital reorganisation (Note 30) (77,965) - 77,965	Other comprehensive expense	-	-	600,692	-	600,692	(8,920)	591,772
Capital reorganisation (Note 30) (77,965) - 77,965	-		(8,777)	_	_	(8,777)		(8,777)
Capital reduction (Note 30) (1,432) (417,426) 418,858	Total comprehensive expense	_	(8,777)	600,692		591,915	(8,920)	582,995
(Note 30) 636 90,058 90,694 - 90,694 Release of transaction reserve upon discontinued operations - (6,391) - 1,044 (5,347) - (5,347) Issue of share upon placing (Note 30) 159 31,024 31,183 - 31,183 Release of revaluation reserve upon disposal of subsidiaries - (57,805) 65,423 - 7,618 - 7,618 As at 31 March 2024 and 1 April 2024 955 93,998 (167,538) - (72,585) (14,942) (87,527) Loss for the year (64,270) - (64,270) - (64,270) Other comprehensive expense for the year:	Capital reduction (Note 30)		- (417,426)		- -	- -	-	- -
discontinued operations — (6,391) — 1,044 (5,347) — (5,347) Issue of share upon placing (Note 30) 159 31,024 — — 31,183 — 31,183 — 31,183 Release of revaluation reserve upon disposal of subsidiaries — (57,805) 65,423 — 7,618 — 7,618 — 7,618 As at 31 March 2024 and 1 April 2024 — 955 93,998 (167,538) — (72,585) (14,942) (87,527) Loss for the year — — (64,270) — (64,270) — (64,270) Other comprehensive expense for the year:	(Note 30)	636	90,058	-	-	90,694	-	90,694
As at 31 March 2024 and 1 April 2024 955 93,998 (167,538) - (72,585) (14,942) (87,527) Loss for the year Other comprehensive expense for the year:	discontinued operations Issue of share upon placing (Note 30) Release of revaluation reserve upon	- 159		-	1,044 -		-	
1 April 2024 955 93,998 (167,538) - (72,585) (14,942) (87,527) Loss for the year (64,270) - (64,270) - (64,270) Other comprehensive expense for the year:	disposal of subsidiaries		(57,805)	65,423	_	7,618	_	7,618
Other comprehensive expense for the year:		955	93,998	(167,538)	-	(72,585)	(14,942)	(87,527)
	Other comprehensive expense	-	-	(64,270)	-	(64,270)	-	(64,270)
	•	-	6,187	-	-	6,187	-	6,187
Total comprehensive expense – 6,187 (64,270) – (58,083) – (58,083)	Total comprehensive expense	_	6,187	(64,270)	_	(58,083)	-	(58,083)
Issue of share upon placing (Note 30) 191 66,434 - - 66,625 - 66,625 Deconsolidation of subsidiaries - - - - - - 14,292 14,292		191 -	66,434	-	-	66,625 -	- 14,292	
As at 31 March 2025 1,146 166,619 (231,808) - (64,043) (650) (64,693)	As at 31 March 2025	1,146	166,619	(231,808)	-	(64,043)	(650)	(64,693)

Consolidated Statement of Cash Flows

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss for the year from continuing operations	(64,270)	(3,070)
Profit for the year from discontinued operations	(0 1,21 0)	594,842
The state of the s		00.,0.2
(Loss)/profit for the year	(64,270)	591,772
Adjustments for:	(0.,2.0)	001,112
Finance income	_	(2)
Finance costs	9,961	11,006
Gain on termination of lease	_	(1,491)
Depreciation of property, plant and equipment	3,804	3,777
Depreciation of right-of-use assets	2,398	3,099
Impairment losses on trade and other receivables	1,310	4,031
Fair value loss on investment properties	_	6,887
Gain on deconsolidation of subsidiaries	(2,473)	(674,105)
Loss on disposal of subsidiary	-	8,321
Operating cash flows before movements in working capital	(49,270)	(46,705)
(Increase)/decrease in inventories	(21,607)	7,186
Increase in trade and other receivables	(12,996)	(59,303)
(Decrease)/increase in trade and other payables	(12,684)	29,347
Cook used in from energians	(0C EE7)	(60.475)
Cash used in from operations	(96,557)	(69,475)
Interest received	_	2
NET CASH USED IN OPERATING ACTIVITIES	(96,557)	(69,473)

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,934)	_
Net cash inflow from disposal of subsidiaries	(120)	4,290
Net cash outflow from deconsolidation of subsidiaries	_	(645)
NET CACL (LIGED IN) FROM INVESTING ACTIVITIES	(0.054)	0.045
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(2,054)	3,645
FINANCING ACTIVITIES		
Repayments of bank and other borrowings	_	(24,790)
Repayments of principal element of lease liabilities	_	(1,019)
Proceeds from issue of bonds	12,000	(1,010)
Net proceeds from issue of shares	66,625	121,877
NET CASH FROM FINANCING ACTIVITIES	78,625	96,068
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(19,986)	30,240
CASH AND CASH EQUIVALENTS AT THE BEGINNING		
OF THE YEAR	23,855	2,392
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	6,187	(8,777)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR,		
represented by bank balances and cash	10,056	23,855

For the year ended 31 March 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Alco Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in designing, manufacturing and selling of consumer electronic products including AV products and notebook products.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$" or "HKD"), which is the Company's functional and the Group's presentation currency.

The consolidated financial statements are presented in thousands of units of Hong Kong dollars ("HK\$'000"), unless otherwise stated.

Basis of preparation

In preparing the consolidated financial statements, the directors of the Company (the "Board") have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred loss from continuing operations of approximately HK\$64,270,000 for the year ended 31 March 2025 and net current liabilities of approximately HK\$142,651,000 as at 31 March 2025.

During the year ended 31 March 2024, the Group has failed to repay certain bank borrowings amounted to approximately HK\$47,528,000 according to their scheduled repayment date and remained outstanding as at 31 March 2025. Such default in repayment amounted to bank borrowings of approximately HK\$47,528,000 as at 31 March 2025 became immediately repayable if requested by the banks and the relevant banks have the right to cancel or suspend the facilities.

For the year ended 31 March 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

Basis of preparation (Continued)

The Board considers that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into account the following facts and assumptions:

(i) Restructure of bank and other borrowings

The bank and other borrowings which are repayable on demand or within one year was defaulted in repayment amounted to approximately HK\$47,528,000 as at 31 March 2025.

The Group is negotiating with the banks for debt restructuring. The management is of the view that the Group will be able to obtain consent from the banks to extend the repayment of borrowings and continue to provide the banking facility to improve the liquidity position of the Group, considering the valuation of the office premise and investment properties of the Group amounting to approximately HK\$130,000,000, with reference to valuation performed by independent qualified professional valuers and market data information from bank, and other properties held by Mr. Leung Wai Sing, Wilson ("Wilson") pledged to the banks.

(ii) Future treatment of the loans from shareholders

As at 31 March 2025, the Group has loans from past and existing shareholders of approximately HK\$38,052,000, of which approximately HK\$38,052,000 was loan from the deceased ex-chairman of the Group, Wilson. As the estate of Wilson is frozen before the appointment of the estate administrator, the extension agreements related to loans from Wilson could not be arranged. As the loans are repayable within one year, the Company will discuss the extension of the loans with the estate administrator once he/she is appointed.

(iii) Restructure of trade payables

As at 31 March 2025, trade payables amounted to approximately HK\$7,338,000. The Group will negotiate with creditors to further extend the repayment.

For the year ended 31 March 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

Basis of preparation (Continued)

(iv) Cash inflow from operations

The Group is taking measures to streamline the product mix and production mode, to tighten cost controls over various costs and expenses and is adopting a more flexible procurement policy to control the purchase costs with the aim to attain gross profit and positive operating cash flow.

Based on the sales orders on hand for the notebook products up to June 2025, the Board expects an increase in sales in the coming months comparing to the corresponding period for the year ended 31 March 2025. The directors of the Company will continue with its effort in sales and marketing to promote the Group's notebook products in existing market and explore opportunities in other countries.

The Board believes that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 March 2026. However, should the Group fail to achieve the above mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

For the year ended 31 March 2025

2. APPLICATION OF NEW AND REVISED TO HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS and the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and

related amendments to Hong Kong Interpretation 5 (2020)

Amendments to HKAS 1 Non-current Liabilities with Covenants

Amendments to HKAS 7 Supplier Finance Arrangements

and HKFRS 7

The adoption listed above did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

For the year ended 31 March 2025

2. APPLICATION OF NEW AND REVISED TO HKFRS ACCOUNTING STANDARDS (Continued)

(b) New and revised HKFRS Accounting Standards in issue but not yet effective

The Group has not applied any new and revised HKFRS Accounting Standards that have been issued but are not yet effective for the financial year beginning on 1 April 2024. These new and revised HKFRS Accounting Standards include the following which may be relevant to the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards -
Accounting Standards	Volume 11 ²

Effective for annual periods beginning on or after 1 January 2025

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Effective for annual periods beginning on or after 1 January 2026

Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Company Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at revalued amounts at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors and senior management that make strategic decisions.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;
- (ii) income and expenses for each statement of profit or loss and statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) and all resulting exchange differences are recognised in other comprehensive income.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Foreign currency translation (Continued)

(c) Group companies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Ownership interest in leasehold land

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their costs over their estimated useful lives or, in the case of leasehold improvements the shorter lease term. Certain furniture, fixture and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a reducing balance basis. The principal depreciation rates are as follows:

Furniture, fixtures and equipment	20%
Plant and machinery	9% to 20%
Motor vehicles	20%
Moulds	25%
Buildings	2.5%
Leasehold improvements	20% and 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. Those are recognised in profit or loss.

Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields and are not occupied by the Group. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recorded in profit or loss as part of "other income, gain and loss".

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting date.

Financial assets

(a) Classification

The Group classifies its financial assets category as financial assets at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing the assets changes.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other income, gain and loss". Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

(d) Impairment

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 4.1(b) for a description of the Group's impairment policies.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided on full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Employee benefits

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(a) Pension obligations

The Group operates a number of defined contribution plans. Under defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present values.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Revenue recognition (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group recognised revenue from the following major source:

Sales of goods

Sales of goods are recognised when control of the products has transferred, being a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group. It is the Group's policy to sell its products to the customer with a right of return. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 9 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Leases

The Group as lessee

A right-of-use asset and a corresponding liability are recognised at the date of commencement of a lease.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Leases (Continued)

The Group as lessee (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

A lessee shall reassess whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that: (a) is within the control of the lessee; and (b) affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received:
- any initial direct costs; and
- restoration costs.

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increase the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Group's treasury function. The Group adopts a conservative and balanced treasury policy which focuses on the financial risks factors as below and seeks to minimise potential adverse effects on the Group's financial performance.

4.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 92% of the Group's sales is denominated in currencies other than the functional currency of the group entity making the sale, whilst majority of costs is denominated in the group entity's respective functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	United States	Great British
	Dollars	Pound
	("USD")	("GBP")
	HK\$'000	HK\$'000
31 March 2025		
Assets		
Trade receivables	-	1,040
Cash and cash equivalents	26	_

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	United States	Great British
	Dollars	Pound
	("USD")	("GBP")
	HK\$'000	HK\$'000
31 March 2024		
Assets		
Trade receivables	_	569
Cash and cash equivalents	117	2
Liabilities		
Trade payables	(19,963)	-

Since HKD is pegged to USD, the Group does not have significant currency risks arising from USD.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to foreign currency risk arising from GBP.

The following table details the Group's sensitivity to a 10% (2024: 10%) increase and decrease in HKD against the relevant foreign currencies. 10% (2024: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of reporting period for a 10% change in foreign currency rate.

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity analysis (Continued)

A negative number below indicates an increase in post-tax loss where HKD strengthen 10% (2024: 10%) against the relevant currency. For a 10% (2024: 10%) weakening of HKD against the relevant currency, there would be an equal and opposite impact on the loss and the balances below would be positive.

	2025	2024
	HK\$'000	HK\$'000
Effect on post-tax loss:		
GBP (Note)	(87)	(48)

Note:

This is mainly attributable to the exposure outstanding on GBP of trade receivables at year end.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, other than short-term bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from bank and other borrowings and loans from shareholders. The Group's bank and other borrowings and loans from shareholders are carried at floating rates which expose the Group to cash flow interest rate risk. The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 March 2025, if interest rates on all borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK\$397,000 higher/lower (2024: HK\$397,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

The bank balances are excluded from the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is not significant.

(b) Credit risk

(i) Risk management

Credit risk arises from bank balances and cash, trade and other receivables, other current assets and deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's bank balances and cash are placed with reputable banks and financial institutions. The Group reviews regularly the recoverable amount of deposits and other receivables to ensure that adequate impairment losses are made for irrecoverable amounts. For trade receivables from customers, management assesses the credit quality of each individual major customer, taking into account its financial position, past experience and other factors.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the ECL model:

- trade receivables; and
- other financial assets carried at amortised cost.

While bank balances and cash are also subject to the impairment requirements of HKFRS 9, management considers that the impairment loss is immaterial.

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. Trade receivables are written off when there is no reasonable expectation of recovery. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

		2025	
	Average	Gross	
	expected loss rate	carrying amount	Loss allowance
	%	HK\$'000	HK\$'000
Current (not past due)	6.7%	27,449	(1,846)
1-30 days past due	8.8%	9,200	(809)
31-60 days past due	10.8%	6,437	(695)
61-90 days past due	12.7%	2,500	(318)
Over 90 days but less than			
1 year past due	62.0%	3,990	(2,475)
		49,576	(6,143)

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

- **4.1** Financial risk factors (Continued)
 - (b) Credit risk (Continued)
 - (ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

	2024				
	Average	Gross			
	Expected loss rate	Carrying amount	Loss allowance		
	%	HK\$'000	HK\$'000		
Current (not past due)	12.9%	26,037	(3,361)		
1-30 days past due	15.6%	6,118	(953)		
31-60 days past due	19.5%	174	(34)		
61-90 days past due	22%	8,750	(1,900)		
Over 90 days but less than					
1 year past due	5.91%	3,771	(223)		
		44,850	(6,471)		

The lifetime ECL in respect of individually assessed trade receivables as at 31 March 2025 was nil (2024: nil).

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets at amortised cost

The Group applies a 12-month ECL on other financial assets at amortised cost. Management considered among other factors, analysed credit risk of the counterparties and historical repayment pattern and concluded that the ECL for other financial assets at amortised cost as at 31 March 2025 was approximately HK\$271,000 (2024: HK\$2,484,000).

(c) Liquidity risk

The directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$142,651,000 as at 31 March 2025. Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The Group maintains its liquidity mainly through funding generated from its daily operations and maintaining funding availability under committed credit facilities and loans from shareholders.

As at 31 March 2025, the Group's total available banking facilities amounted to approximately HK\$47,528,000 (2024: HK\$48,560,000), of which approximately HK\$47,528,000 (2024: HK\$47,528,000) has been utilised.

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for lease liabilities are based on the contractual repayment dates.

	On demand or within one year HK\$'000	In the second year HK\$'000	In the third to fifth year HK\$'000	Over five years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
As at 31 March 2025 Bank and other borrowings Bonds payables Loans from shareholders Provision of financial guarantee Trade and other payables	66,528 - 38,052 108,468 37,028	- - - - -	- - - -	- 19,200 - - -	66,528 19,200 38,052 108,468 37,028	47,528 12,000 38,052 108,468 37,028
As at 31 March 2024 Bank and other borrowings Loans from shareholders Provision of financial guarantee Trade and other payables	57,604 38,052 123,532 47,332	- - -	- - -	- - - -	57,604 38,052 123,532 47,332	47,528 38,052 123,532 47,332

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued) 4.1

(c) **Liquidity risk** (Continued)

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Certain of the Group's bank borrowings that are repayable on demand due to default in payment, as disclosed in Note 27, are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2025, the aggregate carrying amounts of these bank borrowings (including provision of financial guarantee) amounted to HK\$155,996,000 (2024: HK\$171,060,000). The Group is actively formulating and undertaking a number of plans and measures as disclosed in Note 1 to remediate the default in payment.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank borrowings that became repayable on demand due to the aforesaid default in payment by the Group or having repayable on demand clause. To the extent that the interest flows are at floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

		Within	In the	In the third	Over		Carrying
	On demand	one year	second year	to fifth year	five years	Total	amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2025	174,996,000	-	-	-	-	174,996,000	155,996

Fair value risk (d)

The directors of the Company consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

For the year ended 31 March 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, raise or repay loans from shareholders and bank and other borrowings, issue new shares or sell assets to reduce debt.

The Group had net deficit of approximately HK\$64,693,000 as at 31 March 2025 and going concern assumptions adopted by the directors of the Company are stated in Note 1. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings net of bank balances and cash (including those classified as held for sale) divided by total equity as shown in the consolidated statement of financial position.

The gearing ratios as at 31 March 2025 and 2024 were as follows:

	2025 HK\$'000	2024 HK\$'000
Bank balances and cash (Note 25) Less: Bank and other borrowings (Note 27) Provision of financial guarantee (Note 28) Loans from shareholders (Note 29)	10,056 (59,528) (108,468) (38,052)	23,855 (47,528) (123,532) (38,052)
Net debt	(195,992)	(185,257)
Total deficit	(64,693)	(87,527)
Gearing ratio	(302.96%)	(211.66%)

The Group has a negative gearing ratio due to the Group's deficit position as at 31 March 2025. The negative gearing ratio is primarily resulted from the increase in net debt and the deficit as a result of the net loss for the current year.

For the year ended 31 March 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expense reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern and liquidity

The assessment of the going concern assumptions involves making judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. Going concern assumptions adopted by the directors of the Company are stated in Note 1.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

For the year ended 31 March 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(a) Provision for slow-moving and obsolete inventories

The Group makes provision for slow-moving and obsolete inventories based on consideration of obsolescence and net realisable value of inventories considering the production plan and expected future market demand. The identification of inventory obsolescence and estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and expectation of future market condition require the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of inventory and impairment provision in the year in which such estimate has been changed.

As at 31 March 2025 the carrying amount of inventories of the Group was approximately HK\$24,875,000 (2024: HK\$3,340,000), net of accumulated allowance for inventories of approximately HK\$419,000 (2024: HK\$419,000).

(b) Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

- property, plant and equipment
- right-of-use assets

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amounts. If an indication of impairment is identified, the Group is required to estimate the recoverable value, representing the greater of the asset's fair value less costs to disposal or its value in use. Changes in any of these estimates could result in a material change to the asset's carrying amount in the consolidated financial statements.

As at 31 March 2025, the carrying amount of property, plant and equipment was approximately HK\$37,486,000 (2024: HK\$39,356,000). No provision on impairment loss has been recognised during the year ended 31 March 2025 and 31 March 2024.

For the year ended 31 March 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(b) Impairment of non-financial assets (Continued)

As at 31 March 2025, the carrying amount of right-of-use assets was approximately HK\$53,357,000 (2024: HK\$55,755,000). No provision on impairment loss has been recognised during the year ended 31 March 2025 and 31 March 2024 from continuing operations.

(c) Provision for other liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. Significant judgement is required in determining the provision for liabilities and charges. The Group's management determines the provision for liabilities and charges by estimating the present value of the expenditures expected to be required to settle the obligation. This assessment requires the use of estimation. Nature and extent of significant provisions estimated and related changes on contingencies arising from the Group's production and other business activities are disclosed in the consolidated financial statements, except to the extent that such disclosures might seriously prejudice the Group's position in pending disputes with or possible claims from vendors or other counter parties.

For the year ended 31 March 2025

6. REVENUE AND SEGMENT INFORMATION

Revenues recognised during the year are from continuing operations as follows:

	2025 HK\$'000	2024 HK\$'000
AV products	_	
Notebook products	99,313	148,422
	99,313	148,422
Timing of revenue reasonition		
Timing of revenue recognition – At a point in time	99,313	148,422

The chief operating decision-makers have been identified as the executive directors and senior management. The executive directors and senior management reviewed the Group's internal reporting to assess performance and allocate resources. No analysis of segment assets or segment liabilities is regularly provided to the chief operating decision-maker. A management approach has been used for the operating segment reporting.

The Group mainly operates in the Mainland China, Taiwan and Hong Kong for continuing operations and is principally engaged in designing and selling of consumer electronic product including AV products and notebook products.

The chief operating decision-makers examine the Group's performance and has identified two reportable segments of its business for current year:

AV products	Design and sale of	consumer electronic	products, including audio,

video and tablet products

products

The Group's inter-segment transactions mainly consist of sale of assembly parts among subsidiaries. Inter-segment sales are charged with reference to market prices.

For the year ended 31 March 2025

6. **REVENUE AND SEGMENT INFORMATION** (Continued)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments:

Continuing operations

		2	025			20)24	
	AV	Notebook			AV	Notebook		
	products	products	Elimination	Total	products	products	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
External sales	-	99,313	-	99,313	-	148,422	-	148,422
Inter-segment sales	-	-	-	-	-	_	-	
	-	99,313	-	99,313	-	148,422	-	148,422
Segment results	_	(42,868)	_	(42,868)	_	(67,621)	_	(67,621)
Unallocated income		• • •		2,483				65,007
Unallocated corporate								
expenses				(12,614)				13,031
Impairment losses on trade								
and other receivables				(1,310)				(4,031)
Finance income				-				2
Finance costs				(9,961)	F 1 7 7			(9,458)
Loss before tax				(64,270)			/	(3,070)

For the year ended 31 March 2025

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Geographical information

The Group's revenue analysed by geographical area are as follows:

	2025 HK\$'000	2024 HK\$'000
Continuing operations Asia Europe Others	98,273 1,040 –	105,435 37,998 4,989
	99,313	148,422

The analysis of revenue from continuing operations by geographical area is based on the destination to which the goods are delivered.

All non-current assets of the Group, excluding non-current portion of prepayments, deposits and other receivables are located in Hong Kong.

(c) Information about major customers

Detail of the customer accounting for 10% or more of total revenue from continuing operations is as follows:

2025	2024
HK\$'000	HK\$'000
21,053	42,700
27,437	33,134
	HK\$'000 21,053

Revenue from Notebook products segment

7. OTHER INCOME, GAIN AND LOSS

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Rental income from investment properties	_	463
Fair value loss on investment properties	_	(6,887)
Gain on termination of lease	-	1,491
Gain on deconsolidation of subsidiaries	2,473	77,713
Loss on disposal of subsidiary	-	(8,321)
Exchange gains, net	-	302
Others	10	246
	2,483	65,007

8. **EXPENSES BY NATURE**

Expenses included in cost of goods sold, selling expenses, administrative expenses, research and development expenses and other operating expenses are analysed as follows:

	2025	2024
	HK\$'000	HK\$'000
Continuing operations		
Auditor's remuneration	750	750
Cost of inventories	94,192	139,224
Impairment loss on trade and other receivables	1,310	4,031
Depreciation of property, plant and equipment	3,804	3,777
Depreciation of right-of-use assets	2,398	3,099
Employee benefit expenses (including directors' emoluments)	9,171	17,438

For the year ended 31 March 2025

9. FINANCE INCOME AND FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Continuing operations Finance income: - Bank interest income	_	2
Finance costs: - Interest expense on bank and other borrowings - Interest expense on loans from shareholders (Note 36) - Interest expense on lease liabilities (Note 20)	9,961 - -	8,140 1,248 70
	9,961	9,458

10. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax, the People's Republic of China corporate income tax and oversea corporate income tax for continuing operations have been made as there are no assessable profits for the years ended 31 March 2025 and 2024.

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2025 HK\$'000	2024 HK\$'000
Continuing operations Loss before income tax	(64,270)	(3,070)
Tax calculated at a tax rate of 16.5% (2024: 16.5%) Effect of different tax rates in other jurisdictions Tax effect of income not taxable for tax purposes Tax effect of expenses not deductible for tax purposes Tax effect of tax losses not recognised Tax effect of unrecognised temporary differences	(10,605) 300 (408) 3,615 7,381 (283)	(506) 89 11,449 2,226 (13,881) 623
Income tax expense	_	_

For the year ended 31 March 2025

11. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

On 31 August 2022, the Board has made the strategic decision to cease the operation of the production line in Dongguan (the "Disposal Group") and has obtained the approval from the local government on the same date. The related deregistration and insolvency application is in progress with the assistance from the local government as at this report date. The disposal of self-owned contract processing manufacturing business line enables the Group to free up the resources and redirect its resources to other business segments which may have higher growth potential to maximise the benefit of the shareholders of the Group. The assets and liabilities attributable to the production line, which is expected to be disposed of within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below).

Deconsolidation of Alco Electronics Limited ("AEL") and its subsidiaries ("AEL Group")

A winding up petition (the "Petition") was filed with The High Court of the Hong Kong (the "Court") on 28 June 2023 by Ching Kung Metal Products Manufactory Limited, being the petitioner, against AEL, an direct wholly-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) applying for the winding up of AEL. The Petition was filed against AEL on the principal ground that AEL has failed to pay its outstanding debt. The Petition was heard before the Court on 28 June 2023. On 28 June 2023, AEL was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of AEL. Accordingly, the Group had deconsolidated AEL Group as the Directors considered that the Group's control over AEL had been lost on 28 June 2023.

	HK\$'000
Assets held for disposal	82,954
Liabilities associated with assets classified as held for sale	(802,372)
Amounts due to Group Company	(1,180,785)
Net Liabilities	(1,900,203)
Gain on deconsolidation of AEL Group:	
Net liabilities deconsolidated	1,900,203
Amounts due from AEL Group	(1,180,785)
Provision for financial guarantee	(121,984)
Release of exchange reserve upon deconsolidation	(1,044)
	596,390

For the year ended 31 March 2025

11. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (Continued)

The results of the Disposal Group for the year were as follows:

	2024 HK\$'000
Revenue Cost of goods sold Other income, gain and loss Selling expenses Administrative expenses Other operating expenses Impairment losses on trade and other receivables	- - - - - -
Finance income Finance costs	_ _ (1,548)
Loss before tax Income tax expense	
Loss for the year	-
Gain on deconsolidation of Disposal Group	596,390
Gain for the year from discontinued operation	594,842
Loss for the year from discontinued operating include the following:	
	2024 HK\$'000
Cost of inventories Impairment of inventories Depreciation of property, plant and equipment Depreciation of right-of-use assets Gain on termination of lease Loss on disposal of property, plant and equipment Bad debt written-off on other receivable Bad debt written-off on trade receivable Employee benefit expenses Severance payment Interest expenses on lease liabilities Rental concession	-

For the year ended 31 March 2025

12. DISPOSAL OF SUBSIDIARY

Disposal of Alco Electronics (Shenzhen) Limited

During the year ended 31 March 2024, the Group disposed of its 100% equity interest in its subsidiary, Alco Electronics (Shenzhen) Limited ("SZAEL"), 愛高電子(深圳)有限公司, to an independent third party for a consideration of approximately HK\$4,320,000. The above transactions are accounted for as disposal of subsidiary. Details of the net assets disposed of in respect of the above transactions are summarised below:

	HK\$'000
Consideration satisfied by:	
Cash	4,320
Analysis of assets and liabilities over which control was lost:	
Investment properties	36,723
Trade and other receivables	533
Bank balance and cash	30
Trade and other payables	(32,263)
Amount due from group companies	1,349
Net assets disposed of	6,372
Gain on disposal of subsidiary:	
Consideration received	4,320
Net assets disposed of	(6,372)
Amount due to SZAEL	1,349
Release of exchange reserve upon disposal	(7,618)
Loss on disposal of subsidiary	(8,321)
Net cash inflow arising on disposal:	
Cash consideration	4,320
Bank balance and cash disposed of	(30)
	4,290

For the year ended 31 March 2025

13. DECONSOLIDATION OF SUBSIDIARIES

Deconsolidation of AVITA TECHNOLOGIES INTERNATIONAL CO LTD ("AVITA TECH")

A winding up petition (the "Petition") was filed with The High Court of the Hong Kong (the "Court") on 29 May 2024 by Avita-Giken Technology Pte Ltd, being the petitioner, against AVITA TECH, an direct partial-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) applying for the winding up of AVITA TECH. The Petition was filed against AVITA TECH on the principal ground that AVITA TECH has failed to pay its outstanding debt. The Petition was heard before the Court on 29 May 2024. On 29 May 2024, AVITA TECH was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of AVITA TECH. Accordingly, the Group had deconsolidated AVITA TECH Group as the Directors considered that the Group's control over AVITA TECH had been lost on 29 May 2024.

	HK\$'000
Inventories	72
Trade and other receivables	1,970
Bank balances and cash	120
Trade and other payables	(18,927)
Net liabilities at date of de-consolidation	(16,765)
Gain on deconsolidation of subsidiaries	
Net liabilities de-consolidated	16,765
Non-controlling interests	(14,292)
	2,473
Net cash outflow arising on deconsolidation:	
Bank balances and cash of AVITA TECH	(120)

For the year ended 31 March 2025

13. DECONSOLIDATION OF SUBSIDIARIES (Continued)

Deconsolidation of Nexstgo Company Limited ("Nexstgo") and its subsidiary ("Nexstgo Group")

A winding up petition (the "Petition") was filed with The High Court of the Hong Kong (the "Court") on 10 January 2024 by Fortune Fountains (Asia) Limited, being the petitioner, against Nexstgo, an indirect wholly-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) applying for the winding up of Nexstgo. The Petition was filed against Nexstgo on the principal ground that Nexstgo has failed to pay its outstanding debt. On 10 January 2024, Nexstgo was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of Nexstgo. Accordingly, the Group had deconsolidated Nexstgo as the Directors considered that the Group's control over Nexstgo had been lost on 10 January 2024.

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Property, plant and equipment	26
Prepayments, deposits and other receivables	600
Inventories	27,970
Trade and other receivables	6,143
Income tax recoverable	1,716
Bank balances and cash	645
Trade and other payables	(59,566)
Income tax liabilities	(1,355)
Loan from shareholders	(47,501)
Amount due from group companies	822,209
Net assets	750,887
Gain on deconsolidation of Nexstgo Group:	
Net assets deconsolidated	(750,887)
Amount due to Nexstgo Group	822,209
Release of exchange reserve upon deconsolidation	6,391
Gain on deconsolidation	77,713
Net cash outflow arising on deconsolidation:	
Bank balances and cash of Nexstgo Group	(645)

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14. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2025 HK\$'000	2024 HK\$'000
Wages and salaries Other staff benefits and pension costs	10,197 1,676	16,600 838
	11,872	17,438

Note:

(a) Pension costs - defined contribution retirement schemes

Before 1 December 2000, the Group operated a defined contribution retirement scheme (the "ORSO Scheme") in Hong Kong for all qualified employees. The rate of contribution payable by the Group was 5% of the individual employee's basic salaries.

With effect from 1 December 2000, the Mandatory Provident Fund Scheme (the "MPF Scheme") was set up under the MPF Scheme Ordinance for existing staff who opted for this scheme and eligible staff recruited on or after that date. The ORSO Scheme has remained in place with the introduction of the MPF Scheme. Under the MPF Scheme, eligible employees and the Group are require to contribute 5% on the employees' monthly net salaries with a maximum monthly contribution of HK\$1,500 for employees' monthly contribution.

Contributions to the ORSO Scheme and MPF Scheme charged to the consolidated statement of profit or loss for the year amounted to approximately HK\$840,000 (2022: HK\$3,122,000).

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. No forfeited contribution in respect of the defined contribution retirement scheme was utilised during the year (2022: nil). No forfeited contribution was available as at 31 March 2023 to reduce future contributions (2022: nil).

The Company's subsidiaries in the People's Republic of China (the "PRC") are members of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement benefits scheme contributions of approximately HK\$2,192,000 (2022: HK\$8,099,000), which are based on a certain percentage of the salaries of the subsidiaries' employees, are charged to the consolidated statement of profit or loss in the period to which they relate and represent the amount of contributions payable by these subsidiaries to the scheme.

For both retirement benefits schemes, the Group has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

For the year ended 31 March 2025

14. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2024: two) directors whose emoluments are reflected in the analysis presented in Note 15. The emoluments payable to the remaining three (2024: three) individual during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind Contributions to pension schemes	1,272 54	1,621 30
	1,326	1,651

Their emoluments fell within the following band:

	Number of individual	
	2025 HK\$'000	2024 HK\$'000
Emolument band		
HK\$500,000-HK\$1,000,000 HK\$1,000,001-HK\$1,500,000 HK\$1,500,001-HK\$2,000,000	- - -	3 -
	-	3

During the years ended 31 March 2025 and 2024, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) or other directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

For the year ended 31 March 2025

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executives emoluments

Directors' remuneration, including remuneration of chief executive officer, for the year, disclosed pursuant to Appendix C1 to the Listing Rules and section 383 of the Hong Kong Companies Ordinance, is as follows:

For the year ended 31 March 2025:

Name	Fees HK\$'000	Salaries and other benefits HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Executive directors:				
Ms. LIAO Li Ping (i)	_	353	_	353
Mr. HO Chak Yu (ii)	_	600	_	600
Mr. LIANG Ya Nan (iii)	-	8	-	8
Non-executive director				
Mr. Yang Min (iv)	120	600	18	738
Mr. TIAN Yi (v)	135	-	-	135
Independent non-executive directors:				
Ms. MO Li (vi)	7	7	-	7
Mr. LAM Chi Wing (vii)	180	180	-	180
Mr. TANG Sher Kin (viii)	180	180	-	180
Mr. CHU Hoi Kan (ix)	180	180	-	180
Mr. Deng Chaowen (x)	180	180	-	180
Ms. Mak Suet Man (xi)	113	113	-	113
	1,095	961	-	2,056

For the year ended 31 March 2025

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executives emoluments (Continued)

Note:	
(i)	Appointed on 8 April 2024
(ii)	Appointed on 27 January 2023
(iii)	Appointed on 9 October 2023 and resigned on 8 April 2024
(iv)	Appointed on 10 November 2023 and resigned on 20 June 2025
(v)	Appointed on 15 November 2024
(vi)	Appointed on 25 October 2024 and resigned on 15 November 2024
(vii)	Appointed on 16 June 2022
(viii)	Appointed on 16 June 2022
(ix)	Appointed on 9 September 2022
(x)	Appointed on 27 October 2023
(xi)	Appointed on 27 October 2023 and resigned on 15 November 2024

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15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executives emoluments (Continued)

For the year ended 31 March 2024:

			Employer's	
			contribution	
			to a	
		Salaries	retirement	
		and other	benefit	
Name	Fees	benefits	scheme	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors:				
Mr. LEI Kam Chao (i)	_	700	_	700
Mr. HO Chak Yu (ii)	_	600	_	600
Non-executive director				
Mr. Yang Min (iii)	50	_	_	50
Independent non-executive directors:				
Mr. LAM Chi Wing (iv)	180	180	_	180
Mr. TANG Sher Kin (v)	180	180	_	180
Mr. CHU Hoi Kan (vi)	180	180	_	180
Mr. Deng Chaowen (vii)	75	75	_	75
Ms. Mak Suet Man (viii)	75	75	_	75
	740	1,300	_	2,040

For the year ended 31 March 2025

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executives emoluments (Continued)

(i) Appointed on 9 Aug	gust 2022 and resigned on 10 November 2023
(ii) Appointed on 27 Ja	nuary 2023
(iii) Appointed on 10 No	ovember 2023 and resigned on 20 June 2025
(iv) Appointed on 16 Ju	ne 2022
(v) Appointed on 16 Ju	ne 2022
(vi) Appointed on 9 Sep	otember 2022
(vii) Appointed on 27 Oc	otober 2023

Appointed on 27 October 2023 and resigned on 15 November 2024

None of the directors of the Company waived any emoluments during the current and prior years.

(b) Directors' and chief executives emoluments

(viii)

No payment was made to directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2024: nil).

(c) Consideration provided to third parties for making available directors' services

No payment was made to the third parties for making available directors' services (2024: nil).

For the year ended 31 March 2025

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

The information about loans, quasi-loans and other dealings entered into by the company or subsidiary undertaking of the company, where applicable, in favour of directors are set out in Note 29.

(e) Directors' material interests in transactions, arrangements or contracts

Other than those disclosed in Note 29, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: nil).

16. (LOSS)/EARNING PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted (loss)/earning per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit (Loss)/profit attributable to owners of the Company for the purpose of basic and diluted loss per share	(64,270)	600,692
Number of shares		
	2025	2024
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earning per share	102,318,344	61,326,638

For the year ended 31 March 2025

16. (LOSS)/EARNING PER SHARE (Continued)

Number of shares (Continued)

For the year ended 31 March 2025, the weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share placing in November 2024.

There were no dilutive potential ordinary shares during the years ended 31 March 2025 and 2024. Therefore, the diluted loss per share is the same as basic loss per share.

For continuing operations

The calculation of the basic and diluted (loss)/earning per share from continuing operations attributable to the owners of the Company is based on the following data:

	2025	2024
	HK\$'000	HK\$'000
(Loss)/profit attributable to owners of the Company for the		
purpose of basic and diluted (loss)/earning per share from		
continuing operations	(64,270)	5,850

The denominators used are the same as those detailed above for both basic and diluted (loss)/earning per share.

From discontinued operations

Basic loss per share for the discontinued operation is HK\$0.63 (2024: HK\$9.70 per earning share) and diluted loss per share for the discontinued operation is HK\$0.63 (2024: HK\$9.70 per earning share), based on the loss for the year ended 31 March 2025 from the discontinued operations of approximately HK\$NiI (2024: HK\$594,842,000 profit for the year) and the denominators detailed above for both basic and diluted (loss)/earning per share.

17. DIVIDENDS

No dividend was paid or proposed by the Company during the years ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

For the year ended 31 March 2025

18. PROPERTY, PLANT AND EQUIPMENT

(a) Details of movements in property, plant and equipment of the Group are as follows:

			Furniture,		
		Leasehold	fixtures and	Motor	
	Buildings	improvements	equipment	vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 March 2024					
Opening net book amount	41,279	6	1,239	635	43,159
Disposals		-	-	-	
Depreciation	(2,400)	(6)	(1,213)	(158)	3,777
Deconsolidation of subsidiaries			(26)	_	(26)
Closing net book amount	38,879	_	_	477	39,356
As at 31 March 2024					
Cost	49,685	_	18,448	2,558	70,691
Accumulated depreciation and					
impairment	(10,806)		(18,448)	(2,081)	(31,335)
Net book amount	38,879	-	_	477	39,356

For the year ended 31 March 2025

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Details of movements in property, plant and equipment of the Group are as follows: (Continued)

	Buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Year ended 31 March 2025 Opening net book amount Additions Depreciation	38,879 - (2,400)	- 1,934 (1,241)	477 - (163)	39,556 1,934 (3,804)
Closing net book amount	36,479	693	314	37,486
As at 31 March 2025 Cost Accumulated depreciation and impairment	49,685	20,382	2,558	72,625 (35,139)
Net book amount	36,479	693	314	37,486

- (b) No impairment was made based on the internal assessment by the management.
- (c) As at 31 March 2025, certain of the Group's bank and other borrowings is secured by the Group's buildings, equipment and machineries with aggregate carrying amounts of approximately HK\$36,479,000 (2024: HK\$38,879,000) (Note 27).

For the year ended 31 March 2025

19. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Beginning of the year Loss on fair value changes (Note 7) Exchange difference Disposal of subsidiary	- - -	43,610 (6,887) – (36,723)
End of the year	-	(00,723)

Rental income derived from the investment properties amounted to approximately HK\$Nil (2024: HK\$6,887,000) during the year (Note 7).

20. LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

(a) Right-of-use assets

As at 31 March 2023 Depreciation	Leasehold land HK\$'000 58,152 (2,397)	Office and buildings HK\$'000 702 (702)	Total HK\$'000 58,854 (3,099)
As at 31 March 2024 Depreciation	55,755 (2,398)	-	55,755 (2,398)
As at 31 March 2025	53,357	-	53,357

For the year ended 31 March 2025

20. LEASES (Continued)

(i) Amounts recognised in the consolidated statement of financial position (Continued)

(a) Right-of-use assets (Continued)

The Group has lease arrangements for leasehold land, office and buildings. The lease terms of leasehold land, office and buildings are generally 30 years (2024: 30 years) and 2 years (2024: 2 years) respectively. The Group also entered into short-term lease arrangements in respect of warehouse, equipment and vehicles.

No impairment was made based on the internal assessment by the management.

As at 31 March 2025, certain of the Group's bank borrowing is secured by the Group's leasehold land of approximately HK\$53,357,000 (2024: HK\$55,755,000) (Note 27).

(b) Lease liabilities

	HK\$'000
As at 1 April 2023	2,440
Additions	_
Finance costs incurred	70
Termination of lease	(1,491)
Payments	(1,019)
Exchange differences	-
As at 31 March 2024 and 31 March 2025	<u> </u>

During the year ended 31 March 2024, the Group terminated a lease of office and buildings on lease liabilities of approximately HK\$1,491,000, resulting in gain on termination of lease of approximately HK\$1,491,000 from continuing operation.

For the year ended 31 March 2025

20. LEASES (Continued)

(ii) Amounts recognised in profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases for continuing operations:

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets		
Leasehold landOffice and buildings	2,398	2,397 702
	2,398	3,099
Interest expense on lease liabilities (Note 9) Expenses relating to leases of short-term leases (Note 8)	-	70 -

The total cash outflow for leases for the year ended 31 March 2025 was approximately HK\$nil (2024: HK\$1,019,000).

For the year ended 31 March 2025

21. PRINCIPAL SUBSIDIARIES

As at 31 March 2025, the Company held interests in the following principal subsidiaries:

Name	Place of incorporati establishment	on/ Issued and fully paid share capital/registered capital	Perc	entage of equity	held by the Company		Principal activity
			2025 Direct	2025 Indirect	2024 Direct	2024 Indirect	
Alco Investments (B.V.I.) Limited	The British Virgin Islands	Ordinary USD50,000	100	-	100	-	Investment holding and provision of management services to its subsidiaries
Advance Packaging Limited Alco Digital Devices Limited Alco Electronics Limited ("AEL") ²	Hong Kong Hong Kong Hong Kong	Ordinary HK\$500,000 Ordinary HK\$1,000,000 Ordinary HK\$1,000 non-voting deferred HK\$5,000,000	- - -	100 - -	- - -	100 100 100	Property investment Software development Design, manufacture and sale of AV and Notebook products ²
Alco Electronics (Dongguan) Limited ¹							
愛高電業(東莞)有限公司 ("AELDG") ²	The PRC	Registered capital HK\$134,000,000	-	-	-	100	Manufacture of AV and Notebook products ²
Alco International Limited	Hong Kong	Ordinary HK\$500,000	-	100	-	100	Trading of AV and Notebook products
Nexstgo Company Limited ³	Hong Kong	Ordinary HK\$5,000,000	-	-	-	100	Trading of Notebook products
Taiwan Nexstgo Limited	Taiwan	Ordinary NTD10,000,000	-	-	-	100	Research and development and sale of Notebook products
Windom Limited YJ International (Macau) Limited	Hong Kong Macau	Ordinary HK\$100,000 Ordinary MOP 25,000,000	-	100 100	- 100	100	Property holding Trading of Notebook products

Note:

- 1 Wholly foreign owned enterprise.
- 2 AEL and AELDG ceased operations on 31 August 2022 and considered as Disposal Group as set out in Note 11.
- 3 Nexstgo was deconsolidated on 10 January 2024, please refer to Note 13.
- 4 SZAEL was disposal during 31 March 2024, please refer to Note 12.

The above table lists out the principal subsidiaries of the Company as at 31 March 2025 and 2024 which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

22. FINANCIAL INSTRUMENTS BY CATEGORY

	2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost		
Trade and other receivables	47,942	58,951
Bank balances and cash	10,056	25,792
Total	57,998	84,743
	2025	2024
	HK\$'000	HK\$'000
Financial liabilities at amortised cost		
Trade and other payables	37,028	47,176
Bank and other borrowings	59,528	47,528
Provision of financial guarantee	108,468	123,532
Loans from shareholders	38,052	38,052
Total	243,076	256,288

23. INVENTORIES

	2025 HK\$'000	2024
· - 	HK\$ 000	HK\$'000
Raw materials	-	2,655
Work in progress	-	_
Finished goods	25,294	1,104
	25,294	3,759
Less: Provision for impairment	(419)	(419)
Total	24,875	3,340

For the year ended 31 March 2025

23. **INVENTORIES** (Continued)

The cost of inventories recognised as expenses and included in cost of goods sold amounted to approximately HK\$69,317,000 (2024: HK\$136,218,000, as restated) from continuing operations.

During the year ended 31 March 2025, there was a fall in the net realisable value of inventories as the price has dropped significantly due to technical obsolescence of products. In addition, as stated in Note 1, to improve the operational efficiency, the Group is taking measure to simplify product mix. As a result of these, no provision impairment of inventory from continuing operation had been recognised for the year ended 31 March 2025.

24. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Non-current Non-current		
Prepayments, deposits and other receivables	226	226
Less: loss allowance	_	
2000. 1000 anovarios		
	226	226
Current		
Trade receivables	49,576	44,850
Less: loss allowance (note a)	(6,143)	(6,471)
Trade receivables, net	43,433	38,379
Prepayments, deposits and other receivables	10,323	23,974
Less: loss allowance (note b)	(271)	(2,484)
Prepayments, deposits and other receivables, net	10,052	21,490
	53,711	60,095

For the year ended 31 March 2025

TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES 24. (Continued)

At as 31 March 2025, the gross amount of trade receivable arising from contracts with customers amounted to approximately HK\$49,576,000 (2024: HK\$44,850,000).

The Group allows an average credit period of 30 to 150 days to its customers. The credit terms given to customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

As at 31 March 2025 and 2024, the ageing analysis of the trade receivables based on revenue recognition dates is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days 31-60 days 61-90 days	33,979 5,709 2,217	22,643 4,811 5,210
Over 90 days	1,528	5,715
	43,433	38,379

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix and such information is disclosed in Note 4.1(b)(ii).

For the year ended 31 March 2025

24. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Note:

(a) Movements of the loss allowance of trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 April	6,471	6,216
Impairment losses recognised	1,310	3,864
Deconsolidation of subsidiaries	(1,638)	(3,609)
As at 31 March	6,143	6,471

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

(b) Movement in the loss allowance for other receivables is set out below:

	2025 HK\$'000	2024 HK\$'000
	1110000	111/4 000
As at 1 April	2,484	2,317
Impairment losses recognised	_	167
Deconsolidation of subsidiaries	(2,213)	_
As at 31 March	271	2,484

25. **BANK BALANCES AND CASH**

	2025 HK\$'000	2024 HK\$'000
Cash at bank and on hand	10,056	23,855
Maximum exposure to credit risk	10,056	23,855

26. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Non-current		
Other payables	1,111	13,493
Current		
Trade payables	7,338	29,207
Other payables and accruals	29,690	18,125
	37,028	47,332
	38,139	60,825

As at 31 March 2025 and 2024, the ageing analysis of the trade payables based on invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	832	1,056
31–60 days	328	441
61–90 days	564	157
Over 90 days	5,614	27,553
	7,338	29,207

For the year ended 31 March 2025

27. **BANK AND OTHER BORROWINGS**

	2025 HK\$'000	2024 HK\$'000
Bank borrowing, secured (Note i) Bond payable (Note ii)	47,528 12,000	47,528 -
	59,528	47,528

Note:

- (i) As at 31 March 2025, the bank borrowing is secured by the Group's buildings (Note 18) and leasehold land (Note 20) with aggregate carrying amounts of approximately HK\$89,836,000 (2024: HK\$94,634,000).
- A bond was issued by the Company with an aggregate principal amount of HK\$12,000,000 during the year ended 31 (ii) March 2025, bearing an interest rate of 6% per annum with a term of 10 years.

For the year ended 31 March 2025

27. **BANK AND OTHER BORROWINGS** (Continued)

As at 31 March 2025 and 2024, the following is a carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2025 HK\$'000	2024 HK\$'000
On demand or within one year After one year but within two year After two year but within five year	47,528 - -	47,528 - -
After five years	12,000	<u> </u>
	59,528	47,528
	2025 HK\$'000	2024 HK\$'000
Carrying amount that are not repayable on demand or within one year from the end of the reporting period but contain a repayment on demand clause or default in		
payment (Note) Carrying amount repayable on demand or within one year	47,528	47,528
ourlying amount repayable on demand or within one year		
Amounts shown under current liabilities Amounts shown under non-current liabilities	47,528 12,000	47,528 _
	59,528	47,528

As at 31 March 2025, bank and other borrowings were interest-bearing at fixed rates from 1.3% to 5.2% per annum or a margin over Hong Kong Interbank Offered Rate ("HIBOR"), Lender's Costs of Funds or loan prime rate (2024: fixed rates from 1.3% to 5.2% per annum or a margin over HIBOR, Lender's Costs of Funds or loan prime rate) and are repayable within one year.

During the year ended 31 March 2025, in respect of bank borrowings with a carrying amount of approximately HK\$47,528,000 as at 31 March 2025, the Group was default in repayment. Thus, the relevant bank borrowings become immediately due and payable should the lenders exercise their rights under the bank loan agreement. The directors of the Company commenced to discuss the terms of the borrowings with the relevant banks. Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress.

For the year ended 31 March 2025

PROVISION OF FINANCIAL GUARANTEE 28.

	2025	2024
	HK\$'000	HK\$'000
Financial guarantee issued	108,468	123,532

The Group had undertaken to indemnify certain lenders of the former subsidiaries for borrowings and related interest payables to the maximum extent of HK\$108,468,000. As at 31 March 2025, provision for these financial guarantee contracts amounted to HK\$108,468,000 has been recognized.

29. LOANS FROM SHAREHOLDERS

	2025	2024
	HK\$'000	HK\$'000
Current Mr. Leung Wai Sing, Wilson (deceased)	38,052	38,052
	38,052	38,052

As at 31 March 2025 and 2024, the maturity of loans from shareholders analysis:

	2025	2024
	HK\$'000	HK\$'000
Within one year	38,052	38,052

The carrying amounts of the loans from shareholders approximate their fair values.

As at 31 March 2025, the loans from shareholders were interest-bearing at a fixed rate of 4% per annum or 1.3% over HIBOR per annum (2024: fixed rate of 4.5% per annum or 1.3% over HIBOR per annum). Balances of HK\$38,052,000 as at 31 March 2025 would be repayable within one year or on demand.

For the year ended 31 March 2025

30. SHARE CAPITAL

	2025		2024	
	Number of		Number of	
	shares	HK\$'000	shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each				
(2024: HK\$0.01 each)	30,000,000,000	300,000	30,000,000,000	300,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At the beginning of the year	95,466,865	955	795,568,650	79,557
Issue of shares by placing (note a)	19,090,000	191	15,910,000	159
Effect of capital reorganisation (note b)	-	-	(779,657,277)	(77,965)
Effect of capital reduction (note c)	-	-	-	(1,432)
Issue of shares by right issue (note d)	-	-	63,645,492	636
At the end of the year	114,556,865	1,146	95,466,865	955

Note:

- On 8 March 2024, the Company had completed a placing of an aggregation of 15,910,000 new shares at a placing price of (a) HK\$1.96 each share. The net proceed from the placing of new shares amounted to approximately HK\$30,050,000.
 - On 20 November 2024, the Company had completed a placing of an aggregation of 19,090,000 new shares at a placing price of HK\$0.01 each share. The net proceed from the placing of new shares amounted to approximately HK\$65,200,000.
- (b) On 10 May 2023, every fifty (50) issued and unissued existing shares of par value of HK\$0.10 each in the authorised share capital of the Company be consolidated into one (1) ordinary share of par value of HK\$5.00 each. Canceled the paid-up share capital to the extent of HK\$4.99 on each issued consolidated share such that the par value of each issued consolidated share will be reduced from HK\$5.00 to HK\$0.01. Further details were mainly set out in the circular dated 17 March 2023
- (c) On 10 May 2023, every fifty (50) issued and unissued existing shares of par value of HK\$0.10 each in the authorised share capital of the Company be consolidated into one (1) ordinary share of par value of HK\$5.00 each. Canceled the paid-up share capital to the extent of HK\$4.99 on each issued consolidated share such that the par value of each issued consolidated share will be reduced from HK\$5.00 to HK\$0.01. Further details were mainly set out in the circular dated 17
- (d) Allotment and issuance of Rights Shares on 24 July 2023 pursuant to the Rights Issue, details of which are set out in the prospectus of the Company dated 13 June 2023.

31. OTHER RESERVES

	Share	Capital Redemption	Revaluation	Exchange	Staff Compensation	
	premium	reserve	reserve	reserves	reserve	Total
	HK\$'000	(Note a) HK\$'000	(Note b) HK\$'000	HK\$'000	(Note c) HK\$'000	HK\$'000
As at 1 April 2023	417,426	1,089	65,423	(32,406)	11,783	463,315
 Currency translation differences 		-	_	(8,777)	-	(8,777)
Total comprehensive expense				(8,777)		(8,777)
Capital raduation	(417,426)					(417,426)
Capital reduction Right issue	90,058	_	_	_	_	90,058
Transfer to amounts recognised in other comprehensive income and accumulated	30,000					50,000
in equity relating to deconsolidation of				(0.004)		(0.004)
subsidiaries Placing	31,024	_	_	(6,391)	=	(6,391) 31,024
Release of revaluation reserve	31,024	_	_	_	_	31,024
upon disposal of subsidiaries		_	(65,423)	7,618	<u> </u>	(57,805)
As at 31 March 2024						
and 1 April 2024	121,082	1,089	-	(39,956)	11,783	93,998
0						
 Currency translation differences 	-	-	-	6,187	-	6,187
Total comprehensive expense	<u>-</u>	<u>-</u>	<u>-</u>	6,187	<u>-</u>	6,187
Placing	66,434	-	-	-	-	66,434
As at 31 March 2025	187,516	1,089	-	(33,769)	11,783	166,619

For the year ended 31 March 2025

31. OTHER RESERVES (Continued)

Note:

- a. Capital redemption reserve represents the excess of market prices over par value of shares upon repurchase of shares of the Company in prior years.
- Revaluation reserve represents revaluation gain on transfer of owner occupied property to investment property in prior years.
- c. Staff compensation reserve represented the value of equity-settled share option expenses incurred in prior years.

32. DEFERRED INCOME TAX

As at 31 March 2025, the Group did not recognise deferred tax assets in respect of tax losses of approximately HK\$1,410,230,000 (2024: HK\$1,365,510,000) as it was uncertain that future taxable profits against which the tax losses could be utilised would be available in the relevant tax jurisdiction. Tax losses do not expire under current tax legislation.

33. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

	Liabilities from financing activities					
	Bank and other	Loans from				
	borrowings	shareholders	Lease liabilities	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
As at 1 April 2023	(68,318)	(85,553)	(2,440)	(156,311)		
Financing cash flows	24,790	_	1,019	25,809		
Operating cash flows	- I	_	1,421	1,421		
Other changes (Note)	(4,000)	47,501	-	43,501		
As at 31 March 2024 and 1 April 2024	(47,528)	(38,052)	-	(85,580)		
Financing cash flows	(12,000)	-	-	(12,000)		
As at 31 March 2025	(59,528)	(38,052)	-	(97,580)		

Note:

Other changes represent non-cash transactions, including addition or termination of lease liabilities, rent concession, gain on deconsolidation of subsidiaries.

For the year ended 31 March 2025

34. **BANKING FACILITIES**

As at 31 March 2025, banking facilities of approximately HK\$47,528,000 (2024: HK\$48,560,000) were granted by banks to the Group, of which approximately HK\$47,528,000 (2024: HK\$47,528,000) have been utilised by the Group. All banking facilities were supported by corporate guarantees given by the Company and as at 31 March 2025, bank and other borrowings of approximately HK\$47,528,000 (2024: HK\$47,528,000) are secured by charges over the Group's buildings and leasehold land with carrying amounts of approximately HK\$89,836,000 (2024: HK\$94,634,000).

During the year ended 31 March 2025 and 31 March 2024, the Group had failed to repay certain bank borrowings according to their scheduled repayment date, details are stated in Note 28.

35. **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 March 2025 and 31 March 2024.

For the year ended 31 March 2025

36. **RELATED PARTY TRANSACTIONS**

The Group had the following related party transactions in the normal course of business (a) during the year:

	2025 HK\$'000	2024 HK\$'000
Continuing operations Interest expense on loans from shareholders – Mr. Leung Wai Lap, David – Ms. Leung Ka Yan, Karen	- -	648 600
	-	1,248

Compensation of key management personnel (b)

The remuneration of directors of the Company and other members of key management during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits Retirement benefit scheme contributions	1,561 18	1,300 36
	1,579	1,336

Further details of the directors' and chief executive's emoluments are included in Note 15.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK\$'000	2024 HK\$'000
Non august soots			
Non-current assets Interests in subsidiaries		63,386	_
Current assets			
Income tax recoverable		8	8
Bank balances and cash		3	3
		11	11
		11	11
Current liabilities			
Other payables		469	474
Net current liabilities		(458)	(463)
Total assets less current liabilities		62,928	(463)
Capital and reserves attributable to owners of the Company			
Share capital		1,146	955
Reserves	(b)	61,782	(1,418)
Total deficit		62,928	(463)

For the year ended 31 March 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Interests in subsidiaries (a)

	2025 HK\$'000	2024 HK\$'000
Investment cost in subsidiaries Amounts due from subsidiaries	62,586 1,378,848	67,586 1,315,462
Less: Accumulated impairment loss	1,446,434 (1,383,048)	1,383,048 (1,383,048)
	63,386	_

Note: As at 31 March 2025, interests in subsidiaries are carried at cost of HK\$1,446,434,000 (2024: HK\$1,383,048,000) less accumulated impairment loss of HK\$1,383,048,000 (2024: HK\$1,383,048,000). The amounts due from subsidiaries are unsecured, interest free and repayable on demand. The directors of the Company do not expect repayments from subsidiaries within next twelve months from the end of the reporting period.

(b) Reserves movement of the Company

		Capital		Staff		
	Share	redemption	Contributed	compensation	Retained	
	premium	reserve	surplus	reserve	earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2023	417,426	1,089	40,586	11,783	(551,882)	(80,998)
Capital reduction	(417,426)	_	-	-	-	(417,426)
Right issue	90,056			77 m 10 T	_	90,056
Placing	31,024	_				31,024
Total comprehensive expense						
and loss for the year					375,926	375,926
As at 31 March 2024 and						
1 April 2024	121,080	1,089	40,586	11,783	(175,956)	(1,418)
Placing	66,436		-	-	-	66,436
Total comprehensive expense						
and loss for the year	-	-	-	-	(3,236)	(3,236)
As at 31 March 2025	187,516	1,089	40,586	11,783	(179,192)	61,782

For the year ended 31 March 2025

STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) 37.

(b) Reserves movement of the Company (Continued)

Note:

The contributed surplus of the Company, which arose from a corporate reorganisation in November 1992, represents the difference between the nominal value of the Company's shares issued in exchange for the issued ordinary shares of Alco Investments (B.V.I.) Limited and the value of net assets of the underlying subsidiaries acquired as at 6 November 1992. Under the Companies Act 1981 of Bermuda (as amended), a company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Otherwise the contributed surplus is distributable.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is as follows:

RESULTS

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
For the year ended 31 March			(Restated)		
Revenue	99,313	148,422	89,321	542,408	1,278,686
Profit/(loss) attributable to owners					
of the Company	(64,043)	600,692	(510,242)	(594,575)	(360,463)

ASSETS AND LIABILITIES

	2025	2024	2023	2022	2021
As at 31 March	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	179,494	182,410	283,288	833,777	1,363,113
Total liabilities	(244,187)	(269,937)	(1,077,958)	(1,106,700)	(1,032,927)
Total (deficit) equity	(64,693)	(87,527)	(794,670)	(272,923)	330,186

