Telecom Service One

# Telecom Service One Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**Stock Code: 3997**

# 2024/25
# ANNUAL REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Non-executive Directors

CHEUNG King Shek *(chairman)*
CHEUNG King Shan
CHEUNG King Chuen Bobby, *MH*

### Executive Director

CHEUNG King Fung Sunny *(chief executive officer)*

### Independent Non-executive Directors

FONG Ping, *BBS, JP*
KWOK Yuen Man Marisa
*(resigned with effect on 1 April 2025)*
TSO Ka Yi
WONG Wai Yee Daisy
*(appointed with effect on 12 June 2025)*

## COMPANY SECRETARY

LEE Wing Sze Connie

## BOARD COMMITTEES

### Audit Committee

TSO Ka Yi *(chairman)*
FONG Ping, *BBS, JP*
KWOK Yuen Man Marisa
*(resigned with effect on 1 April 2025)*
WONG Wai Yee Daisy
*(appointed with effect on 12 June 2025)*

### Remuneration Committee

FONG Ping, *BBS, JP (chairman)*
KWOK Yuen Man Marisa
*(resigned with effect on 1 April 2025)*
TSO Ka Yi
WONG Wai Yee Daisy
*(appointed with effect on 12 June 2025)*

### Nomination Committee

KWOK Yuen Man Marisa *(chairman)*
*(resigned with effect on 1 April 2025)*
WONG Wai Yee Daisy *(chairman)*
*(appointed with effect on 12 June 2025)*
FONG Ping, *BBS, JP*
TSO Ka Yi

## AUTHORISED REPRESENTATIVES

CHEUNG King Fung Sunny
LEE Wing Sze Connie

## COMPANY'S WEBSITE

www.tso.cc

## AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditor
17/F., Chubb Tower,
Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

## REGISTERED OFFICE

P.O. Box 31119, Grand Pavilion,
Hibiscus Way,
802 West Bay Road,
Grand Cayman,
KY1-1205,
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit C, 3/F,
Sunshine Kowloon Bay Cargo Centre,
59 Tai Yip Street,
Kowloon Bay, Kowloon,
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Tower,
1 Garden Road,
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building,
1 Queen's Road Central,
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
P.O. Box 31119,
Grand Pavilion,
Hibiscus Way,
802 West Bay Road,
Grand Cayman,
KY1-1205,
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road,
North Point,
Hong Kong

## PRINCIPAL PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

## STOCK CODE

3997

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present the audited annual results of Telecom Service One Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2025.

## RESULTS

For the last financial year, the Group recorded revenue of approximately HK$44,223,000 (2024: HK$54,387,000), representing a decrease of approximately 18.7% compared to the year ended 31 March 2024 which is primarily attributed to the decrease in repairing service income due to the intense competition in the mobile phone and consumer electronic device repair service market. The Group's gross profit for the year ended 31 March 2025 was approximately HK$3,532,000 (2024: HK$11,251,000). Due to the thinner gross margin and the impairment losses on the investment properties, the Group recorded a loss of approximately HK$13,405,000 for the year (2024: HK$9,174,000).

## BUSINESS REVIEW

The Group is a well-established repair service provider in Hong Kong and is principally engaged in providing repair and refurbishment services for mobile phones and other consumer electronic devices as well as sales of related accessories for corporate customers, telecommunications services providers and global services companies.

For the last fiscal year, macroeconomic conditions remained volatile due to a series of global developments. Both Hong Kong and global economies faced uncertainties, with regional markets experiencing challenges such as intensified US tariff policies, ongoing geopolitical tensions, inflationary pressures, and shifts in monetary policies. The mobile phone and consumer electronic device repair service market became increasingly competitive, while the retail sector was affected by cautious consumer behavior amid economic and trade uncertainties. Facing the unpredictable business environment, the Group remained focused on delivering premium service and strengthening customer relationships. The ongoing digital transformation, coupled with the rise of AI-driven applications, 5G rollout, and improved internet penetration, continues to reinforce the importance of electronic devices in daily life. The Group remains confident in the sustained relevance of smart devices and is well-positioned to meet the growing demand for reliable repair services consumer needs.

## PROSPECTS

Looking ahead, the retail market in Hong Kong is expected to remain challenging amid ongoing economic and geopolitical uncertainties. The Hong Kong government continues to introduce measures aimed at revitalizing the local economy. Meanwhile, the ongoing adoption and expansion of 5G technology and AI applications are anticipated to support growth in the electronics and mobile device sectors. The Group holds an optimistic outlook on the long-term demand for electronic and mobile devices, driven by technological innovation and evolving consumer needs, and thus the corresponding demand and need for maintenance and repair services.

The Group will continue to strengthen its core business capability by enhancing service quality and integrating resources to improve operational efficiency. In addition, the Group will actively explore new business opportunities to diversify the Group's business model and broaden its source of income, with the aim of achieving sustainable growth and maximize returns for the Shareholders.

## APPRECIATION

On behalf of the Board, I would like to express my appreciation to the management team and the entire workforce of the Group for their unwavering dedication and diligence to the Group over the past year. I would also like to convey my gratitude to our esteemed customers, business partners, suppliers and shareholders for their ongoing support of Telecom Service One.

**Cheung King Shek**
*Chairman and Non-Executive Director*

Hong Kong, 27 June 2025

# CEO'S STATEMENT

## OPERATION OVERVIEW

Over the past financial year, the global and local economic environment experienced significant volatility. Economic activities across regions were adversely affected by various external factors, including monetary tightening pressures, geopolitical tensions, and stock market fluctuations. These factors contributed to a challenging and uncertain business climate, with intensified competition across the industry. In the retail sector, consumers have become increasingly cautious about their spending, leading to increasing demand on value for money and thus thinner overall profit margin.

Despite the prevailing uncertainties in the macroeconomic environment, the Group remained focused on its core strengths and long-term strategic vision and will continue to prioritize operational efficiency and service quality, enabling the Group to maintain resilience and agility in a dynamic market environment. The Group maintains a cautiously optimistic outlook, anticipating that gradual improvements in market sentiment will bring renewed opportunities for growth. The digital transformation, accelerated by 5G and AI advancements, continues to reshape how consumers interact with smart devices. Product innovation and AI integration have sustained demand for smart electronics, enhancing functionality and user experience. These trends are expected to drive the next phase of industry growth. These technological shifts are expected to create new growth opportunities in both commercial and personal applications. The Group will continue to adapt to evolving market dynamics and customer preferences, with a focus on delivering high-quality repair and refurbishment services.

In light of the current uncertainties and evolving industry dynamics, the Group has proactively embraced challenges and capitalized on opportunities to drive business expansion. We remain committed to upholding our service excellence and execution capabilities while streamlining operations and cost management, aiming to improve the Group's overall productivity and operational efficiency, with the goal of achieving a sustainable profitability for the Group.

## FUTURE PROSPECTS

Looking forward, as the global economy remains uncertain and the retail sector continues to face challenges, the Group will proactively respond to macroeconomic conditions and industry shifts, dedicating efforts to address emerging challenges. We will focus on strengthening our core businesses by continuously improving quality and efficiency. At the same time, we will pursue new value-added services, explore new business opportunities, and diversify our operations. The Group aims to build a sustainable business model that delivers stable and growing returns for shareholders.

## APPRECIATION

Being the Chief Executive Officer of the Group, I would like to extend my sincere gratitude to the management team and all members of the Telecom Service One for their steadfast commitment and valuable contributions to the Group throughout the past year. I also extend my appreciation to our valued customers, business partners, suppliers and shareholders for their continued trust and support.

**Cheung King Fung Sunny**
*Chief Executive Officer and Executive Director*

Hong Kong, 27 June 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

The global smartphone market displayed an overall positive growth in 2024. This performance was driven by the launch of devices across various price segments and particularly strong demand for low to mid-range models in China and other emerging markets. Technological advancements, including the growing adoption of AI features, are expected to continue fuelling innovation and product refresh cycles.

The market for mobile phone and personal electronic device repair and refurbishment in Hong Kong remains highly competitive. Nevertheless, the Group continues to leverage its deep industry experience, strong customer relationships, and technically proficient team to maintain its market position and consistently deliver high-quality, reliable services to clients.

## BUSINESS OVERVIEW

The Group is a well-established repair service provider in Hong Kong and is principally engaged in providing repair and refurbishment services for mobile phones and other consumer electronic devices as well as sales of related accessories for corporate customers, telecommunications services providers and global services companies.

For the last fiscal year, macroeconomic conditions remained volatile due to a series of global developments. Both Hong Kong and global economies faced uncertainties, with regional markets experiencing challenges such as intensified US tariff policies, ongoing geopolitical tensions, inflationary pressures, and shifts in monetary policies. The mobile phone and consumer electronic device repair service market became increasingly competitive, while the retail sector was affected by cautious consumer behavior amid economic and trade uncertainties. For the year ended 31 March 2025, the Group recorded revenue of approximately HK$44,223,000 (2024: HK$54,387,000), representing a decrease of approximately 18.7% compared to the year ended 31 March 2024 which is primarily attributed to the decrease in repairing service income due to the intense competition in the mobile phone and consumer electronic device repair service market. The Group's gross profit for the year ended 31 March 2025 was approximately HK$3,532,000 (2024: HK$11,251,000). Due to the thinner gross margin and the impairment losses on the investment properties, the Group recorded a loss of approximately HK$13,405,000 for the year (2024: HK$9,174,000).

## FINANCIAL REVIEW

### Revenue

The Group's revenue comprises repairing service income and income from sales of accessories and provision of supportive services. Repairing service income for the year ended 31 March 2025 at approximately HK$44,019,000 (2024: HK$54,195,000), representing a year-on-year decrease of approximately 18.8%. Revenue from sales of accessories and provision of supportive services for the year ended 31 March 2025 slightly increased approximately 6.3% to approximately HK$204,000 as compared with approximately HK$192,000 in the previous year.

## Cost of Sales

The Group's cost of sales comprises mainly direct labour cost and parts cost. For the year ended 31 March 2025, cost of sales decreased by approximately 5.7% over the previous year to approximately HK$40,691,000 from approximately HK$43,136,000. The decrease in cost of sales was attributable to the decrease in both labour and parts cost.

The Group's cost of inventories sold was approximately HK$12,470,000 (2024: HK$13,474,000), representing a decrease of approximately 7.5% over the previous year.

Direct labour cost for the year ended 31 March 2025 was approximately HK$28,221,000 (2024: HK$29,662,000), representing a decrease of approximately 4.9%. The decrease was mainly due to the decrease in manpower.

## Other Income and Gains

Other income and gains for the year was approximately HK$5,912,000 (2024: HK$3,507,000). Other income mainly comprised of management fee income, rental income, storage income, bank interest income together with gain on disposal of financial assets. Details of the other income and gains are set out in Note 9 to the consolidated financial statements.

## Net Operating Expenses and Administrative Expenses

Other operating expenses, net comprises miscellaneous income and other operating expenses. Other operating expenses, net for the year ended 31 March 2025 were approximately HK$4,706,000 (2024: HK$4,315,000), representing an increase of approximately 9.1% over the previous year. The increase was mainly caused by the decrease in miscellaneous income from a corporate customer for the provision of labor support services. Details of the other operating expenses, net are set out in Note 10 to the consolidated financial statements.

Administrative expenses for the year ended 31 March 2025 was approximately HK$13,180,000 (2024: HK$14,477,000), representing a decrease of approximately 9.0%. Administrative expenses comprises mainly depreciation, salaries, office rental and other office expenses.

## Income Tax

Income tax credit for the year ended 31 March 2025 was approximately HK$106,000 (2024: HK$60,000).

## Loss for the Year

Loss for the year ended 31 March 2025 was approximately HK$13,405,000 (2024: HK$9,174,000). The loss increase was mainly attributable to the combined effect of the following factors, (i) decrease in gross profit to approximately HK$3,532,000 (2024: HK$11,251,000); (ii) an one off gain on disposal of financial assets of approximately HK$1,448,000 (2024: HK$49,000); (iii) increase in impairment losses on investment properties of approximately HK$4,892,000 (2024: HK$196,000); (iv) since all the financial assets were disposed of during the year, there is no loss on changes in fair value of financial assets at fair value through profit or loss ("FVTPL") for the year ended 31 March 2025 (2024: HK$4,749,000).

## INVESTMENTS IN FINANCIAL ASSETS

During the year ended 31 March 2025, all the financial assets were disposed of (2024: the financial assets at FVTPL amounted to approximately HK$8,984,000).

The following table sets out the financial assets disposed by the Group during the year ended 31 March 2025:

| Stock name: | HKEx (note 1) |
|---|---|
| Number of securities held: | 39,440 |
| Investment cost (HK$'000): | 15,785 |
| Fair value as at 31 March 2024 (HK$'000): | 8,984 |
| Gain on disposal during the year ended 31 March 2025 (HK$'000): | 1,448 |

Note 1:

| Stock short name | Stock code | Company name |
|---|---|---|
| HKEx | 00388HK | Hong Kong Exchange and Clearing Limited |

### The Group's Investment Strategy for These Investments

The Company's investment objective is to generate stable additional interest or dividend income. Our strategy of these investment is to make investments in the prospects of primarily reputable sizeable issuers on recognisable stock exchange for creating values for Shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

The Group takes into account the following criteria for investment decision: (i) potential return on investment in terms of capital appreciation and dividend payment; (ii) risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the Group had current assets of approximately HK$18,758,000 (2024: HK$31,370,000) and current liabilities of approximately HK$6,392,000 (2024: HK$12,639,000).

At present, the Group generally finances its operations with internally generated cash flows. Net cash used in operating activities for the year was approximately HK$868,000. Net cash generated from investing activities was approximately HK$10,659,000.

The Group maintained a healthy liquidity position as at 31 March 2025. Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 31 March 2025, the Group has unutilised banking facilities of approximately HK$10,200,000 available for further drawdown should it have any further capital needs. The Group had cash and cash equivalents of approximately HK$5,702,000 as at 31 March 2025 (2024: HK$3,811,000).

## CONTINGENT LIABILITIES

As at 31 March 2025, the Group has no material contingent liabilities (2024: nil).

## FOREIGN CURRENCY RISK

The Group's business are in Hong Kong and are denominated in Hong Kong dollars and United States dollars. The Group currently does not has a foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## CAPITAL COMMITMENTS

As at 31 March 2025, the Group did not has any significant capital commitments (2024: nil).

## CAPITAL STRUCTURE

There was no change in the capital structure during the year ended 31 March 2025.

The capital structure of the Group consists of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves. The management reviews the capital structure regularly. As part of the review, they consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or the redemption of existing debt.

## MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not make any material acquisition or disposal of subsidiaries or associated companies during the year ended 31 March 2025 (2024: nil).

Save as disclosed in the paragraph headed "Investment in Financial Assets" above and the investment properties held, the Group did not has any significant investment held as at 31 March 2025.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group employed 93 (2024: 109) full-time employees including management, administration, operation and technical staff. The employees' remuneration, promotion and salary increments are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

## OUTLOOK

The Group will keep reinforcing its core business foundation by continuously enhancing service quality and integrating internal resources to improve operational efficiency. At the same time, the Group will proactively explore new business opportunities to refine its business model and diversify its operations, with the objective of broadening revenue streams and maximizing long-term value for Shareholders.

Looking ahead, the Group remains cautiously optimistic about the overall business climate and economic outlook. The Group will continue to strengthen its core operations, leverage its existing resources and network, enhance service delivery, streamline management processes, and pursue strategic growth initiatives to deliver sustainable and long-term returns to Shareholders.

# DIRECTORS AND SENIOR MANAGEMENT

## NON-EXECUTIVE DIRECTORS

**Mr. CHEUNG King Shek**, aged 73, was appointed as a Director in August 2012, appointed as chairman of the Company and re-designated as non-executive Director in April 2013, and is responsible for advising on overall strategic planning and management of the Group. Mr. Cheung King Shek has been a director of Telecom Service One Limited ("TSO", a wholly-owned subsidiary of the Company) since April 1987. He was appointed as a director of Telecom Digital Holdings Limited ("TDHL", stock code: 6033, a company listed on Main Board of the Stock Exchange) in November 2002, and was appointed as its chairman and re-designated as its executive director in March 2014. He joined TDHL group in 1981 and is responsible for the overall strategic planning and corporate policies. Mr. Cheung King Shek brings to TDHL group more than 40 years of experience in the telecommunications industry and has achieved a solid track record of achievements. Under his leadership and stewardship, TDHL group has grown to be a versatile service provider in the telecommunications industry. Mr. Cheung King Shek graduated with a bachelor's degree in commerce from the University of New South Wales in April 1976 and a master degree in business administration from the University of Melbourne in Australia in August 1981. Mr. Cheung King Shek is the chairman of Hong Kong Radio Paging Association Limited, and an honorary citizen of Swatow City. He is the elder brother of Mr. Cheung King Shan (non-executive Director), Mr. Cheung King Chuen Bobby (non-executive Director) and Mr. Cheung King Fung Sunny (chief executive officer and executive Director).

**Mr. CHEUNG King Shan**, aged 66, was appointed as a Director in August 2012 and re-designated as non-executive Director in April 2013 and is advising on marketing and sales strategies. Mr. Cheung King Shan has been a director of TSO since June 1999. He was appointed as a director of TDHL in November 2002, re-designated as its non-executive director in March 2014 and re-designated as its executive director on 8 September 2015, and is responsible for advising on sales and marketing and apps writing in relation to TDHL's information broadcasting services. Mr. Cheung King Shan joined TDHL group in 1985 and was responsible for the overall planning and formulation of the marketing and sales strategies in line with its sales and corporate targets, sales and marketing and special ad hoc projects. Mr. Cheung King Shan graduated from the Carleton University in Ottawa, Canada with a bachelor's degree in art in November 1983. He is the younger brother of Mr. Cheung King Shek (chairman and non-executive Director), and the elder brother of Mr. Cheung King Chuen Bobby (non-executive Director) and Mr. Cheung King Fung Sunny (chief executive officer and executive Director).

**Mr. CHEUNG King Chuen Bobby**, ***MH***, aged 66, was appointed as a Director in August 2012 and re-designated as non-executive Director in April 2013 and is advising on administrative operation. Mr. Cheung King Chuen Bobby has been a director of TSO since April 1987. He was appointed as a director of TDHL in November 2002, re-designated as its non-executive director in March 2014 and re-designated as its executive director on 8 September 2015, and is responsible for advising on administration, human resources and special and ad hoc projects. He joined TDHL group in 1985 and was responsible for the formulation and implementation of its administrative policies as well as overseeing its administrative operation in human resources, legal and administration, property management and PRC projects. Mr. Cheung King Chuen Bobby obtained a bachelor degree in art in urban planning studies and a postgraduate diploma in urban planning implementation from the University of Westminster in London in 1983 and 1984 respectively. He is an honorary citizen of Swatow City and a school board member of Hongkong & Kowloon Chiu Chow Public Association Secondary School. Mr. Cheung King Chuen Bobby is the younger brother of Mr. Cheung King Shek (chairman and non-executive Director) and Mr. Cheung King Shan (non-executive Director), and the elder brother of Mr. Cheung King Fung Sunny (chief executive officer and executive Director).

## EXECUTIVE DIRECTOR

**Mr. CHEUNG King Fung Sunny**, aged 57, was appointed as a Director in August 2012, re-designated as executive Director in April 2013 and appointed as the chief executive officer of the Company in August 2014, and is primarily responsible for managing the Group's relationship with the customers and exploring new business opportunities for the Group. Mr. Cheung King Fung Sunny has been a director of TSO since June 1999. He was appointed as a director of TDHL in November 2002, re-designated as its executive director in March 2014 and appointed as its chief executive officer on 8 September 2015. He joined TDHL group in 1990 and is primarily responsible for overseeing the financial management, sales and marketing and special ad hoc projects, and played a major role in the growth of the sales volume and customer base of TDHL group. Mr. Cheung King Fung Sunny graduated from the University of Western Ontario in Canada with a bachelor's degree in administrative and commercial studies in October 1990. He is the Chairman of La Salle Foundation Limited. Mr. Cheung King Fung Sunny is the younger brother of Mr. Cheung King Shek (chairman and non-executive Director), Mr. Cheung King Shan (non-executive Director) and Mr. Cheung King Chuen Bobby (non-executive Director).

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. FONG Ping,** ***BBS, JP,*** aged 75, was appointed as an independent non-executive Director on 30 April 2013. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. Mr. Fong is currently a chairman of the board of directors of Canaan International Trading Limited and Hong Kong Isabelle Company Limited, which are engaged in the manufacturing and trading business. He has over 35 years of experience in garment and fashion industries. Mr. Fong has been appointed as a member of the standing committee on Young Offenders, a sub-committee of the Fight Crime Committee since 1 August 2020. He was also a member of Appeal Board established under the Betting Duty Ordinance for the period from 1 April 2020 to 31 March 2023. He completed secondary education in the People's Republic of China. He was an independent non-executive director of TC Orient Lighting Holdings Limited (stock code: 515) from 15 June 2012 to 16 October 2014, the shares of which are listed on the Main Board of the Stock Exchange.

**Ms. KWOK Yuen Man Marisa**, aged 70, was appointed as an independent non-executive Director on 30 April 2013. She is also the chairman of nomination committee and a member of the audit committee and remuneration committee of the Company. Ms. Kwok resigned as the Company's independent non-executive Director with effect on 1 April 2025. She has over 41 years of experience in holding senior managerial roles in telecommunication industry. She joined Cable & Wireless HKT Limited in April 1982 and left the company in February 2000 when she was the director of corporate market. In 2001, she joined Hong Kong CSL Limited as director, marketing and operations and left the company in June 2004. She later joined PCCW-HKT Limited as managing director, commercial group from June 2004 to February 2006. From June 2006 to March 2007, she was the managing director of Boyden China Limited, a global executive search firm. From March 2007 to March 2011, Ms. Kwok was the general manager, marketing unit Hong Kong & Macau, of Sony Ericsson Mobile Communications International AB. Currently, Ms. Kwok is a director of Rich Gain Worldwide Limited, which is principally engaged in retail of apparel, leather goods and accessories. She holds a bachelor of arts honours degree in business administration from the University of Western Ontario.

**Mr. TSO Ka Yi**, aged 61, was appointed as an independent non-executive Director on 15 January 2018. He is also the chairman of audit committee and a member of the nomination committee and remuneration committee of the Company. He was a director of Mandarin Kopitiam Management Limited, a company focuses on the franchise business of a Singaporean famous kopitiam brand "Killiney" in Hong Kong for the period from August 2016 to December 2021. From January 2011 to December 2013, he served as a chief financial officer of Mandarin International Limited, a master franchisee of "Killiney". Afterwards, he was appointed as director of Mandarin International Limited from December 2013 to September 2017. He joined Ernst & Young Tax Services Limited as junior accountant in December 1990 and left the company as a senior manager in December 1999. Mr. Tso graduated from The Chinese University of Hong Kong with a Bachelor's degree of Business Studies in 1987. In 2005, he also obtained a Master's degree of Management and a Bachelor's degree of Arts (Japan Studies) from Massey University in New Zealand. Mr. Tso is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

## SENIOR MANAGEMENT

**Mr. WAN Chun Cheong**, aged 45, was appointed as general manager of TSO in February 2022 and is primarily responsible for client management and supervision of the daily operation of TSO. He joined TSO for over 21 years since January 2002. From December 2000 to January 2002, Mr. Wan was the senior technician of Hong Kong Communication & Equipment Limited which is principally engaged in the provision of mobile phones repair services. He has over 22 years of experience in mobile phones repair industries. Mr. Wan received his bachelor's degree in business management (engineering) from Coventry University in London in 2011 and a master's degree in business administration from The Hong Kong Polytechnic University in 2016.

*Note*: Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby and CHEUNG King Fung Sunny (collectively, the "Cheung Brothers"), each of them is a director of certain subsidiaries of the Company.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices aiming at a high level of transparency and accountability. The Company is committed to continuously improving its corporate governance practices as part of its own corporate culture, throughout the reporting period from 1 April 2024 and up to the date of this report (the "Reporting Period"), in which the Company adhered to the principles of good corporate governance and implemented various measures to strengthen the governance framework. The Board and the respective board committees are responsible to review the Group's overall corporate strategic direction and financial performance from time to time, when necessary, which in order to maintain a culture with good corporate governance of the Group.

The Company has adopted the principles and the code provisions of the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Stock Exchange" and the "Listing Rules", respectively), to ensure that business activities and decision-making processes are regulated in a proper and prudent manner. During the Reporting Period, the Company has complied with the CG Code, except the deviation as disclosed below.

According to the Code Provision D.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Reporting Period, the chief executive officer and chief financial officer of the Group, based on business needs and conditions, have provided and will continue to provide to all members of the Board with updates on any material changes to the performance, position and prospects of the Company from time to time, which is considered with sufficient details to provide the general updates of the Company to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision D.1.2 of CG Code and/or the respective Listing Rules.

## BOARD OF DIRECTORS

### Board Composition

The board of directors of the Company (the "Board" and "Directors", respectively) currently comprises three non-executive Directors, one executive Director and three independent non-executive Directors ("INEDs"). The composition of the Board is as follows:

### Non-executive Directors

Mr. CHEUNG King Shek *(chairman)*
Mr. CHEUNG King Shan
Mr. CHEUNG King Chuen Bobby, *MH*

### Executive Director

Mr. CHEUNG King Fung Sunny *(chief executive officer)*

### Independent Non-executive Directors

Mr. FONG Ping, *BBS, JP*
Ms. KWOK Yuen Man Marisa *(resigned with effect on 1 April 2025)*
Mr. TSO Ka Yi
Ms. WONG Wai Yee Daisy *(appointed with effect on 12 June 2025)*

The Company has complied with the requirement of Code Provision B.1 of the CG Code, Rule 3.10 and 3.10A of the Listing Rules which the board composition and the number of INEDs representing at least one-third of the Board. The biographical details of all Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 11 to 13 of this annual report. To the best knowledge of the Company, save as disclosed in the said section, there is no financial, business, family or other material or relevant relationships among members of the Board.

## Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

All Directors have relevant qualifications in their respective field of expertise and have exhibited personal and professional ethics and integrity. The diversity of experiences and backgrounds enables the Board to enhance better corporate governance and performance standard and allowing them to bring in valuable contributions and objective advice to support the development of the Group's businesses. The mix of core skills of the Board including (i) compliance and regulatory related; (ii) finance and accounting related; and (iii) operation and management related, and involved 3 directors respectively with 7 directors in total of the Board.

The Board determined that the current composition of the Board performs a balanced mix of skills, experiences and diversity, to support a good corporation and management culture. The Board will maintain their skills with proper professional development to the Board members, including but not limited to industry training, compliance and corporate governance, internal control and risk management.

## Directors' Appointment, Re-election and Removal

In compliance with the Code Provision B.2 of the CG Code, the Company has set-up a formal, considered and transparent procedure for the appointment of new directors, and there should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. In cases of the resignation or removal of any director, the Company must explain the reasons for that case. Under B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of one year and renewable automatically until which shall be terminated in accordance with the provisions of the service agreement by either party giving to the other not less than three months' prior notice in writing, subject to the provisions on retirement by rotation as set out in the articles of association of the Company ("Articles of Association"). Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a fixed term of three years.

By virtue of Article 112 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company ("AGM") and shall then be eligible for re-election. Newly appointed Directors will receive induction packages continuing the duties and responsibilities of directors as required under the Listing rules and other applicable rules and regulations.

Every Director should be subject to retirement by rotation at least once every three years. At AGM, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years under the Listing Rules and the Article of Association.

In compliance with the Code Provision B.2.3 of the CG Code, the re-election of each of those INEDs who has served on the Board for more than nine years is subject to (i) a separate resolution to be approved by the Shareholders at the relevant AGM; and (ii) further information being given to Shareholders together with the notice of meeting and the reasons why the Board believes the relevant Director is still independent and should be re-elected. If all of the INEDs of the Company have served more than nine years on the board, the issuer should make relevant disclosure with the length of tenure of each existing INEDs on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the AGM, and appoint a new INED on the board at the forthcoming AGM.

A Director may be removed by an ordinary resolution of the Company before the expiration of his/her term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him/her and the Company) and the Company may by ordinary resolution appoint another in his/her place.

## Independent Non-executive Directors

The Company has three out of seven Directors are INEDs, among the three INEDs, Mr. TSO Ka Yi ("Mr. Tso") has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. In accordance with Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Mr. FONG Ping, Ms. KWOK Yuen Man Marisa ("Ms. Kwok") and Mr. TSO to be independent.

After the fiscal year until the date of this report, Ms. Kwok submitted her resignation, as INED and board committee members, to the Board and with the effective date on 1 April 2025. Mr. Tso was re-designated as the chairman of nomination committee of the Company ("NC") between 1 April 2025 to 11 June 2025, and remained as member of NC after 11 June 2025. Following the resignation of Ms. Kwok, the Company did not meet the requirements of Rules 3.10(1), 3.21 and 13.92 under the Listing Rules.

On 12 June 2025, Ms. WONG Wai Yee Daisy ("Ms. Wong") appointed as INED, members of each audit committee and remuneration committee of the Company and the chairman of NC, with immediate effect. Following the appointment of Ms. Wong, the Company is in compliance with Rule 3.10(1), 3.21 and 13.92 of the Listing Rules, which stipulates that the Board comprising with at least three independent non-executive directors, the audit committee of the Company comprise with a minimum of three members, and the Board has complied with the gender diversity requirement under the Listing Rules.

## Chairman and Chief Executive Officer

According to the Code Provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The role of the chairman of the Company is performed by Mr. CHEUNG King Shek and the executive functions of a chief executive are discharged by Mr. CHEUNG King Fung Sunny as the chief executive officer of the Company.

## Delegation of Powers

The Board delegates day-to-day operations of the Group to the chief executive officer and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

## Continuing Professional Development

According to the Code Provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange trainings for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the Code Provision C.1.4 of the CG Code on the Directors' training. During the Reporting Period, all the Directors have participated in continuous professional development and the relevant details are set out below:

| Directors | Reading materials |
|---|---|
| **Non-executive Directors** | |
| Mr. CHEUNG King Shek *(chairman)* | A, B |
| Mr. CHEUNG King Shan | A, B |
| Mr. CHEUNG King Chuen Bobby | A, B |
| **Executive Director** | |
| Mr. CHEUNG King Fung Sunny *(chief executive officer)* | A, B |
| **Independent Non-executive Directors** | |
| Mr. FONG Ping | A, B |
| Ms. KWOK Yuen Man Marisa | A, B |
| Mr. TSO Ka Yi | A, B |

A. Reading materials provided by the Company relating to the Company's businesses and the regular updates on the Listing Rules and other applicable regulatory requirements relevant to the director's duties and responsibilities.

B. Reading journals and updates relating to economy, environment and social issues or director's duties and responsibilities.

### Directors' and Officers' Liabilities

In compliance with the Code Provision C.1.8 of the CG Code, the Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out in the corporate activities. The insurance coverage is reviewed on an annual basis.

## DIRECTORS' SECURITIES TRANSACTIONS

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 the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors who were in office during the Reporting Period, all of the Directors have confirmed that they have complied with the required standards of dealings during the Reporting Period.

## CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Company ("Connected Transactions") can be found on pages 61 to 62 of this annual report.

## BOARD COMMITTEES

In accordance with the requirements of the Listing Rules, the Company has established three Board Committees including the audit committee, remuneration committee and nomination committee (collectively, the "Committees") to oversee specific aspects of the Group's affairs. The Committees have been provided with sufficient resources to discharge their respective duties. Each of the Committees has adopted specific terms of references covering its duties, powers and functions, which will be reviewed by the Board from time to time.

### Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 2 May 2013 with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee, among other things, are to make recommendations to the Board on the appointment, reappointment and removal of external auditor; to monitor integrity of the Company's financial statements and reports and accounts, and review significant financial reporting judgments contained in them; to oversee the financial reporting system, risk management and internal control systems of the Company; and to review arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi. Mr. TSO Ka Yi is the chairman of the Audit Committee.

The following is a summary of works performed by the Audit Committee, which have been reported to the Board, during the Reporting Period:

(a) To review the interim and annual financial statements before submission to the Board;

(b) To review the Group's financial controls, internal control and risk management systems;

(c) To review and approve the remuneration and the appointment and the terms of engagement of the external auditor;

(d) To review the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

(e) To discuss with external auditor and the management on possible accounting risks;

(f) To review the independence of the external auditor and make recommendations to the Board on the re-appointment of the external auditor;

(g) To review the corporate governance disclosures in the interim and annual reports;

(h) To review the Continuing Connected Transactions and their annual caps;

(i) To review the Company's environmental, social and governance related matters;

(j) To review the adequacy of resources allocated to fulfill the environmental, social and governance strategies, goal and targets;

(k) To review the annual environmental, social and governance reporting requirements and the relevant report;

(l) To review the dividend policy of the Company; and

(m) To review the terms of reference of the Audit Committee.

## Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 2 May 2013 with written terms of reference in compliance with the CG Code. The terms of reference of Remuneration Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee, among other things, are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group and to ensure that none of the Directors determines his/her own remuneration.

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi. Mr. FONG Ping is the chairman of the Remuneration Committee.

The following is a summary of works performed by the Remuneration Committee, which have been reported to the Board, during the Reporting Period:

(a) To evaluate the remuneration packages of the executive Directors by reference to market condition;

(b) To review the Company's policies and structure for the remuneration of the executive Directors and senior management for the approval by the Board;

(c) To consider the bonus payment to certain Directors; and

(d) To review the remuneration policy of the Group.

## Remuneration Policy for Directors and Senior Management

The executive Director, the independent non-executive Directors and senior management of the Company receive compensation in the form of director's fees, salaries, benefits in kind and/or discretionary bonuses with reference to the amount paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The remuneration package of each of the Directors is detailed in Note 14 to the consolidated financial statements.

## Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 2 May 2013 with written terms of reference in compliance with the CG Code and revised on 18 June 2025 pursuant to the updated Listing Rules and CG Code. The terms of reference of Nomination Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee, among other things, are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding appointment of Directors and succession planning for Directors.

The Nomination Committee comprises three INEDs, namely, Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi. Ms. KWOK Yuen Man Marisa is the chairman of the Nomination Committee, who resigned all of her positions and roles of the Board on 31 March 2025. Mr. TSO Ka Yi has been appointed as the chairman of the Nomination Committee from 1 April 2025 to 11 June 2025.

Following the resignation of Ms. KWOK Yuen Man Marisa, the Board appointed Ms. WONG Wai Lee Daisy as INED, members of each of Audit Committee and Remuneration Committee and chairman of the Nomination Committee with effect on 12 June 2025.

The following is a summary of works performed by the Nomination Committee, which have been reported to the Board, during the Reporting Period:

(a) To review and assess the independence of all INEDs;

(b) To recommend the list of retiring Directors for re-election at the AGM;

(c) To review the structure, size and composition of the Board and the senior management;

(d) To review the board diversity policy of the Company; and

(e) To review and discuss the nomination policy of the Company.

(f) To recommend any revisions to the Board for consideration and approval.

## Nomination Policy for election or re-election of Directors

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the criteria and procedures for selection and nomination of Directors. The Company aims to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Nomination Policy provides the transparency of the election or re-election process and ascertain the selection standards and measures are align with the objective and the needs of the Group. Qualified candidates will be proposed by the Nomination Committee to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications, skills and experience. Further details of the selection criteria are set out in the terms of reference of the Nomination Committee which is available on the websites of the Stock Exchange and the Company. The Board shall make the final decision on selection and recommendation of qualified candidates for directorship to the Shareholders.

## Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board since 7 November 2013. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background and the presence of one female Director out of a total of seven Board members, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

## Gender Diversity

The Group is committed to achieving gender diversity to eliminate any form of gender discrimination, including but not limited to recruitment, remuneration, training and promotion, and keeps reviewing gender equality within the Group regularly, and taking corrective actions to improve gender balance. As of the Reporting Period, the number of employees of the Group (including senior management) consisted of 87 male or 62.6% and 52 female or 37.4%. The Group strives to achieve gender diversity in order to enjoy the benefits of accessing a wider talent pool and boosting creativity and innovation. For details, please refer to the ESG report for the financial year ended 31 March 2025 ("Financial Year") on page 29 to 50.

## Board's Independence

The Company has established the following mechanisms to ensure independent views and opinions are available to the Board:

### (a) Composition of the Board and Board Committees

(i) The Board endeavours to ensure the appointment of at least three and at least onethird of its members being independent nonexecutive Directors (or such higher threshold as may be required by the Listing Rules from time to time); and

(ii) Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

### (b) Independence Assessment

(i) The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of INEDs;

(ii) Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence; and

(iii) The Nomination Committee is authorised to assess annually the independence of all INEDs by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

### (c) Compensation

No equity-based remuneration with performance related elements will be granted to INEDs as this may lead to bias in their decision making and affecting their objectivity and independence.

### (d) Board Decision Making

(i) INEDs (as other Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at Board meetings. They can also seek assistance from the Company Secretary of the Company and, where necessary, independent advice from external professional advisers at the Company's expense;

(ii) independent non-executive Directors (as other Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest; and

(iii) The chairman of the Board shall at least annually hold meetings with the independent nonexecutive Directors without the presence of other Directors to discuss major issues and any concerns.

The Board will monitor the implementation and effectiveness of the above mechanisms annually to ensure the Board has a balance of skills, and that independent views and opinions are available to the Board.

## BOARD MEETINGS AND BOARD PRACTICES

The Directors can attend meetings in person or through other means of electronic communications in accordance with the Articles of Association, the relevant board minutes were recorded in the sufficient detail of the matters which considered and approved at the Board meeting.

During the Reporting Period, four regular Board meetings at approximate quarterly intervals were held, each of the Directors has actively participated in each meeting in person or via electronic platforms. Decisions were made by majority vote at the Board meetings.

### Attendance Records of Board Meetings and Board Committees Meetings

The attendance records of each Director and each member of the three Board Committees at the relevant meetings held within the Reporting Period are as follows:

| | | Board Committees | | |
|---|---|---|---|---|
| | Board | Audit Committee | Remuneration Committee | Nomination Committee |
| No. of meetings held during the Reporting Period | 9 | 2 | 2 | 1 |
| | | Meetings Attended/Eligible to Attend | | |
| **Non-executive Directors** | | | | |
| Mr. CHEUNG King Shek *(chairman)* | 9/9 | N/A | N/A | N/A |
| Mr. CHEUNG King Shan | 9/9 | N/A | N/A | N/A |
| Mr. CHEUNG King Chuen Bobby | 9/9 | N/A | N/A | N/A |
| **Executive Director** | | | | |
| Mr. CHEUNG King Fung Sunny *(chief executive officer)* | 9/9 | N/A | N/A | N/A |
| **Independent Non-executive Directors** | | | | |
| Mr. FONG Ping | 8/9 | 2/2 | 2/2 | 1/1 |
| Ms. KWOK Yuen Man Marisa | 9/9 | 2/2 | 2/2 | 1/1 |
| Mr. TSO Ka Yi | 9/9 | 2/2 | 2/2 | 1/1 |

## General Meeting

During the Reporting Year, the Company held a general meeting, the following table shows the attendance of the Directors and the attendance record of each Director was as follow:

| | 2024 Annual General Meeting |
|---|---|
| No. of meetings held during the Reporting Period | 1 |
| **Non-executive Directors** | |
| Mr. CHEUNG King Shek *(chairman)* | 1/1 |
| Mr. CHEUNG King Shan | 1/1 |
| Mr. CHEUNG King Chuen Bobby | 1/1 |
| **Executive Director** | |
| Mr. CHEUNG King Fung Sunny *(chief executive officer)* | 1/1 |
| **Independent Non-executive Directors** | |
| Mr. FONG Ping | 0/1 |
| Ms. KWOK Yuen Man Marisa | 1/1 |
| Mr. TSO Ka Yi | 1/1 |

In accordance with the Code Provision F.2.2 of the CG Code, the chairman of the Board (the "Chairman") should attend the AGM, and also invite the chairmen of the Committees to attend. In cases of absence, the Chairman should invite another member of the Committees or failing this their duly appointed delegate, to attend. These persons should be available to answer any questions raised during the AGM. To comply with Code Provision F.2.2 of the CG Code, the management of the Company should ensure the external auditor to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

# ACCOUNTABILITY AND AUDIT

## Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and half-year end.

The responsibility of the Directors in relation to the consolidated financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 64 to 67 which acknowledges the reporting responsibility of the auditor of the Group.

## Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the Reporting Period, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

## Auditor's Remuneration

The Company's external auditor is SHINEWING (HK) CPA Limited. There has been no change in the Company's external auditors for the preceding three years. The external auditors have a primary responsibility for auditing and reporting on the financial statements. The Auditors' Report to the Shareholders is set out on pages 61 to 64 of this annual report.

During the Reporting Period, the fees paid/payable to SHINEWING (HK) CPA Limited, the Group's existing independent auditor in respect of audit services for the Reporting Period amounted to approximately HK$530,000, the non-audit services were approximately HK$130,000 in relation to services performed by SHINEWING (HK) CPA Limited's affiliated firms.

# CORPORATE GOVERNANCE FUNCTIONS

According to Code Provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company, and delegate the responsibility to the Committees to perform its corporate governance duties. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

(a) to develop and review the policies and practices on corporate governance of the Group;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Company; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report contained in the annual report of the Company.

## COMPANY SECRETARY

Ms. LEE Wing Sze Connie ("Ms. LEE"), the company secretary of the Company (the "Company Secretary"), has continued to perform and discharge the duties of a company secretary under the Listing Rules. Ms. LEE has fulfilled the specified qualifications and experience under Rule 3.28 of the Listing Rules and she has received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Year.

## INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the systems of internal control of the Group, covering all material controls, including financial and operation for the Reporting Period. Based on the result of the review in respect of the Reporting Period, the Directors considered that the internal control systems are effective and adequate. A meeting regarding the internal control functions and policies of the Company for the Reporting Period has been held.

The Group has established a policy for ensuring that inside information (the "Inside Information") is disclosed to the public in an equal and timely manner in accordance with the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). The senior management of the Group is to provide timely and accurate information, to allow the Board to make an informed decision to determine whether the information is Inside Information and/or whether the Company has to disclose such information to the public. Senior management of the Group must report to the Board and/or CEO any information they have which they believe to be Inside Information and will trigger the Company to discharge its disclosure duty. The Company Secretary will follow up accordingly.

The Company Secretary is responsible for disclosing Inside Information to the public and/or is authorised to collect any information from any department and/or employee of the Group in order to help determining whether the alleged information is Inside Information and/or whether disclosure is required.

### Measures to further enhance Internal Control Systems and Corporate Governance practices

In compliance with the requirements of the Listing Rules and for the purpose of reinforcing the Group's internal control system, the Company has established some policies which included anti-corruption policy, policy in bribery prevention as well as whistleblowing policy and system for employees to raise concerns, in a confidential manner, with the Audit Committee about possible irregularities in financial reporting, internal control or other matters related to the Company.

During the Reporting Period, the internal audit of the Company ("Internal Audit") has carried out internal control audits in respect of the risk areas, such as business operation, financial system, company internal management, corporate governance, etc., and also head offices, business sectors and certain subsidiaries of the Group. The Internal Audit has reported to the Directors in respect of the effectiveness of the risk management and internal control system and significant risks. The Board reviewed and evaluated the effectiveness of risk management and internal control systems of the Company and its subsidiaries by considering reviews performed by the Audit Committee with the assistance of the management team, the Internal Audit and the external auditors.

## COMMUNICATION WITH INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with its Shareholders and investors. The Company has established a shareholder communication policy with the objective to ensure the Shareholders and investors are provided equal and timely access to balanced and/or understandable information of the Company, so as to enable the Shareholders to exercise their rights in an informed manner. Enquiries and suggestions from its Shareholders or investors are welcomed, and enquiries from its Shareholders and investors may be put to the Board through the following channels to the chief executive officer of the Company:

(a) by mail to the Company's principal place of business at Flat C, 3/F, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong; or

(b) by email at enquiry@tso.cc.

The Company also uses a number of formal communication channels to account to its Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the AGM or extraordinary general meetings (if any) providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's branch share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or despatching circulars, notices and announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the AGM for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the general meetings.

### Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year and conclude that it is effective because some minority shareholders have personally approached the company and ask for relevant news.

## SHAREHOLDERS' RIGHTS

The Board and the management of the Company endeavour to maintain a continuing communication with the Shareholders and investors through various channels, including the Company's general meetings. Set out below is a summary of how the Shareholders can convene a general meeting and put forward proposals at such meetings.

### Convening a general meeting

According to Article 64 of the Articles of Association, one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company, have the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

### Shareholders' right to propose a person for election as a director

Shareholders shall have the right to propose a person (the "Candidate") for election as a director at the Company's general meeting. Please refer to the detailed procedures for such right and lodgement of a written notice (the "Written Notice") on the Company's website www.tso.cc. The Written Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information. The period for lodgment of the Written Notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

### Enquiries from Shareholders

Shareholders shall have the right to examine the relevant information of the Company according to the Articles of Association. Shareholders should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Union Registrar Limited. Shareholders may also direct questions or requests for information through the Company's website www.tso.cc.

## CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company amended the Memorandum and Articles of Association of the Company by, among others, bringing the existing one in line with the Core Shareholder Protection Standards set out in Appendix A1 of the Listing Rules which took effect on 1 January 2022. The amended and restated Memorandum and Articles of Association became effective on 18 August 2022. The amended and restated Memorandum and Articles of Association is available on the Company's website at www.tso.cc and on the Hong Kong Stock Exchange's website at www.hkexnews.hk.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. ABOUT THIS REPORT

Telecom Service One Holdings Limited ("Group" or "we") is pleased to publish the Environmental, Social, and Governance ("ESG") Report ("ESG Report") for the reporting period from 1 April 2024 to 31 March 2025 (the "Year"). The ESG Report elaborates on the various works of the Group in fulfilling the principle of sustainable development and its performance in corporate social responsibilities during the Year. The Group will continue to strengthen its efforts in information collection to enhance the performance on environmental and social aspects, and to disclose related information in the future.

### 1.1 Scope of ESG Report

The Group is principally engaged in the provision of repair and refurbishment services for mobile phones and other personal electronic products, coupled with the sales of related accessories in Hong Kong. The ESG Report focuses on the environmental and social performance of the core business of the Group in Hong Kong during the Year. The disclosure of the key performance indicators ("KPIs") in the Year covers all the entities of the Group in Hong Kong, including the Group's head office, repair centres, and warehouse.

### 1.2 Reporting Framework

The ESG Report was prepared in accordance with the "Environmental, Social, and Governance Reporting Guide" as set out in Appendix C2 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and complies with the "Comply or Explain" provision therein. The ESG Report complies with the reporting principles set out in the Environmental, Social, and Governance Reporting Guide.

### 1.3 Reporting Principles

The ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and complies with the "Comply or Explain" requirement therein. The ESG Report follows the reporting principles set out in the Environmental, Social and Governance Reporting Guide.

#### Materiality

The ESG Report's content is determined through stakeholder engagement and materiality assessment, involving the identification of ESG-related issues, collection and review of management and stakeholders' opinions, evaluation of issue relevance and materiality, and preparation and validation of reported information. Key ESG matters prioritised in the Report address stakeholders' concerns, as detailed in the "Materiality Assessment" section.

#### Quantitativeness

The Report includes quantitative environmental and social indicators to enable stakeholders to comprehensively understand the Group's ESG performance. Information on calculation standards, methodologies, references, and data sources for these KPIs is provided where applicable.

#### Balance

The Group presents its ESG performance impartially in the Report, avoiding selective or misleading presentation. It highlights both positive trends and areas for improvement, ensuring stakeholders can objectively evaluate impacts and progress.

#### Consistency

To facilitate year-on-year comparison, the Group uses consistent reporting formats and KPI calculation methodologies. Any significant changes in information or methodologies are explained in the Report to ensure transparency and enable stakeholders to interpret data accurately.

### 1.4 Information and Feedback

Your opinions and feedback on the ESG Report will be highly valued by the Group. Should you have any advice or suggestions, please share your views with us via email at ESG_enquiry@tso.cc.

## 2. BOARD STATEMENT

The Group believes that good ESG governance strategies and practices are the keys to enhancing its investment value and bringing in long-term returns to its stakeholders. In order to better monitor and manage the Group's policies, measures, and work regarding ESG, the Borad of Directors (the "Board") is responsible for the oversight of the Group's ESG-related issues, including setting up, assessing, and reviewing ESG-related goals and strategies, monitoring ESG performance, and reviewing the processes of stakeholder engagement. To ensure the operations and practices meet the Board's expectations and the Group's strategies, the Board delegates authority to supervisors and colleagues to help monitor the cooperation among different departments. Furthermore, training related to ESG, customer services, and product handling is provided every month to employees to enhance the quality of ESG-related matters.

The Board understands the importance of prioritising ESG issues of the Group. Therefore, it has assigned an independent consulting firm during the Year to conduct a materiality assessment on ESG issues. Internal stakeholder surveys have been carried out and industry-specific issues were considered by using materiality maps together with professional advice. Senior management has also participated in the engagement exercises and provided constructive feedback in determining the materiality of ESG issues. The Board is well-informed about the results and will keep reviewing the engagement channels of stakeholders to ensure effective communication between the Group and its stakeholders.

In order to further motivate the Group in pursuing a higher ESG-related standard, the Board will continue to keep track of the latest development of the ESG reporting requirements of the Hong Kong Stock Exchange and set various goals and targets for ESG performance with reference from the Group's most significant issues to its business and stakeholders whenever necessary. The Group also shares its progress in ESG with different stakeholders, most notably through the Group's annual ESG Report.

## 2.1 Corporate Culture

Corporate culture plays a critical role in defining the Group's approach towards sustainability development. The Group's values, beliefs, and practices can and will have a significant impact on the Group's ESG performance. By building a sustainability-centred corporate culture, the Group can foster innovation, collaboration, and commitment to continuous development and improvement. Also, The Group strives to incorporate sustainability ideas into all aspects of business, from supply chain management and product development to employee engagement and community development. By prioritising sustainability, the Group is better positioned to mitigate environmental risks, creating long-term values, and building sounding relations with stakeholders.

The Group understands that building a strong and supportive corporate culture is essential to attracting and retaining top-tier talents, establishing trust with our customers, and advantageous in creating long-term values for both the Group and our stakeholders. Thus, the Group is committed to foster a culture that is aligned with our ESG commitments, and one that will reflect our core values of sustainability, employee engagement, and business integrity.

Focusing on employee's engagement and well-being is set to be an important aspect of our corporate culture and development principles. The Group recognises our employees as our most valuable assets, and are committed to provide them with a supportive and empowering working environment. The Group offers a variety of development programs and training for our employees, ensuring that our employees retain the skills and knowledge they need to be successful professionally and personally. Other than that, the Group is also committed to promoting diversity and equality in the workspace, as we believe that it would be advantageous in building a strong corporate culture and corporate success.

The Group takes compliance and business ethics responsibility seriously. The Group strives to build trust with our customers and stakeholders, thus outlining comprehensive programs to ensure the Group is always operating within the bounds of relevant laws and regulations. The Group also endeavors to be accountable and transparent in all our operations, and will communicate with our stakeholders regularly to better understand their concerns and priorities.

In conclusion, corporate culture is a critical element of our ESG performance at our telecommunications company. By fostering a culture that is aligned with our ESG commitments, we are confident that we can create long-term value for our stakeholders and contribute to a more sustainable future for all.

## 3. MATERIALITY ASSESSMENT

The preparation of the ESG Report was supported by the employees across various departments, enabling us to have a thorough understanding of our current environmental and social development. The information that the Group gathered is a summary of the environmental and social initiatives carried out by the Group during the Year and acts as the basis for mapping out its short-term and long-term sustainable development strategies. Meanwhile, the Group strives to maintain supporting and trusting relationships with its stakeholders. Through diversified communication channels, the Group can effectively understand and respond to the expectations and requirements of different stakeholders.

| Stakeholders | Expectations and Requirements | Means of Communication and Response |
|---|---|---|
| Business partners | • Operation with integrity<br>• Equal rivalry<br>• Performance of contracts<br>• Mutual benefits and win-win situations | • Review and appraisal meetings<br>• Business communication<br>• Discussion and exchange of opinions<br>• Engagement and cooperation |
| Customers | • Outstanding products and services<br>• Health and safety<br>• Performance of contracts<br>• Operational integrity | • Customer service centre and hotlines<br>• Customer feedback survey<br>• Social media platforms |
| Environmental regulatory authorities | • Compliance with emission regulations<br>• Energy saving and emission reduction<br>• Environmental protection | • Reporting |
| Employees | • Protection of rights<br>• Remunerations and benefits<br>• Career development<br>• Humanity cares | • Employee mailbox<br>• Training and workshop<br>• Employee communication meetings |
| Government and Regulators | • Strict compliance with policies, laws, and regulations<br>• Supporting local economic growth<br>• Driving local employment<br>• Tax payment in full and on time<br>• Ensuring production and product safety | • Regular information reporting<br>• Dedicated Report |
| Shareholders | • Returns<br>• Compliance operation<br>• Increasing company value<br>• Transparent information and effective communication | • General meetings<br>• Announcements and circulars<br>• Email, telephone communication, and company website<br>• Dedicated reports |
| Industry | • Establishment of industry standards | • Dedicated reports |
| Community and the Public | • Improve community environment<br>• Participation in charity | • Company website<br>• Social media platforms |

Given the relevance and validity of the ESG Report with the Group's environmental and social performance, the Group has conducted a materiality assessment to identify ESG issues that are material to the business of the Group and its stakeholders. The assessment is based on internal stakeholder surveys, the materiality maps provided by well-known external institutions[1], as well as the professional opinions from an independent consulting firm. During the Year, the Group has identified 10 material ESG-related issues, which are disclosed in detail in the ESG Report.

| Material Issues | Corresponding Sections |
|---|---|
| **Waste Management** | Emission |
| **Energy Consumption** | Use of Resources |
| **Use of Raw Materials and Packaging Materials** | Green Operation |
| **Employment Compliance** | Employment Guidelines |
| **Diversity and Equal Opportunity** | Employment Guidelines |
| **Quality Management** | Product and Service Quality<br>Supply Chain Management |
| **Customer Service Management** | Product and Service Quality |
| **Privacy and Data Security** | Privacy Protection |
| **Business Ethics** | Anti-corruption |

# 4. ENVIRONMENTAL PROTECTION

The Group spares no effort in improving its environmental performance and reducing its environmental impact. The Group does not engage in business activities that would cause notable impacts on the environment and natural resources. Nevertheless, the Group attaches great importance to implementing different policies on emissions and resource management in the business operation.

## 4.1 Emission

The Group recognises the importance of maintaining environmental sustainability in its daily operation and acts in strict compliance with local laws and regulations relating to emission control, including but not limited to the Law of the People's Republic of China on the prevention and Control of Atmospheric Pollution and did not violate laws and regulations that have a significant impact on the Group regarding exhaust and greenhouse gas (GHG) emissions.

### Exhaust Emissions

As a service-based enterprise, the Group is not involved in any manufacturing process and does not own any vehicles. Therefore, the Group does not generate exhaust emissions that raise significant environmental issues. Moreover, no vehicles are being used by the Group, no vehicular exhaust emission is generated. Since the operation of the Group's business is not carbon-intensive, no reduction target or strategies for carbon emission has been developed.

1 The materiality map referenced in the materiality assessment included the ESG Industry Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and Sustainability Accounting Standards Board (SASB).

### GHG Emissions

Our Group's GHG emissions are primarily classified into two scopes: (i) scope 2 includes indirect emissions from purchased electricity; and (ii) scope 3 includes indirect emissions from Methane gas generation at landfill due to disposal of paper waste.

Due to electricity and paper being the primary sources of GHG emissions, the Group has implemented various measures. For the lighting system, motion sensors are installed in infrequently used areas, and separate light switches for different zones are set. All employees must turn off department lights during lunch breaks and after work, and switch off lights in reception rooms, meeting rooms, and warehouses when unused. As for paper waste, the Group encourages reusing paper or double-sided printing, and collects paper documents like waste paper, posters, letters, and envelopes for recycling.

## 4.2 Waste Management

The Group strictly complies with the Solid Waste Pollution Prevention and Control Law of the People's Republic of China and other relevant regulations, and did not violate laws and regulations that have a significant impact on the Group regarding generation of non-hazardous and hazardous waste. The non-hazardous waste of the Group is composed of waste paper and general office waste. In order to reduce waste generation, the Group encourages suppliers to avoid using one-off packaging materials for shipping and suggests employees to reuse packaging materials, such as plastic bags. In addition, the Group collects unwanted or wasted portable chargers from employees, which will be transferred to qualified companies for handling to alleviate the negative impacts of the disposal of chargers on the environment. Other general waste is collected and processed by the property management office. The hazardous waste produced by the Group includes battery and electronic waste, such as malfunctioned mobile phones, parts, electronic products, and related accessories. The hazardous waste is collected and transferred to the corresponding suppliers for proper handling to avoid unwanted pollution and harm. When handling malfunctioned computers, the IT department will attempt to repair the units and computers will only be disposed by qualified companies when they are beyond repairs. As the hazardous wastes were collected and transferred by corresponding collectors, the data for hazardous waste were not available for disclosure this Year.

The Group is dedicated to waste reduction through the maximisation of recycling rates and the promotion of reuse practices in the workplace. For instance, the Group places three kinds of recycling bins in the head office, repair centres, and warehouse to collect waste paper, aluminium cans, and plastic bottles. Once collected, these materials are responsibly transferred to qualified recycling companies for proper recycling and subsequent reuse. In addition, the Group collaborates with electronics companies to facilitate the recycling of old computers and ither electronic waste, including batteries. This partnership enables the proper disposal and recycling of electronic waste, thereby reducing its detrimental effects on the environment. As part of its commitment to sustainability, the Group also prioritises the use of recycled toner and ink cartridges, contributing to the reduction of resource consumption and waste generation in printer-related activities. During the Year, the Group organised a major operation to recycle and reuse the red packets to reduce waste paper waste.

The Group will continue to practice and improve its waste reduction policy, aiming to reduce the total waste generation in the near future and incoming years. By promoting a culture of environmental responsibility within its operations, the Group work towards creating a more sustainable future.

## 4.3 Use of Resources

### Energy Management

The Group has set out an energy conservation target of utilising energy-saving devices to maximise energy efficiency. The Group employs multiple energy-saving initiatives to improve the working efficiency of and/or devices to reduce energy consumption. Internal policy on energy conservation has been established to guide employees. In order to reduce the use of air-conditioners, employees are required to switch off the air-conditioners when out for lunch breaks and after office hours. The temperature set for air conditioners is monitored by the administrative department, and employees are not allowed to adjust the temperature without permission. For computers, employees are encouraged to set them to automatic standby or sleep mode when not in use, and are reminded to switch off all unused electrical devices and lights before leaving the office. Additionally, the colleague responsible for locking the door after work needs to check whether all air-conditioners are turned off.

Moving forward, the Group remains steadfast in its commitment to practicing and enhancing its energy efficiency and environmental protection policy. With a clear objective of reducing total energy consumption, the Group will diligently work towards achieving this goal in the coming years. By implementing adopting sustainable practices, the Group aims to minimise its environmental impact and contribute to a greener future. The Group's unwavering dedication to energy efficiency and environmental protection will continue to drive its efforts towards a more sustainable operation.

### Water Management

The Group strictly complies with Water Pollution Prevention and Control Law of the People's Republic of China and other provisions of local standards, and did not violate laws and regulations that have a significant impact on the Group regarding discharges into water and land. The Group advocates and achieved its water efficiency and water reduction targets in the workplace by implementing Policy on Environmental Protection and Resource Management and posting leaflets around the office to raise awareness of water efficiency among employees. The major type of wastewater generated by the Group is domestic sewage, which is directly discharged into the municipal drainage system. The Group encourages its employees to save water resource and avoid waste. Meanwhile, the Group has put effort to reduce water consumption and further minimise the domestic sewage generation, such as putting water-saving reminder labels in the toilet and using faucets with infrared sensors.

During the Year, the repair centres, warehouse, and head office of the Group are rented properties and the water charges are included in the management fee, thus the water consumption records are not available for disclosure. During the Year, there is no issue in sourcing water that is fit for such a purpose.

### Packaging Materials

The group primarily responsible for repairing mobile phone, with the main packaging materials including plastic. The group has recognised the importance of promoting environmentally friendly practices and is committed to monitoring its suppliers to ensure the use of greener packaging resources. By actively monitoring its suppliers' adherence to green practices, the group aims to drive positive change and minimise its environmental footprint.

## 4.4 Green Operation

The Group emphasises employees' support and participation in the green operation, thus engaging measures are adopted to enhance employees' awareness of environmental protection. For instance, the Group puts up notices around the office to remind energy and water conservation, and remind employees to reduce the use of non-recyclable goods such as disposable wiping towels and paper.

The Group has implemented a range of measures to effectively reduce paper consumption, demonstrating its commitment to creating a greener and more environmentally responsible workplace. These include the use of recyclable paper, printing documents on both sides, recycling envelopes, setting printing quotas, employing smaller font sizes and adjusting line spacing for documents, reusing promotional brochures and packaging materials, and maximising the use of electronic channels for information dissemination. The Group also proactively encourages customers to be mindful of their paper usage by emphasising the importance of minimising packaging materials and promoting the utilisation of the Group's online platform for reservations to reduce the demand for printed materials. During the Year, the Group also launched a campaign to recycle and reuse red envelopes, in order to minimise paper waste as much as possible. These efforts not only contribute to a decrease in GHG emissions by reducing paper waste sent to landfills but also help mitigate the generation of hazardous waste associated with printer and ink usage.

## 4.5 Responding to Climate Change

### Governance

The Board oversees climate-related risk management, integrating climate considerations into strategic decision-making. Regular reviews of global and local policy updates (e.g., environmental regulations) and market trends ensure alignment with evolving climate risks, while the Board monitors climate-related initiatives to safeguard business continuity.

### Strategy

Climate change is recognised as a critical factor impacting business operations, with potential financial implications from extreme weather-such as increased operational costs due to facility damage, reduced productivity, and safety risks to employees. The Group prioritises identifying climate-related opportunities and risks through policy analysis, focusing on mitigating GHG emissions and adapting to environmental shifts.

### Risk Management

A systematic process identifies, assesses, and monitors climate risks, particularly physical risks from typhoons, rainstorms, and "extreme conditions" as defined by the government. Internal guidelines outline working arrangements under different weather warnings (e.g., No. 8 typhoon signal or black rainstorm warning), designating essential staff and ensuring non-essential employees stay safe. Contingency plans protect employees and assets during extreme weather, with clear protocols for post-warning (return-to-work) timelines.

### Metrics and Targets

While specific metrics are being developed, the Group commits to reducing GHG emissions and enhancing operational resilience. Key performance indicators will align with climate-related disclosures, and we also focus on implementing weather-responsive working procedures and maintaining compliance with environmental policies.

## 5. EMPLOYMENT AND LABOUR PRACTICES

The Group believes that its competitive strengths are attributed to its experience and capabilities of employees. The Group attaches great importance to the rights and interests of employees and complies with laws and regulations regarding employment and labour standard. The Group shall invest in employees and provides them with sounding career opportunities to strengthen its business and employees' development.

### 5.1 Employment Guidelines

The Group complies with the relevant labour laws and regulations, including but not limited to the Employment Ordinance, Employees' Compensation Ordinance, and Mandatory Provident Fund Schemes Ordinance regarding compensation, benefits, dismissal, working hours, and rest periods. The Group respects every employee and treats them equally with a zero-tolerance approach towards any form of discrimination on the grounds of gender, race, region, and any lawfully protected characteristics. The non-discriminatory approach applies to all employment activities and human resource-related matters, including recruitment, promotion, transfer, reward provision, and training. If any unfair treatment is discovered, the concerned employees should report the incident to their supervisors. Much effort is also given by the Group to safeguard the legitimate rights and interests of employees and cater to the developmental needs of employees.

Before employment is offered to an applicant, the Human Resources Department will verify his or her age by checking the identification documents to prevent wrongful employment of child labour. If such unfortunate wrongful employment is discovered, the Group would investigate the cases thoroughly and dismiss related employees immediately. Details of employment such as job duties, working hours, and monthly salary are clearly stated in the employment agreement to prevent forced labour. When a resignation is tendered by an employee, the Human Resources Department will arrange an exit interview for the employee to better understand his or her reason for quitting. The Group is determined to constantly improve the quality of the management through the analysis of exit survey results.

### 5.2 Salary and Benefits

A comprehensive performance appraisal system has been developed to regularly assess employees' performance, it is based on employees' working abilities and performance, abilities of organisation and management, team spirit, creativity, problem-solving skills, interpersonal skills, as well as presentation and communication skills, etc. For senior management, leadership and management skills are also taken into consideration. The results of the performance appraisal would act as the reference for salary adjustment and promotion.

Overtime working is not encouraged by the Group but on a voluntary basis as approved by the employee's supervisor. The overtime work is compensated by holidays or additional payment. Apart from statutory holidays, all employees are entitled to sick leave, annual leave, marriage leave, compassionate leave, and maternity leave. The Group makes contributions to Mandatory Provident Fund Schemes for full-time employees. Employees are also entitled to a discretionary bonus, medical insurance, and labour insurance offered by the Group.

In addition, the Group is committed to fostering a work-life balance culture and promoting a healthy lifestyle among its employees. To achieve this, the Group will organise a diverse range of events on a regular basis, aimed at enhancing employees' sense of belonging and fostering cohesion within the organisation. The Human Resources department will gather various employees benefits to offer our employees, ensuring their well-being and job satisfaction. During the Year, the Group secured benefits and discounts for employees covering electronics, F&B, and seasonal goods, while also organising a "Happy Family GPS" course and a Spring Festival Gala event. By prioritising work-life balance and creating a supportive environment, the Group aims to cultivate a positive and harmonious workplace for its employees.

## 5.3 Health and Safety

The Group upholds occupational health and safety in strict compliance with relevant laws and regulations, including but not limited to the Occupational Safety and Health Ordinance. In order to create a safe and healthy workplace for employees, the Group has prohibited smoking in the workplace and organised regular office cleaning.

The Group also established emergency procedures as a reference for employees if accidents ever occurred. Employees shall wear uniforms when they enter the working area, whereas all visitors shall wear protective clothing such as clothe and shoe covers. The Group has also handed out safety leaflets published by the Occupational Safety and Health Council in the workplace, such as the Safe Manual Handling, Electrical Safety, Fire Prevention, and Emergency Response Plan. The Group has distributed leaflets covering correct work postures, office safety, forklift operation, and flu prevention. The materials also emphasise manual handling safety (e.g., proper lifting and using footstools), workplace hazard control (e.g., floor maintenance and cable management), equipment safety (e.g., shredder operation), and emergency preparedness (e.g., fire safety) to reduce injury risks and promote hygiene. In addition, the Group also organised employees to participate in fire safety lectures and drills this year, as well as conducted comprehensive inspections of fire safety facilities and equipment.

In the past three years, no work-related fatalities were reported to the Group, and there were no lost days due to work injuries during the Year.

## 5.4 Development and Training

It is our strong belief that human capital is the most prominent resource of an enterprise. Therefore, the Group is committed to organising internal training and encouraging employees to attend external seminars, to enrich their knowledge in discharging duties and enhance working efficiency.

New employees are required to attend orientation and skills training. The skills training includes brand-oriented training ranging from device repair to software skills for back-end employees to increase professional skills, and training on services scope and customer service skills training for front-end employees to increase service quality. Existing managers and employees in designated posts are provided with professional training programmes, covering topics such as administration and inspection skills. The Group shall keep abreast of the market trends to review and organise up-to-date training programmes.

# 6. OPERATING PRACTICES

As the Group is principally engaged in the provision of repair and refurbishment services for mobile phones and other personal electronic products, as well as the sales of related accessories, its success highly depends on the quality of services and customer satisfaction. We aim to provide the best quality of services for the customers through proper operating practices and managements.

## 6.1 Supply Chain Management

Procurement decisions are made based on inventory levels and movement, expected sales, lead time of the products, and other factors. The Group has implemented a supplier approval procedure to manage all suppliers and has developed new supplier assessment procedures. To fulfil environmental and social responsibility, we always take environmental and social risks into account. The Group emphasises the implementation of effective measures by suppliers to mitigate the risks of work-related accidents and illnesses, such as providing appropriate equipment for their employees engaged in high-risk tasks. Additionally, the Group places importance on suppliers having comprehensive emergency response measures in place, including regular fire drills, safety drills, and clearly defined escape routes. Compliance with local and international laws and regulations concerning anti-bribery, anti-corruption, and other unethical business practices is a fundamental requirement for suppliers. Furthermore, the Group expects suppliers to have robust anti-corruption policies and sound whistle-blowing channels, strengthening transparency and accountability of the cooperation. These criteria contribute to the Group's objective of fostering a responsible and ethical supply chain.

Building on these principles, the Group has established specific processes for supplier selection. For new suppliers, a thorough evaluation is conducted, focusing on their performance in environmental protection, employee management, and social governance. Approved suppliers are then included in the Group's approved supplier list for handling and selection. Existing suppliers undergo annual performance reviews, with only those maintaining satisfactory product quality or services being accepted and recorded as approved suppliers. The procurement process involves selecting a supplier from the approved list, with the General Manager's approval required for all procurement orders. Should any non-conformity products be identified from a supplier, consideration is given to removing them from the approved supplier list. By integrating these practices, the Group ensures that its supply chain operates in line with its commitment to responsible and ethical sourcing.

Furthermore, criteria such as provision of environmentally friendly products and services are considered during procurement whenever feasible. Suppliers are expected to adhere to national, regional, and industry-specific environmental standards regarding the responsible use of production materials. Our preference lies with eco-friendly products that demonstrate energy efficiency or are made from recyclable materials, as opposed to those that do not meet these criteria. Additionally, we prioritise selecting local suppliers or those in close proximity to reduce travel costs and minimise carbon footprints. By adhering to these principles, we aim to support sustainable practices and reduce environmental impact throughout our supply chain.

## 6.2 Product and Service Quality

The Group is committed to providing customers with reliable services and products. For product quality assurance, the Group has developed an incoming inspection requirement, which stipulates all consumables to be inspected and recorded. For non-conforming products, the Group would isolate the product to prevent any misuse. The Group will then notify the respective suppliers and return the non-conforming products to be followed upon completion of the repair work, the quality of products will be examined by at least two inspectors to ensure the quality meets our standards. For any defective products reported by the end-user, the Group shall inspect the product and determine the handling methods, such as re-working and repairs. During the Year, there was no product recall due to concerns over safety and health-related reasons.

The Group values effective communication with customers and collects comments and feedback from customers through customer services hotlines. In order to enhance customer satisfaction, customers' complaints are all transferred to suppliers for handling promptly and efficiently. The Group has established a corrective action and risk management procedure to handle complaints. All complaints shall be investigated to conclude the cause and provide solutions to fix the problem and take the remedy and corrective actions when required. During the Year, the Group did not receive any complaints related to our products and service quality.

The advertising and promotional activities carried out by the Group are fully governed by relevant laws and regulations, including but not limited to the Trade Descriptions Ordinance. The Group monitors the advertising content to ensure that all advertising contents are clear, true, and free from any false and misleading product descriptions.

## 6.3 Privacy Protection

The Group attaches great importance to privacy protection and strictly complies with relevant laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance. Employees are required to keep customer information in strict confidence, sign a non-disclosure agreement upon employment, and wipe any personal data on the phone in the presence of the customer before proceeding to repair. Since customer information is necessary for the repair service, the customers will be fully informed about the collection and use of their personal information with consent obtained from the customers. In order to safeguard the privacy of our customers, the Group has implemented a comprehensive security plan within our warehouse. This includes the installation of a 24-hour monitoring CCTV system, an alarm system, and a door access control mechanism. The managers are responsible for assigning access rights and closely monitoring all activities taking place in the warehouse to maintain data security.

Apart from protecting customers' privacy, employees are prohibited to disclose any information about the employment terms, product specifications, and business strategies of the Group, and/or any of its dealings, transactions, affairs, and/or any other confidential information to any individual, firm or third party both during and after their employment. Without obtaining consent from the Group, downloading or making copies of confidential information from the Group's computers is also strictly prohibited.

### 6.4 Protecting Intellectual Property

The Group respects intellectual property and strictly complies with relevant laws and regulations, including but not limited to the Copyright Ordinance. The Group would only install authorised software, and employees are required to seek permission from the Group before installing any software.

### 6.5 Anti-corruption

The Group is determined to maintain a fair and competitive market and promote sustainable development in the industry. The Group strictly abides by laws and regulations on anti-corruption, including but not limited to the Prevention of Bribery Ordinance, the Group has implemented internal guidelines regarding anti-bribery measures and the declaration of interests, The group also ensures smooth channels for reporting corruption incidents and provides protection for whistleblowers. Additionally, a comprehensive code of conduct has been developed to govern the ethics and behaviors of all employees. Employees are forbidden from receiving any benefits from suppliers, customers, and parties related to the Group. For gifts or cash valued over HKD50, employees must declare them to governing personnel and the department The Group strictly prohibits employees from accepting any illegal rebates. In case of unavoidable potential conflicts of interest, employees are required to make a declaration. Any employees in breach of the codes will face disciplinary actions, including warning letters and dismissal. Suspected corruption or other criminal offenses must be reported to departmental managers and relevant authorities. Anti-corruption training will be provided to employees as needed, in line with the Prevention of Bribery Ordinance.

During the Year, the Group is not aware of any legal action against the Group and its employees regarding corruption.

## 7. COMMUNITY INVESTMENT

The Group is committed to serving the community and creating positive social impact. Over the years, we have promoted social welfare by actively participating in charitable activities and encouraging employees to engage in various volunteer services, demonstrating our dedication to contributing to the development and betterment of the communities where we operate. We recognise that communities are the cornerstone of our lives and work, and firmly believe that investing in and supporting community projects can bring positive changes to residents. Through active community investment, we aim to create lasting positive impacts, empower local stakeholders, and foster a shared sense of prosperity.

## 8. KEY PERFORMANCE INDICATORS

The KPIs data for the Group's head office, repair centres, and warehouse in Hong Kong are as follows:

| Environmental Indicators | 2024/25 | 2023/24 |
|---|---|---|
| **GHGs** *(Note 1)* | | |
| Total GHG emissions (tonnes $CO_2e$) | **107** | 120 |
| Scope 1 – direct emissions (tonnes $CO_2e$) | **0** | 0 |
| Scope 2 – energy indirect emissions *(Note 2)* (tonnes $CO_2e$) | **101** | 111 |
| Scope 3 – other indirect emissions *(Note 3)* (tonnes $CO_2e$) | **6** | 9 |
| GHG emissions per employee (tonnes $CO_2e$/employee) | **0.77** | 0.42 |
| **Waste** | | |
| Total hazardous waste produced (kg) | **45** | 0 |
| Hazardous waste produced per working day per centre (kg/employee) | **0.32** | 0 |
| Total non-hazardous waste produced *(Note 4)* (tonnes) | **29** | 30 |
| Non-hazardous waste produced per employee (tonnes/employee) | **0.21** | 0.10 |
| **Use of Resources** | | |
| Total energy consumption *(Note 5)* (MWh) | **267** | 287 |
| Energy consumption per employee (MWh/employee) | **1.92** | 0.99 |
| **Use of Packaging Materials** | | |
| Total plastics used *(Note 6)* (kg) | **1,062** | 2,113 |
| Plastics used per product (kg/piece of product) | **0.45** | 0.51 |

*Notes:*

1. The Group's GHG inventory includes carbon dioxide and methane. For ease of reading and understanding, the GHG emissions data is presented in carbon dioxide equivalent ($CO_2e$). The calculation of GHG emissions is based on the reporting requirements of the" Guidelines for Reporting Environmental Key Performance Indicators" ("Appendix II") provided by Hong Kong Stock Exchange.

2. Scope 2 energy indirect emissions include indirect GHG emissions from purchased electricity by the Group during the Year. The emission factors used for calculating the GHG emissions of purchased electricity for 2024/25 are based "2024 Sustainability Report" respectively published by the CLP Power Hong Kong Limited.

3. Scope 3 other indirect emissions covers other indirect emissions outside the Group, including methane gas generation at landfill due to the disposal of paper waste. The emission factors used for calculating GHG emissions of paper waste are sourced from the "Reporting Guidance on Environmental KPIs" issued by Hong Kong Stock Exchange.

4. The non-hazardous waste generated by the Group, which included only general office garbage, was estimated based on its daily operation situation.

5. Calculated based on the actual energy consumption record of the Group.

6. Calculated based on the actual packaging materials record of the Group.

| Social Indicators | 2024/25 | 2023/24 |
|---|---|---|
| **Number of Employees** | | |
| By gender | | |
| Male | 87 | 200 |
| Female | 52 | 89 |
| By age group | | |
| Below age 30 | 34 | 131 |
| Age 30 to 50 | 68 | 110 |
| Above age 50 | 37 | 48 |
| By geographic region | | |
| Hong Kong | 139 | 289 |
| By employment type | | |
| Full-time | 89 | 105 |
| Part-time | 50 | 184 |
| **Turnover Rate** (Note 1) | | |
| By gender | | |
| Male | 116% | 45% |
| Female | 111% | 45% |
| By age group | | |
| Below age 30 | 179% | 51% |
| Age 30 to 50 | 78% | 48% |
| Above age 50 | 64% | 27% |
| By geographic region | | |
| Hong Kong | 114% | 45% |
| **Average Hours of Training per Employee and Percentage of Employees Who Received Training** | | |
| By gender | | |
| Male | 3 (62%) | 2 (82%) |
| Female | 2 (35%) | 3 (64%) |
| By employee category | | |
| Junior | 3 (20%) | 3 (20%) |
| Middle | 5 (73%) | 3 (69%) |
| Senior | 4 (69%) | 2 (71%) |
| Part-time | 1 (30%) | 2 (82%) |
| **Number of suppliers** | | |
| By geographic region | | |
| Hong Kong | 63 | 78 |
| Mainland China | 2 | 4 |
| Overseas (Note 2) | 2 | 2 |

*Notes:*

1. Most of the resigned employees are part-time employees for 2024/25.

2. Overseas suppliers include Seoul of Korea and Vasarter of Hungary

## 9. APPENDIX: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORTING GUIDE

| ESG Indicators | Summary | Sections | Page Number |
|---|---|---|---|
| **Environment** | | | |
| **A1 Emissions** | | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | ENVIRONMENTAL PROTECTION<br>Emission<br>Green Operation | 33-34, 36 |
| KPI A1.1 | The types of emissions and respective emissions data. | KEY PERFORMANCE INDICATORS | 42-43 |
| KPI A1.2 | Direct and energy indirect GHG emissions and, where appropriate, intensity. | KEY PERFORMANCE INDICATORS | 42-43 |
| KPI A1.3 | Total hazardous waste produced and, where appropriate, intensity. | KEY PERFORMANCE INDICATORS | 42-43 |
| KPI A1.4 | Total non-hazardous waste produced and, where appropriate, intensity. | KEY PERFORMANCE INDICATORS | 42-43 |
| KPI A1.5 | Description of emission target(s) set and steps taken to achieve them. | | No target has been set due to the business nature of the Group. |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | ENVIRONMENTAL PROTECTION<br>Emission | 33-34 |

| ESG Indicators | Summary | Sections | Page Number |
|---|---|---|---|
| **A2 Use of Resources** | | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water, and other raw materials. | ENVIRONMENTAL PROTECTION<br>Use of Resources<br>Green Operation | 35-36 |
| KPI A2.1 | Direct and/or indirect energy consumption by type in total and intensity. | | |
| KPI A2.2 | Water consumption in total and intensity. | | Water consumption data is not provided by the Group in the Year |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | ENVIRONMENTAL PROTECTION<br>Use of Resources | 35 |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps are taken to achieve them. | ENVIRONMENTAL PROTECTION<br>Green Operation | 36 |
| KPI A2.5 | The total packaging material used for finished products and, if applicable, with reference to per unit produced. | KEY PERFORMANCE INDICATORS | 42-43 |
| **A3 The Environment and Natural Resources** | | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | ENVIRONMENTAL PROTECTION<br>Green Operation<br>Responding to Climate Change | 36 |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | ENVIRONMENTAL PROTECTION<br>Green Operation<br>Responding to Climate Change | 36 |

| ESG Indicators | Summary | Sections | Page Number |
|---|---|---|---|
| **A4 Climate Change** | | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer. | ENVIRONMENTAL PROTECTION<br>Responding to Climate Change | 36 |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | ENVIRONMENTAL PROTECTION<br>Responding to Climate Change | 36 |
| **Social** | | | |
| **Employment and Labour Practices** | | | |
| **B1 Employment** | | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | EMPLOYMENT AND LABOUR PRACTICES<br>Employment Guidelines<br>Salary and Benefits | 37-38 |
| KPI B1.1 | Total workforce by gender, employment type, age group, and geographical region. | KEY PERFORMANCE INDICATORS | 42-43 |
| KPI B1.2 | Employee turnover rate by gender, age group, and geographical region. | KEY PERFORMANCE INDICATORS | 42-43 |

| ESG Indicators | Summary | Sections | Page Number |
|---|---|---|---|
| **B2 Health and Safety** | | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relative to providing a safe working environment and protecting employees from occupational hazards. | EMPLOYMENT AND LABOUR PRACTICES<br>Health and Safety | 38 |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | EMPLOYMENT AND LABOUR PRACTICES<br>Health and Safety | 38 |
| KPI B2.2 | Lost days due to work injury. | EMPLOYMENT AND LABOUR PRACTICES<br>Health and Safety | 38 |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | EMPLOYMENT AND LABOUR PRACTICES<br>Health and Safety | 38 |
| **B3 Development and Training** | | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | EMPLOYMENT AND LABOUR PRACTICES<br>Development and Training | 38 |
| KPI B3.1 | The percentage of employees trained by gender and employee category. | KEY PERFORMANCE INDICATORS | 42-43 |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | KEY PERFORMANCE INDICATORS | 42-43 |

| ESG Indicators | Summary | Sections | Page Number |
|---|---|---|---|
| **B4 Labour Standards** | | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relative to preventing child and forced labour. | EMPLOYMENT AND LABOUR PRACTICES<br>Employment Guidelines | 37 |
| KPI B4.1 | Description of measures to review employment practices to avoid the child and forced labour. | EMPLOYMENT AND LABOUR PRACTICES<br>Employment Guidelines | 37 |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | EMPLOYMENT AND LABOUR PRACTICES<br>Employment Guidelines | 37 |
| **Operating Practices** | | | |
| **B5 Supply Chain Management** | | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | OPERATING PRACTICES<br>Supply Chain Management | 39 |
| KPI B5.1 | The number of suppliers by geographical region. | KEY PERFORMANCE INDICATORS | 42-43 |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | OPERATING PRACTICES<br>Supply Chain Management | 39 |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | OPERATING PRACTICES<br>Supply Chain Management | 39 |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | OPERATING PRACTICES<br>Supply Chain Management | 39 |

| ESG Indicators | Summary | Sections | Page Number |
|---|---|---|---|
| **B6 Product Responsibility** | | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer related to health and safety, advertising, labeling, and privacy matters relating to products and services provided and methods of redress. | OPERATING PRACTICES<br>Product and Service Quality<br>Privacy Protection<br>Protecting Intellectual Property | 40-41 |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | OPERATING PRACTICES<br>Product and Service Quality | 40 |
| KPI B6.2 | The number of products and service-related complaints received and how they are dealt with. | OPERATING PRACTICES<br>Product and Service Quality | 40 |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | OPERATING PRACTICES<br>Protecting Intellectual Property | 41 |
| KPI B6.4 | Description of quality assurance process and recall procedures. | OPERATING PRACTICES<br>Product and Service Quality | 40 |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | OPERATING PRACTICES<br>Privacy Protection | 40 |

| ESG Indicators | Summary | Sections | Page Number |
|---|---|---|---|
| **B7 Anti-corruption** | | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer related to the prevention of bribery, extortion, fraud, and money laundering. | OPERATING PRACTICES<br>Anti-corruption | 41 |
| KPI B7.1 | The number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | OPERATING PRACTICES<br>Anti-corruption | 41 |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | OPERATING PRACTICES<br>Anti-corruption | 41 |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | OPERATING PRACTICES<br>Anti-corruption | No anti-corruption training has been provided by the Group in the Year. |
| **Community** | | | |
| **B8 Community Investment** | | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | COMMUNITY INVESTMENT | 41 |
| KPI B8.1 | Focus areas of contribution. | COMMUNITY INVESTMENT | 41 |
| KPI B8.2 | Resources contributed to the focus area. | | The Group did not contribute any resources this Year to the focus area. |

# REPORT OF THE DIRECTORS

The Board is pleased to present its annual report together with the audited consolidated financial statements for the year ended 31 March 2025 (the "Financial Year").

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are repair and refurbishment services for mobile phones and personal electronic products as well as sale of related accessories and provision of supportive services. Details of the principal activities of the subsidiaries of the Company are set out in Note 35 to the consolidated financial statements.

## ACQUISITIONS AND DISPOSALS

Save as disclosed in the sections headed "Management Discussion and Analysis" ("MD&A") on pages 7 to 10 of this annual report, the Company did not undertake any material acquisitions and disposal of subsidiaries and associates during the Financial Year.

## BUSINESS REVIEW

A fair review of the business of the Company as well as discussion and analysis of the Group's performance during the Financial Year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Hong Kong Companies Ordinance, can be found in the sections headed "Chairman's Statement" and MD&A which set out on pages 4 to 5 and pages 7 to 10 of this annual report respectively. Such discussion forms part of this Report of the Directors.

Description of the principal risks and uncertainties facing the Group can be found throughout this annual report, in particular the Internal Control section under the MD&A and Corporate Governance Report, and the Principal Risks and Uncertainties section of this Report of the Directors. The Group did not have any significant event within the Financial Year and the Reporting Period. An analysis using financial review is provided in the MD&A. Compliance with relevant laws and regulations which have a significant impact on the Group can be found throughout this annual report, in particular, the Corporate Governance Report.

In addition, discussions on the Group's environmental, social and governance ("ESG") as well as the relationships with the key stakeholders that have a significant impact on the Group are contained in the Report of the Directors and Materiality Assessment section under ESG Report of this annual report.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers, suppliers and business partners are the keys to the sustainable development of the Group, as well as, the Group understands the importance of maintaining good relationship can fulfill its immediate and long-term goals. During the Financial Year, there was no material and significant dispute between the Group and its customers and/or suppliers.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the following are the key risks and uncertainties identified by the Group as at the date of this report.

### 1. Market Risk

Due to market competition, the Group operates in markets and industries where the regulatory environment promotes competition and consumer protection, such as, most of the electronic devices' suppliers provide after-sales services support to protect their consumer.

### 2. Technology Risk

#### 2.1 Technology Trends

Technology processes are becoming increasingly critical to the success of organisations objectives, the Company operates requiring for the innovation leads.

#### 2.2 Cyber-security Threat

The Group relies on a sound IT infrastructure and operating environment in supporting all aspects of its business operation, including handling of customer data, personal information and other sensitive commercial data which are susceptible to cyber-security threats.

### 3. Regulatory and Legal Risk

The Group operates in markets and industries requiring compliance with legal and regulatory standards in various jurisdictions, such as telecommunications, financial investments etc. which exist the risk of non-compliance with Laws and Regulations.

### 4. Strategic Risk

The current business model envisages growth, whether by way of organic growth or through new business amalgamation or strategic investments, in phone devices maintenances and/or technology sectors.

### 5. Financial Risk

For financial risk, please refer to the financial risk section under Note 6(b) to the consolidated financial statements.

## ENVIRONMENTAL POLICY

The ESG Report of the Company for the year ended 31 March 2025 is set out on pages 29 to 50 of this annual report which elaborates on the various works of the Group in fulfilling the principle of sustainable development and its performance in social responsibilities. The Group is committed to achieve the development of sustainability of communities. An environmental policy has been adopted by the Group for implementation of environmental friendly measures and practices in the operation of the Group's businesses. The Group adheres to the principles of Recycling and Reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins, and double-sided printing and copying.

The Group will review the environmental policy from time to time and will consider implementing further environmental friendly measures and practices in the operation of the Group's businesses.

## COMPLIANCE WITH LAWS AND REGULATIONS

During the Financial Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

In relation to human resources, the Group is committed to complying with the requirements of the ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

On the corporate level, the Group complies with the latest requirements under the Companies Law under the laws of Cayman Islands, the Listing Rules, the Companies Ordinance and the SFO under the laws of Hong Kong for, among other things, the disclosure of information and corporate governance, and the Group has adopted the required standard of dealings set out in Model Code as the code of conduct regarding securities transactions by the Directors.

## FINANCIAL STATEMENTS AND APPROPRIATIONS

The Group's financial performance and the financial position of the Group for the Financial Year are set out in the consolidated financial statements on pages 66 to 131 of this annual report. The Board declared the fourth quarter interim dividend of HK$0.02 per share on 27 June 2025 (2024: nil), and the second quarter interim dividend of HK$0.02 per share on 28 November 2024 (2024: nil) during the Financial Year.

### Dividend Policy

The Company has adopted a dividend policy (the "Dividend Policy"). Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. The Company does not have any predetermined dividend payout ratio.

The Company has had a consistent dividend payment that balances the objective of appropriately rewarding Shareholders through dividends and to support the future growth. Dividends will generally be declared four times a year at approximately quarterly intervals. In years of exceptional gains or other events, a special dividend may be declared.

The Board will review the Dividend Policy, as appropriate, to ensure the effectiveness of the Dividend Policy. The Audit Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

## CLOSURE OF REGISTER OF MEMBERS FOR AGM

In order to determine the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 22 September 2025 to 25 September 2025, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:00 p.m. on 19 September 2025. Shareholders whose names are recorded in the register of members of the Company on 25 September 2025 are entitled to attend and vote at the AGM.

## RESERVES

Details of movements in the reserves of the Group and of the Company during the Financial Year are set out in the consolidated statement of changes in equity and in Note 34 to the consolidated financial statements respectively.

As at the Financial Year, the Company's reserves available for distribution to shareholders amounted to approximately HK$46,744,000 (2024: HK$57,564,000), as calculated in accordance with the Companies Act of the Cayman Islands.

## PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group are set out in Notes 17 and 19 to the consolidated financial statements respectively.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in Note 28 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 138.

## SHARE OPTION SCHEME

No share option scheme was launched or proposed during the Financial Year.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 35 to the consolidated financial statements.

## DIRECTORS

The Directors who held office during the Reporting Period were:

### Non-executive Directors

Mr. CHEUNG King Shek *(chairman)*
Mr. CHEUNG King Shan
Mr. CHEUNG King Chuen Bobby, *MH*

### Executive Directors

Mr. CHEUNG King Fung Sunny *(chief executive officer)*

### Independent Non-executive Directors

Mr. FONG Ping, *BBS, JP*
Ms. KWOK Yuen Man Marisa *(resigned with effect on 1 April 2025)*
Mr. TSO Ka Yi
Ms. WONG Wai Yee Daisy *(appointed with effect on 12 June 2025)*

By virtue of Article 108(a) of the Articles of Association, Mr. CHEUNG King Shek and Mr. CHEUNG King Chuen Bobby will retire and being eligible, will offer themselves for re-election at the forthcoming AGM.

By virtue of Article 112 of the Articles of Association, Ms. WONG Wai Yee Daisy will retire and being eligible, will offer herself for re-election at the forthcoming AGM.

As at 31 March 2025, no Director proposed for re-election at the forthcoming AGM had a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. The biographical details of the Directors are set out on pages 11 to 13 of this annual report.

## UPDATE ON DIRECTOR'S AND CHIEF EXECUTIVE'S INFORMATION UNDER RULE 13.51B OF THE LISTING RULES

After the Financial Year until the date of this report, Ms. KWOK Yuen Man Marisa ("Ms. Kwok") resigned as INED, members of each audit committee and remuneration committee of the Company and the chairman of nomination committee of the Company ("NC"), with effect on 1 April 2025. Mr. TSO Ka Yi was re-designated as the chairman of NC between 1 April 2025 to 11 June 2025, and remained as member of NC after 11 June 2025. Following the resignation of Ms. Kwok, the Company did not meet the requirements of Rules 3.10(1), 3.21 and 13.92 under the Listing Rules. Ms. WONG Wai Yee Daisy ("Ms. Wong") was appointed as INED, members of each audit committee and remuneration committee of the Company and the chairman of NC, with effect on 12 June 2025.

## CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the existing independent non-executive Directors ("INEDs"), an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the INEDs are independent and at least one of them has appropriate professional qualifications or accounting or related financial management expertise in accordance with Rule 3.10(2) of the Listing Rules.

## DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

The executive Director has entered into a service agreement with the Company for an indefinite term commencing from 30 April 2013 until terminated by not less than three months' notice in writing to the other party and subject to the early termination provisions contained therein.

Each of the non-executive Directors and INEDs has signed an appointment letter with the Company, and is appointed for a fixed term of three years subject to early removal from office in accordance with the Articles of Association, and retirement and re-election provisions in the Articles of Association.

Save as disclosed above, none of the Directors (including those proposed for re-election at the AGM) has or is proposed to have a service agreement or an appointment letter with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no transaction, arrangement or contract of significance to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of the year ended 31 March 2025 and the Reporting Period.

## DEED OF NON-COMPETITION

In accordance with the non-competition undertakings set out in the deed of non-competition dated 10 May 2013 ("Deed of Non-competition") entered into by the controlling shareholders of the Company regarding certain non-competition undertakings given by the controlling shareholders in favour of the Company (for itself and for the benefit of each of the members of the Group) that, save and except the exceptional circumstances, the controlling shareholders have undertaken to the Company that they shall not carry on any business which is in competition with the business of the Group, the principal terms of which are set out in the paragraph headed "Deed of Non-competition" under the section headed "Relationship with Controlling Shareholders and Telecom Digital Group" of the prospectus of the Company dated 23 May 2013.

The Company has received an annual declaration from the controlling shareholders, comprising KW Cheung Family Holdings Limited ("KWCFH"), East-Asia Pacific Limited ("East-Asia"), Amazing Gain Limited ("Amazing Gain"), Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby and CHEUNG King Fung Sunny (the "Cheung Brothers") (collectively, the "Controlling Shareholders") confirming that they complied with the Deed of Non-competition for the year ended 31 March 2025. The Controlling Shareholders also confirmed in the said annual declaration that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 March 2025.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non–competition during the year ended 31 March 2025:

(i) The Controlling Shareholders have confirmed that they have complied with the undertakings for the year ended 31 March 2025.

(ii) The Controlling Shareholders also confirmed that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 March 2025.

(iii) The INEDs have reviewed the annual declaration of the Controlling Shareholders as referred to (i) and (ii) above as part of their annual review process.

(iv) The Company, as part of its business planning and development function, constantly monitors the trend of and business opportunities in the market in which the Group operates, and is familiar with the existing and potential players and competitors in the market. The Company is not aware of any situation which indicates that any of the Controlling Shareholders have breached the undertakings for the year ended 31 March 2025.

In view of the above, the INEDs are satisfied that the undertakings were complied with by the Controlling Shareholders for the year ended 31 March 2025.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2025, none of the Directors or their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 11 to 13 of this annual report.

## REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in Note 14 to the consolidated financial statements.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2025, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

### (a) Long Position in the Ordinary Shares of the Company

| Name of Director(s) | Capacity/Nature of interest | Number of issued Shares held | Percentage of the issued share capital Note A |
|---|---|---|---|
| CHEUNG King Shek | Beneficial owner | 6,528,000 | 5.09% |
| | Beneficiary of a trust Note B | 66,000,000 | 51.43% |
| | Joint holder Note C | 1,742,000 | 1.36% |
| CHEUNG King Shan | Beneficial owner | 7,008,000 | 5.46% |
| | Beneficiary of a trust Note B | 66,000,000 | 51.43% |
| | Joint holder Note C | 1,742,000 | 1.36% |
| CHEUNG King Chuen Bobby | Beneficial owner | 6,748,000 | 5.26% |
| | Beneficiary of a trust Note B | 66,000,000 | 51.43% |
| | Joint holder Note C | 1,742,000 | 1.36% |
| CHEUNG King Fung Sunny | Beneficial owner | 7,602,000 | 5.92% |
| | Beneficiary of a trust Note B | 66,000,000 | 51.43% |
| | Joint holder Note C | 1,742,000 | 1.36% |

## (b) Long position in the shares of associated corporations

KWCFH is one of the controlling shareholders of the Company and the Group's holding company. The companies listed in the table below (apart from KWCFH) are subsidiaries of KWCFH. Therefore, Amazing Gain and the rest of the companies listed in the table below are associated corporations of the Company under the SFO. Each of the Cheung Brothers is deemed to have interests in the said associated corporations under the SFO.

| Name of associated corporations | Capacity | Number of shares/ Amount of share capital | Approximate percentage of interests |
|---|---|---|---|
| KW Cheung Family Holdings Limited | Beneficiary of a trust *Note B* | 100 | 100% |
| Amazing Gain Limited | Beneficiary of a trust *Note B* | 100 | 100% |
| East-Asia Pacific Limited ("East-Asia") | Beneficiary of a trust *Note B* | 6 | 100% |
| Telecom Service Limited | Beneficiary of a trust *Note B* | 2,000,000 | 100% |
| H. K. Magnetronic Company Limited | Beneficiary of a trust *Note B* | 50,000 | 100% |
| Oceanic Rich Limited | Beneficiary of a trust *Note B* | 10,000 | 100% |
| Glossy Investment Limited | Beneficiary of a trust *Note B* | 10,000 | 100% |
| Glossy Enterprises Limited | Beneficiary of a trust *Note B* | 10,000 | 100% |
| Txtcom Limited | Beneficiary of a trust *Note B* | 100 | 100% |
| Telecom Properties Investment Limited | Beneficiary of a trust *Note B* | 24 | 100% |
| Telecom Digital Limited (incorporated in Macau) | Beneficiary of a trust *Note B* | MOP100,000 | 100% |
| Hellomoto Limited | Beneficiary of a trust *Note B* | 1,000 | 100% |
| Marina Trading Inc. | Beneficiary of a trust *Note B* | 1 | 100% |
| Telecom Digital Limited | Beneficiary of a trust *Note B* | 2 | 100% |
| Silicon Creation Limited | Beneficiary of a trust *Note B* | 100 | 100% |
| Kung Wing Enterprises Limited | Beneficiary of a trust *Note B* | 1,000,000 | 100% |
| 東莞恭榮房地產管理服務有限公司 | Beneficiary of a trust *Note B* | US$1,500,000 | 100% |

*Note A:* The calculation is based on 128,342,000 Shares (total issued shares of the Company) as at 31 March 2025.

*Note B:* 66,000,000 ordinary shares of the Company (representing approximately 51.43% of the issued Shares) were held by East-Asia, East-Asia is a wholly-owned subsidiary of Amazing Gain. The sole shareholder of Amazing Gain is KWCFH, which HSBC International Trustee Limited is the sole shareholder and trustee of KWCFH. The Cheung Brothers are the beneficiary owner of KWCFH, and the directors of East-Asia. Therefore, each of the Cheung Brothers is deemed to be interested in the shares of the Companies (shown in the table above) which held by KWCFH under the SFO.

*Note C:* 1,742,000 ordinary shares of the Company (representing approximately 1.36% of the issued Shares) were held by the Cheung Brothers. Therefore, each of the Cheung Brothers is deemed to be interested in the shares of jointly held.

Save as disclosed above, as at 31 March 2025, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2025, the following persons (other than a Director or the chief executive of the Company)/entities had interests and short positions in the shares and underlying shares as recorded in the register of interests of the substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO (the "Substantial Shareholders' Register"), or to be disclosed under the Part XV of the SFO and the Listing Rules:

### Long Position

| Name of substantial shareholders | Capacity/ Nature of interest | Number of shares held | Approximate percentage of shares in issue Note A |
|---|---|---|---|
| East-Asia Pacific Limited Note B | Beneficial owner | 66,000,000 | 51.43% |
| Amazing Gain Limited Note B | Interest of controlled corporation | 66,000,000 | 51.43% |
| KW Cheung Family Holdings Limited Note B | Interest of controlled corporation | 66,000,000 | 51.43% |
| HSBC International Trustee Limited Note B | Trustee (other than a bare trustee) | 66,000,000 | 51.43% |
| Ms. TANG Fung Yin Anita Note C | Interest of spouse | 73,182,000 | 57.02% |
| Ms. YEUNG Ho Ki Note C | Interest of spouse | 73,776,000 | 57.48% |

*Note C:* Ms. TANG Fung Yin Anita and Ms. YEUNG Ho Ki, spouse of Messrs. CHEUNG King Shan and Mr. CHEUNG King Fung Sunny respectively, in which are deemed to be interested in the Shares held by Messrs. CHEUNG King Shan and Mr. CHEUNG King Fung Sunny under the SFO.

Save as disclosed above, as at 31 March 2025, the Directors were not aware of any persons (other than Directors or chief executives of the Company) who/entities which had any interests and short positions in the shares and underlying Shares, which were recorded in the Substantial Shareholders' Register, or to be disclosed under the Part XV of the SFO and the Listing Rules.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the Financial Year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

## 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 Financial Year.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has also arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

## EQUITY-LINKED AGREEMENT

Save as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Financial Year or subsisted at the end of the Financial Year.

## EVENTS AFTER THE REPORTING PERIOD

Except for disclosed elsewhere in this report, there were no significant events after the Financial Year.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, the Group's top five customers accounted for approximately 58.4% of the revenue. The top five suppliers accounted for approximately 99.8% of the cost of inventories recognised as expenses for the year. In addition, the Group's largest customer accounted for approximately 25.5% of the revenue and the Group's largest supplier accounted for approximately 80.0% of the cost of inventories recognised as expenses for the Financial Year.

For the Financial Year, none of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the shares of the Company in issue) had any interest in these major customers and suppliers.

Save as disclosed above, none of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of the Shares in issue) had any interest in these major customers and suppliers for the Financial Year.

## CONNECTED TRANSACTIONS

The Group's connected transactions and continuing connected transactions conducting during the Financial Year, and disclose in accordance with Chapter 14A of the Listing Rules are primarily classified based on the continuing connected transactions between the Group and Telecom Digital Holdings Limited and its subsidiaries ("TDHL" and "TDHL Group", respectively).

## Transaction with TDHL Group

Telecom Digital Data Limited ("TDD"), Telecom Digital Services Limited ("TDS"), Telecom Service Network Limited ("TSN") and Onbo International Limited ("OIL") are wholly-owned subsidiaries of TDHL. TDHL is indirectly owned by the KW Cheung Family Trust as to 54.49%, and the KW Cheung Family Trust indirectly holds 51.43% of the issued share capital of the Company. As such, each of TDD, TDS, TSN and OIL is a connected person of the Company, the transactions between the Group and TDHL Group, constitute connected transactions of the Company under the Listing Rules. References are made to the Company's announcements dated 28 March 2024. Since one or more of the applicable percentage ratios of the transaction amounts of the transactions contemplated under the services agreements and tenancy agreement (collectively, "TSO-Agreements"), between the subsidiaries of the Group and TDHL Group, in relation to the tenancy of the property and provision of services, on an aggregated basis, are less than 5% but aggregate annual fee exceeds HK$3,000,000, the aggregate annual fees for the transactions with TSO contemplated under the TSO-Agreements are subject to the announcement, annual review and reporting requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the Financial Year, the actual transactions amount for the connected transactions between the Group and TDHL Group, mentioned above was approximately HK$3,452,000 (2023/24: approximately HK$4,046,000) which is less than 5% but aggregate annual fee exceeds HK$3,000,000.

## Annual review of Continuing Connected Transactions

The Continuing Connected Transactions have been reviewed by the INEDs of the Company. The INEDs confirmed that the Continuing Connected Transactions had been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(iii) in accordance with the terms of the agreements governing such transactions that were fair and reasonable and in the interests of the Shareholders as a whole.

The Company has engaged the independent auditor, SHINEWING CPA (HK) LIMITED to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. SHINEWING CPA (HK) LIMITED have issued to the Company their unqualified letter containing their findings and conclusions in respect of the abovementioned continuing connected transactions for the Financial Year in accordance with Rule 14A.56 of the Listing Rules.

## RELATED PARTY TRANSACTIONS

Save for the transactions disclosed in Note 32 to the consolidated financial statements, none of the related party transactions disclosed in Note 32 to the consolidated financial statements constituted a one-off connected transaction or Continuing Connected Transaction under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements for all the one-off connected transactions or continuing connected transactions (as the case may be) in accordance with Chapter 14A of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Financial Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 14 to 28 of this annual report. The Directors believe the long-term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long-term objectives.

## LEGAL PROCEEDINGS

As at 31 March 2025, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

## SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the Financial Year and the Reporting Period, the Company has maintained the public float required by the Listing Rules.

## RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2025 are set out in Note 30 to the consolidated financial statements.

## BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2025 are set out in Note 25 to the consolidated financial statements.

## FIVE YEARS FINANCIAL SUMMARY

An analysis of the results and of the assets and liabilities of the Group using financial key performance indicators is set out in the five years financial summary on page 138 of this annual report.

## AUDITOR

The consolidated financial statements for the year ended 31 March 2025 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the AGM.

By Order of the Board
**CHEUNG King Shek**
*Chairman*

Hong Kong, 27 June 2025

# INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

**TO THE SHAREHOLDERS OF TELECOM SERVICE ONE HOLDINGS LIMITED**
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Telecom Service One Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to us the "Group") set out on pages 68 to 137, which comprise the consolidated statement of financial position as at 31 March 2025, and the 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## VALUATION OF TRADE RECEIVABLES

Refer to Note 22 to the consolidated financial statements and the accounting policies on pages 80 to 96.

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| As at 31 March 2025, the Group has outstanding trade receivables of HK$7,502,000. No expected credit loss ("ECL") was recognised as at 31 March 2025.<br><br>Management performed periodic assessment on the ECL of the trade receivables and the sufficiency of provision for impairment based on information including ageing of the trade receivables, historical settlement records, expected timing and amount of realisation of outstanding balances, and ongoing trading relationships with the relevant customers. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the ECL.<br><br>We have identified assessment of ECL of trade receivables as a key audit matter because the assessment of trade receivables under the ECL model involved the use of significant degree of management judgement and may be subject to management bias. | Our audit procedures were designed to review the management's assessment of ECL model and challenge the reasonableness of the methods and assumptions used to estimate ECL of trade receivables.<br><br>We have assessed the elements of the ECL model which affect by judgements and estimates, including the credit risk characteristic, the ageing of trade receivables and forward looking information.<br><br>We have assessed the reasonableness of management's loss allowance which was based on provision matrix. We have examined the information used by management to form such judgements, including evaluating whether the historical loss rates in the past years are appropriately adjusted based on forward looking factors and examining the actual losses recorded and assessing whether there was an indication of management bias when recognising loss allowances. |

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE 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 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Wing Kit.

**SHINEWING (HK) CPA Limited**
*Certified Public Accountants*
**Chan Wing Kit**
Practising Certificate Number: P03224

Hong Kong
27 June 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

| | NOTES | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| Revenue | 7 | 44,223 | 54,387 |
| Cost of sales | | (40,691) | (43,136) |
| Gross profit | | 3,532 | 11,251 |
| Other income and gains | 9 | 5,912 | 3,507 |
| Other operating expenses, net | 10 | (4,706) | (4,315) |
| Administrative expenses | | (13,180) | (14,477) |
| Impairment losses on investment properties | 19 | (4,892) | (196) |
| Loss on changes in fair value of financial assets at fair value through profit or loss ("FVTPL") | | – | (4,749) |
| Finance costs | 11 | (177) | (255) |
| Loss before tax | | (13,511) | (9,234) |
| Income tax credit | 12 | 106 | 60 |
| Loss for the year | 13 | (13,405) | (9,174) |
| Other comprehensive expense | | | |
| *Item that will not be reclassified to profit or loss:* | | | |
| Remeasurement of long service payment obligations | | (331) | (125) |
| Total comprehensive expense for the year | | (13,736) | (9,299) |
| Loss per share (HK$) | | | |
| Basic and diluted | 16 | (0.1044) | (0.0715) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

| | NOTES | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | *17* | **1,181** | 2,148 |
| Right-of-use assets | *18* | **1,479** | 4,438 |
| Investment properties | *19* | **39,500** | 46,400 |
| Deferred tax asset | *27* | **939** | 721 |
| Rental deposit | *22* | **–** | 539 |
| | | **43,099** | 54,246 |
| Current assets | | | |
| Inventories | *20* | **1,413** | 4,405 |
| Financial assets at FVTPL | *21* | **–** | 8,984 |
| Trade and other receivables | *22* | **11,386** | 13,896 |
| Amounts due from related companies | *32a* | **48** | 71 |
| Pledged bank deposits | *23* | **209** | 203 |
| Bank balances and cash | *23* | **5,702** | 3,811 |
| | | **18,758** | 31,370 |
| Current liabilities | | | |
| Trade and other payables | *24* | **4,636** | 7,179 |
| Lease liabilities | *18* | **1,600** | 2,956 |
| Tax payable | | **82** | 222 |
| Amount due to a related company | *32b* | **74** | 82 |
| Bank borrowing | *25* | **–** | 2,200 |
| | | **6,392** | 12,639 |
| Net current assets | | **12,366** | 18,731 |
| Total assets less current liabilities | | **55,465** | 72,977 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2025

| | NOTES | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| Non-current liabilities | | | |
| Lease liabilities | 18 | – | 1,600 |
| Other payables | 24 | 208 | 208 |
| Long service payment obligations | 26 | 826 | 435 |
| | | 1,034 | 2,243 |
| Net assets | | 54,431 | 70,734 |
| Capital and reserves | | | |
| Share capital | 28 | 12,834 | 12,834 |
| Reserves | | 41,597 | 57,900 |
| Total equity | | 54,431 | 70,734 |

The consolidated financial statements on pages 68 to 137 were approved and authorised for issue by the board of directors on 27 June 2025 and are signed on its behalf by:

**Cheung King Shek**
*Director*

**Cheung King Fung, Sunny**
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

| | Share capital HK$'000 | Share premium HK$'000 | Other reserve HK$'000 *(Note)* | Translation reserve HK$'000 | Retained profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| 1 April 2023 | 12,834 | 36,900 | 70 | (26) | 30,255 | 80,033 |
| Loss for the year | – | – | – | – | (9,174) | (9,174) |
| Remeasurement of long service payment obligations | – | – | – | – | (125) | (125) |
| Total comprehensive expense for the year | – | – | – | – | (9,299) | (9,299) |
| At 31 March 2024 and 1 April 2024 | 12,834 | 36,900 | 70 | (26) | 20,956 | 70,734 |
| Loss for the year | – | – | – | – | (13,405) | (13,405) |
| Remeasurement of long service payment obligations | – | – | – | – | (331) | (331) |
| Total comprehensive expense for the year | – | – | – | – | (13,736) | (13,736) |
| Dividends recognised as distribution *(Note 15)* | – | (2,567) | – | – | – | (2,567) |
| At 31 March 2025 | 12,834 | 34,333 | 70 | (26) | 7,220 | 54,431 |

*Note:*

During the year ended 31 March 2014, Telecom Service One Holdings Limited (the "Company") acquired 100% of equity interest in Telecom Service One (Macau) Limited ("TSO Macau") from East-Asia Pacific Limited, the immediate holding company of the Company. The acquisition was accounted for using merger accounting. Other reserve represents the difference between the issued share capital of TSO Macau and the consideration paid for acquiring it.

In addition, other reserve represents the difference between the nominal value of the issued capital of Telecom Service One Investment Limited ("TSO BVI") and its subsidiaries acquired pursuant to a group reorganisation over the consideration paid by the Company during the year ended 31 March 2013.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Loss before tax | (13,511) | (9,234) |
| Adjustments for: | | |
| Allowance for inventories | 241 | 34 |
| Bank interest income | (291) | (5) |
| Dividend income from financial assets at FVTPL | – | (332) |
| Impairment losses on investment properties | 4,892 | 196 |
| Depreciation of property, plant and equipment | 1,025 | 1,878 |
| Depreciation of right-of-use assets | 2,959 | 2,823 |
| Depreciation of investment properties | 2,008 | 2,004 |
| Finance costs | 177 | 255 |
| Loss on changes in fair value of financial assets at FVTPL | – | 4,749 |
| Gain on disposal of financial assets at FVTPL | (1,448) | (49) |
| Government grants | – | (177) |
| Long service payment obligations | 143 | 67 |
| Written off of inventories | 122 | – |
| Reversal of allowance for inventories | (11) | (8) |
| Operating cash flows before movements in working capital | (3,694) | 2,201 |
| Decrease in inventories | 2,640 | 1,770 |
| Decrease (increase) in trade and other receivables | 3,049 | (3,969) |
| Decrease in amounts due from related companies | 23 | 7 |
| (Decrease) increase in trade and other payables | (2,543) | 261 |
| Decrease in amount due to a related company | (8) | (78) |
| Payments for long service payment obligations | (83) | – |
| Cash (used in) generated from operations | (616) | 192 |
| Hong Kong Profits Tax (paid) refunded | (252) | 23 |
| **NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES** | (868) | 215 |
| **INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | (58) | (904) |
| Proceeds from disposal of financial assets at FVTPL | 10,432 | 300 |
| Placement of pledged bank deposits | (6) | (2) |
| Dividends received | – | 332 |
| Interest received | 291 | 5 |
| **NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES** | 10,659 | (269) |

For the year ended 31 March 2025

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **FINANCING ACTIVITIES** | | |
| Bank borrowing raised | – | 2,200 |
| Repayment of bank borrowing | (2,200) | – |
| Repayment of lease liabilities | (2,956) | (2,850) |
| Interest paid on lease liabilities | (154) | (135) |
| Interest paid on bank borrowing | (23) | (120) |
| Government grants received | – | 177 |
| Dividends paid | (2,567) | – |
| **NET CASH USED IN FINANCING ACTIVITIES** | (7,900) | (728) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 1,891 | (782) |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | 3,811 | 4,593 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash** | 5,702 | 3,811 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 1. GENERAL

Telecom Service One Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 3 August 2012 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3997). The address of the registered office of the Company is Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The principal place of business of the Company is at Unit C, 3/F, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong.

The Directors consider the immediate holding company and ultimate holding company are East-Asia Pacific Limited and KW Cheung Family Holdings Limited respectively, which were incorporated in the British Virgin Islands (the "BVI"). The Group has been under the control and beneficially owned by KW Cheung Family Trust, Mr. CHEUNG King Shek, Mr. CHEUNG King Shan, Mr. CHEUNG King Chuen Bobby and Mr. CHEUNG King Fung Sunny (the "Cheung Brothers").

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are set out in Note 35.

The functional currency of the Company is Hong Kong dollars ("HK$") while the functional currencies for certain subsidiaries are Macau Patacas ("MOP"). For the purpose of presenting the consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") adopted HK$ as its presentation currency which is the same as the functional currency of the Company.

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Application of amendments to HKFRS Accounting Standards

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning on 1 April 2024:

| | |
|---|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

The application of the amendments to HKFRS Accounting Standards in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

### Application of amendments to HKFRS Accounting Standards (Continued)

#### Impact on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments"); and Amendments to HKAS 1 –Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The application of the amendments has no material impact on the classification of the Group's liabilities.

#### Impact on application of Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognize a gain or loss that relates to the right of use retained by the seller-lessee.

The application of the amendments had no material impact on the consolidated financial statements of the Group.

#### Impact on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The application of the amendments had no material impact on the consolidated financial statements of the Group as the Group does not provide such arrangement in the current and prior years.

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

### New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 18 | Presentation and Disclosure in Financial Statements[3] |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures[3] |
| Amendments to HKAS 21 | Lack of Exchangeability[1] |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[2] |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards – Volume 11[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 HKFRS 9 and HKFRS 7 | Contracts Referencing Nature–dependent Electricity[2] |

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after date to be determined.

The directors of the Company anticipate that, except as described below, the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

### HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

### New and amendments to HKFRS Accounting Standards issued but not yet effective (Continued)

#### HKFRS 19 – Subsidiaries without Public Accountability: Disclosures

HKFRS 19 allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with HKFRS Accounting Standards.

HKFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company's equity instruments are publicly traded, it is not eligible to elect to apply HKFRS 19.

#### Amendments to HKAS 21 Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

#### Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments include requirements on classification of financial assets with environmental, social or governance (ESG) targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

### New and amendments to HKFRS Accounting Standards issued but not yet effective (Continued)

### Annual Improvements to HKFRS Accounting Standards – Volume 11

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7.

- HKFRS 7 Financial Instruments: Disclosures: The amendments remove an obsolete reference to paragraph 27A and update the wordings in paragraph B38 of HKFRS 7 regarding "unobservable inputs" to be consistent with HKFRS 13. The amendments to the accompanying guidance on implementing HKFRS 7 clarity that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7, as well as update the wordings in paragraph IG14 of HKFRS 7 regarding "fair value" consistent with other standards. The amendments are not expected to have significant impact on the consolidated financial statements of the Group.

- HKFRS 9 Financial Instruments: The amendments address a conflict between HKFRS 9 and HKFRS 15 over the initial measurement of trade receivables, and how a lessee accounts for the derecognition of a lease liability under HKFRS 9. The amendments are not expected to have significant impact on the consolidated financial statements of the Group.

- HKFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as de facto agents. The amendments are not expected to have significant impact on the consolidated financial statements of the Group.

- HKAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". The amendments are not expected to have significant impact on the consolidated financial statements of the Group.

# 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

## New and amendments to HKFRS Accounting Standards issued but not yet effective (Continued)

### Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of Amendments to HKFRS 10 and HKAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company anticipate that the application of Amendments to HKFRS 10 and HKAS 28 do not have significant impact on the financial position and performance of the Group.

### Amendments to HKFRS 9 and HKFRS 7 Contracts Referencing Nature-dependent Electricity

To allow companies to better report the financial effects of nature-dependent electricity contracts, the Amendments to HKFRS 9 and HKFRS 7 Contracts Referencing Nature-dependent Electricity were published, which clarifying the application of the 'own-use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

# 3. MATERIAL ACCOUNTING POLICY 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 Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, at the end of each reporting period.

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 material accounting policies are set out below.

## Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has:

- the power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

## Ownership interests in leasehold land and buildings

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. 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.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## Investment properties

Investment properties are property held to earn rentals and/or for capital appreciation.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an investment property becomes an owner-occupied property when there is a change in use, as evidenced by commencement of owner-occupation, the carrying amount of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

## Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above.

## Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

## Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Financial instruments (Continued)

### Financial assets (Continued)

***Financial assets at amortised cost (debt instruments)***

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

***Amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (Note 9).

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Financial instruments (Continued)

### Financial assets (Continued)

***Financial assets at FVTPL***

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'loss on changes in fair value of financial assets at FVTPL' line item. Fair value is determined in the manner described in note 6(c).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Financial instruments (Continued)

## Financial assets (Continued)

***Impairment of financial assets***

The Group recognises a loss allowance for 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 by using a provision matrix based on the credit risk characteristic and the ageing of trade receivables. The Group considers the historical credit loss rates in the past years and adjusted for forward looking factors 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 there has been a significant increase in credit risk since initial recognition, in which case 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.

***Significant increase in credit risk***

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Financial instruments (Continued)

### Financial assets (Continued)

***Significant increase in credit risk (Continued)***

Irrespective of the outcome of the above assessment, the Group considers that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 6 months past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

***Definition of default***

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Financial instruments (Continued)

### Financial assets (Continued)

***Write-off policy***

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

***Measurement and recognition of ECL***

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Financial instruments (Continued)

## Financial assets (Continued)

***Derecognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## Financial liabilities and equity instruments

***Classification as debt or equity***

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

***Financial liabilities subsequently measured at amortised cost***

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or (3) designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

***Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## Impairment loss on property, plant and equipment, right-of-use assets and investment properties

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of property, plant and equipment, right-of-use assets and investment properties are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Revenue from contracts with customers

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 goods or services (or a bundle of goods and services) that is distinct or a series of distinct goods or services that are substantially the same.

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 and enhances an asset that the customer controls as the asset is created and 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 to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties and discounts.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Revenue from contracts with customers (Continued)

The Group recognised revenue from the following major sources:

- provision of repairing service; and
- sales of accessories and provision of supportive services

## Provision of repairing services

Revenue from provision of repairing services is recognised at the point when the services were rendered.

## Sale of accessories

Revenue from sale of accessories is recognised at the point when the control of the accessories is transferred to the customers (generally on delivery of the accessories).

## Provision of supportive services

Revenue from provision of supportive services is recognised at the point when the services were rendered.

***Principal versus agent***

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

## Other income

Handling income, management fee income and storage income are recognised at the point when services are rendered.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leasing

### Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

### The Group as lessee

For contracts entered into or modified on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

***Lease liabilities***

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The Group presents lease liabilities as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) when a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured 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.

***Right-of-use assets***

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Leasing (Continued)

### The Group as lessee (Continued)

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

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

### The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

## Employee benefits

### Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the “MPF Scheme”) and other defined contribution retirement schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Employee benefits (continued)

### Employment Ordinance long service payments

For long service payment, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in consolidated statement of financial position with a charge or credit recognised in other comprehensive income in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Components of defined benefit costs are service cost in profit or loss; net interest on the net long service payment liability or asset in profit or loss; and remeasurements of net long service payment liability or asset in other comprehensive income.

## Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the deregistration of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

## Borrowing costs

All borrowing costs recognised in profit or loss in the period in which they are incurred.

# 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

## Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss.

### Fair value measurement

When measuring fair value except for the Group's net realisable value of inventories and value in use of property, plant and equipment, right-of-use assets and investment properties for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its high and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

## 4. 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 carrying amounts of assets and liabilities 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.

The followings 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.

### Estimated allowance for inventories

The management of the Group reviews an ageing analysis at the end of the reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2025, the carrying amount of inventories of the Group was HK$1,413,000 (2024: HK$4,405,000), net of allowance for inventories of HK$434,000 (2024: HK$204,000).

### Impairment of trade receivables

The Group uses judgement in making assumptions and selecting the inputs to the ECL model, based on the ageing of trade receivables as well as the Group's historical loss rates and forward looking factors at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. The ECL on trade receivables is assessed collectively by using a provision matrix with appropriate groupings. As at 31 March 2025, the carrying amount of trade receivables of the Group was HK$7,502,000 (2024: HK$10,550,000). No impairment loss provision was recognised as at 31 March 2025 (2024: nil).

### Impairment assessment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Impairment assessment of property, plant and equipment and right-of-use assets (Continued)

As at 31 March 2025, the carrying amounts of property, plant and equipment and right-of-use assets were approximately HK$1,181,000 (2024: HK$2,148,000) and HK$1,479,000 (2024: HK$4,438,000) respectively. No impairment loss provision was recognised as at 31 March 2025 (2024: nil).

### Impairment assessment of investment properties

The Group determines whether the investment properties are impaired whenever there is indication of impairment presented. The impairment loss for investment properties are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of investment properties have been determined based on higher of the fair value less costs of disposal and value-in-use calculations. These calculations require the use of judgements and estimations.

As at 31 March 2025, the carrying amounts of approximately HK$39,500,000 (2024: HK$46,400,000), net of accumulated impairment loss of HK$9,585,000 (2024: HK$4,693,000).

### Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and investment properties and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

As at 31 March 2025, there were no changes on the estimated useful lives after performing annual assessment and the related depreciation of the property, plant and equipment and investment properties with carrying amounts of HK$1,181,000 (2024: HK$2,148,000) and HK$39,500,000 (2024: HK$46,400,000) respectively.

## 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of pledged bank deposits and bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, issue of new shares as well as the issuance of new debt or the redemption of existing debt.

## 6. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Financial assets** | | |
| At amortised cost | 17,195 | 18,377 |
| At FVTPL | – | 8,984 |
| **Financial liabilities** | | |
| At amortised cost | 4,178 | 8,720 |

### (b) Financial risk management objectives and policies

The Group's major financial instruments include rent deposits, financial assets at FVTPL, trade and other receivables, amounts due from related companies, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a related company and bank borrowing. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# 6. FINANCIAL INSTRUMENTS (Continued)

## (b) Financial risk management objectives and policies (Continued)

### Market risk

***Currency risk***

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. During the year ended 31 March 2025, 15% (2024: 21%) of the Group's sales and 20% (2024: 13%) of total net purchase are denominated in United States dollars ("US$") which is different from the functional currencies of the group entities carrying out the transactions.

Also, certain trade and other receivables, bank balances and cash and trade and other payables are denominated in US$ which are currencies other than the functional currencies of the relevant group entities. 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:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| **US$** | **8,218** | 5,194 | **258** | 188 |

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

*Sensitivity analysis*

The Group is mainly exposed to US$.

No sensitivity analysis was prepared for US$ as the financial assets and liabilities denominated in US$ are mainly held by the subsidiaries with HK$ as the functional currency and HK$ is pegged to US$.

# 6. FINANCIAL INSTRUMENTS (Continued)

## (b) Financial risk management objectives and policies (Continued)

### Market risk (Continued)

***Interest rate risk***

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits for the years ended 31 March 2025 and 2024. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowing carried at prevailing market rates.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of (i) prevailing market rates arising from the Group's bank balances denominated in HK$, US$, RMB and MOP; and (ii) Hong Kong Interbank Offered Rates arising from the Group's HK$ denominated bank borrowing.

*Sensitivity analysis*

The sensitivity analysis below has been determined based on the net exposure to interest rates for non-derivative instruments at the end of reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis points (2024: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2025 would increase/decrease by HK$2,000 (2024: HK$2,000).

***Other price risk***

The Group is exposed to price risk through its investments held by the Group classified as financial assets at FVTPL. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of the investments. For equity securities measured at FVTPL, the Group's equity price risk is mainly concentrated on equity instruments operating in financial industry sector quoted in the Stock Exchange of Hong Kong Limited.

*Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2024: 10%) higher/lower, post-tax profit for the year ended 31 March 2025 would increase/decrease by nil (2024: HK$750,000) as a result of the changes in fair value of financial assets at FVTPL.

# 6. FINANCIAL INSTRUMENTS (Continued)

## (b) Financial risk management objectives and policies (Continued)

### Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from bank balances and cash, trade and other receivables and amounts due from related companies.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables are assessed by using a provision matrix based on credit risk characteristic and the ageing of trade receivables. The Group considers the historical loss rates in the past years and adjusts for forward looking factors in calculating the expected credit loss rates. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables and deposits and amounts due from related companies, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered amounts due from related companies to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

# 6. FINANCIAL INSTRUMENTS (Continued)

## (b) Financial risk management objectives and policies (Continued)

### Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increase in credit risk on other financial instruments of the debtor

***The Group's exposure to credit risk***

In order to minimise credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade debts at the end of each reporting period to ensure that adequate credit losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

***The Group's exposure to credit risk (Continued)***

The Group's current credit risk grading framework comprises the following categories:

| Category | Description | Basis for recognising ECL |
|---|---|---|
| Performing | For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1) | 12-month ECL |
| Doubtful | For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2) | Lifetime ECL – not credit impaired |
| Default | Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3) | Lifetime ECL – credit impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off |

# 6. FINANCIAL INSTRUMENTS (Continued)

## (b) Financial risk management objectives and policies (Continued)

### Credit risk (Continued)

***The Group's exposure to credit risk (Continued)***

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

| | | | As at 31 March 2025 | | | As at 31 March 2024 | | |
|---|---|---|---|---|---|---|---|---|
| | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount | Gross carrying amount | Loss allowance | Net carrying amount |
| | | | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Trade receivables | N/A | Lifetime ECL (simplified approach) | 7,502 | – | 7,502 | 10,550 | – | 10,550 |
| Other receivables | Performing | 12-month ECL | 127 | – | 127 | 98 | – | 98 |
| Deposits | Performing | 12-month ECL | 3,607 | – | 3,607 | 3,644 | – | 3,644 |
| Amounts due from related companies | Performing | 12-month ECL | 48 | – | 48 | 71 | – | 71 |
| Pledged bank deposits | *(Note)* | 12-month ECL | 209 | – | 209 | 203 | – | 203 |
| Bank balances and cash | *(Note)* | 12-month ECL | 5,702 | – | 5,702 | 3,811 | – | 3,811 |

*Note:* The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 41% (2024: 28%) of the total trade receivables at 31 March 2025 was due from the Group's largest customer.

The Group has concentration of credit risk as 95% (2024: 95%) of the total trade receivables at 31 March 2025 was due from the Group's five largest customers.

The Group's concentration of credit risk by geographical locations is in Hong Kong, which accounted for 100% of the total trade receivables as at 31 March 2025 and 2024.

# 6. FINANCIAL INSTRUMENTS (Continued)

## (b) Financial risk management objectives and policies (Continued)

### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has 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 date for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flow. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

| | At 31 March 2025 | | | | |
|---|---|---|---|---|---|
| | Within one year or on demand HK$'000 | After one year but within two years HK$'000 | After two years but within five years HK$'000 | Total contractual undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
| Trade and other payables | 3,896 | – | – | 3,896 | 3,896 |
| Amount due to a related company | 74 | – | – | 74 | 74 |
| Other payables | – | 208 | – | 208 | 208 |
| | 3,970 | 208 | – | 4,178 | 4,178 |
| Lease liabilities | 1,600 | – | – | 1,600 | 1,600 |

# 6. FINANCIAL INSTRUMENTS (Continued)

## (b) Financial risk management objectives and policies (Continued)

### Liquidity risk (Continued)

| | At 31 March 2024 | | | | |
|---|---|---|---|---|---|
| | Within one year or on demand HK$'000 | After one year but within two years HK$'000 | After two years but within five years HK$'000 | Total contractual undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
| Trade and other payables | 6,230 | – | – | 6,230 | 6,230 |
| Amount due to a related company | 82 | – | – | 82 | 82 |
| Other payables | – | – | 208 | 208 | 208 |
| Bank borrowing | 2,200 | – | – | 2,200 | 2,200 |
| | 8,512 | – | 208 | 8,720 | 8,720 |
| Lease liabilities | 3,110 | 1,617 | – | 4,727 | 4,556 |

## (c) Fair value

### Financial instruments that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

### Fair value of financial assets that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 1 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

# 6. FINANCIAL INSTRUMENTS (Continued)

## (c) Fair value (Continued)

### Fair value of financial assets that are measured at fair value on a recurring basis (Continued)

The valuation techniques and inputs used in the fair value measurements of the financial instrument on a recurring basis are set out below:

| Financial Instruments | Fair value hierarchy | Fair value as at 2025 HK$'000 | Fair value as at 2024 HK$'000 | Valuation technique and key inputs |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| – Listed equity securities in Hong Kong | Level 1 | – | 8,984 | Quoted bid price in an active market |

# 7. REVENUE

Revenue represents the amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts. An analysis of the Group's revenue for the year is as follows:

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| **Revenue from contracts with customers within the scope of HKFRS 15** | | |
| **Disaggregated by major products or services lines** | | |
| – Repairing service income | 44,019 | 54,195 |
| – Sales of accessories and provision of supportive services | 204 | 192 |
| | 44,223 | 54,387 |

## Disaggregation of revenue by geographical region

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| **Geographical region of revenue recognition** | | |
| Hong Kong | 44,223 | 54,387 |
| At a point in time | 44,223 | 54,387 |

## 8. SEGMENT INFORMATION

The Group is engaged in a single segment, the provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sales of related accessories and provision of supportive services. Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors as they collectively make strategic decision in allocating the Group's resources and assessing performance.

### Geographical information

During the years ended 31 March 2025 and 2024, the Group's operations were located in Hong Kong.

During the year ended 31 March 2025, 100% (2024: 100%) of the Group's revenue, based on the location of the operations, was generated in Hong Kong while as at 31 March 2025, 100% (2024: 100%) of the non-current assets, based on the geographical location of the assets, was located in Hong Kong. Hence, no geographical information is presented.

### Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Customer I | **11,294** | 14,831 |
| Customer II | **6,800** | 10,345 |
| Customer III | **6,256** | 7,056 |

## 9. OTHER INCOME AND GAINS

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Government grants *(Note i)* | – | 177 |
| Management fee income *(Note ii)* | 2,657 | 2,205 |
| Rental income (net of direct outgoings: nil) | 1,158 | 663 |
| Dividend income from financial assets at FVTPL | – | 332 |
| Gain on disposal of financial assets at FVTPL | 1,448 | 49 |
| Storage income *(Note iii)* | 332 | 72 |
| Bank interest income | 291 | 5 |
| Others | 26 | 4 |
| | 5,912 | 3,507 |

*Notes:*

(i) During the year ended 31 March 2024, the Group recognised government grants of HK$177,000 (2025: nil) in respect of COVID-19-related subsidies, out of which HK$177,000 (2025: nil) were related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

(ii) The amount represents management income received from manufacturers of mobile phones for the provision of management service such as inventory management and software upgrade to one of their operation teams in Hong Kong.

(iii) The amount represents storage income for damaged mobile phones in Hong Kong.

## 10. OTHER OPERATING EXPENSES, NET

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Miscellaneous income charges | 1,245 | 1,509 |
| Less: Other operating expenses of service centres | (5,951) | (5,824) |
| Other operating expenses, net | (4,706) | (4,315) |

## 11. FINANCE COSTS

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Interest on: | | |
| – Bank borrowing | 23 | 120 |
| – Lease liabilities | 154 | 135 |
| | 177 | 255 |

## 12. INCOME TAX CREDIT

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Hong Kong Profits Tax | | |
| – current year | 112 | 38 |
| – Under-provision in prior years | – | 184 |
| | 112 | 222 |
| Deferred tax *(Note 27)* | (218) | (282) |
| | (106) | (60) |

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Loss before tax | (13,511) | (9,234) |
| Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned | (2,229) | (1,523) |
| Tax effect of income not taxable for tax purpose | (48) | (85) |
| Tax effect of expenses not deductible for tax purpose | 946 | 147 |
| Tax losses not yet recognised | 1,227 | 1,220 |
| Hong Kong Tax concession *(Note)* | (2) | (3) |
| Under-provision in prior years | – | 184 |
| | (106) | (60) |

*Note:*

A tax concession of 100% (2024: 100%), subject to a ceiling of HK$1,500 (2024: HK$3,000) per company, was granted to a Group's subsidiary under Hong Kong tax jurisdiction for the year ended 31 March 2025.

Details of deferred taxation are set out in Note 27.

## 13. LOSS FOR THE YEAR

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Loss for the year has been arrived at after charging (crediting): | | |
| Directors' and chief executive's emoluments *(Note 14)* | | |
| – salaries, allowances and other benefits | **2,408** | 2,408 |
| – employer's contributions to retirement benefits schemes | **18** | 44 |
| | **2,426** | 2,452 |
| Other staff costs | | |
| – salaries, allowances and other benefits | **28,530** | 30,027 |
| – employer's contributions to retirement benefits schemes | **1,322** | 1,390 |
| – long service payment obligations | **143** | 67 |
| | **29,995** | 31,484 |
| Total staff costs | **32,421** | 33,936 |
| Auditor's remuneration | **530** | 530 |
| Depreciation of property, plant and equipment | **1,025** | 1,878 |
| Depreciation of right-of-use assets | **2,959** | 2,823 |
| Depreciation of investment properties | **2,008** | 2,004 |
| Reversal of allowance for inventories (included in cost of sales) | **(11)** | (8) |
| Written off of inventories (included in cost of sales) | **122** | – |
| Allowance for inventories (included in cost of sales) | **241** | 34 |
| Amount of inventories recognised as an expense | **12,470** | 13,474 |

# 14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

## (a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the seven (2024: seven) directors and the chief executive were as follows:

| | Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking | | | | |
|---|---|---|---|---|---|
| | Fees HK$'000 | Salaries, allowances and other benefits HK$'000 | Discretionary bonus HK$'000 | Employer's contributions to retirement benefits schemes HK$'000 | Total HK$'000 |
| **Year ended 31 March 2025** | | | | | |
| **Executive director** | | | | | |
| Mr. CHEUNG King Fung Sunny | – | 432 | 80 | 18 | 530 |
| **Non-executive directors** | | | | | |
| Mr. CHEUNG King Chuen Bobby | – | 432 | 80 | – | 512 |
| Mr. CHEUNG King Shan | – | 432 | 80 | – | 512 |
| Mr. CHEUNG King Shek | – | 432 | 80 | – | 512 |
| **Independent non-executive directors** | | | | | |
| Mr. FONG Ping | 120 | – | – | – | 120 |
| Ms. KWOK Yuen Man Marisa | 120 | – | – | – | 120 |
| Mr. TSO Ka Yi | 120 | – | – | – | 120 |
| Total | 360 | 1,728 | 320 | 18 | 2,426 |

# 14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

**(Continued)**

## (a) Directors' and chief executive's emoluments (Continued)

| | Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking | | | | |
|---|---|---|---|---|---|
| | Fees HK$'000 | Salaries, allowances and other benefits HK$'000 | Discretionary bonus HK$'000 | Employer's contributions to retirement benefits schemes HK$'000 | Total HK$'000 |
| **Year ended 31 March 2024** | | | | | |
| **Executive director** | | | | | |
| Mr. CHEUNG King Fung Sunny | – | 432 | 80 | 18 | 530 |
| **Non-executive directors** | | | | | |
| Mr. CHEUNG King Chuen Bobby | – | 432 | 80 | 13 | 525 |
| Mr. CHEUNG King Shan | – | 432 | 80 | 13 | 525 |
| Mr. CHEUNG King Shek | – | 432 | 80 | – | 512 |
| **Independent non-executive directors** | | | | | |
| Mr. FONG Ping | 120 | – | – | – | 120 |
| Ms. KWOK Yuen Man Marisa | 120 | – | – | – | 120 |
| Mr. TSO Ka Yi | 120 | – | – | – | 120 |
| Total | 360 | 1,728 | 320 | 44 | 2,452 |

*Note:*

Mr. CHEUNG King Fung Sunny has been appointed as the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive for the years ended 31 March 2025 and 2024.

Neither the chief executive nor any of the directors of the Company waived or agreed to waive any emolument paid by the Group during the years ended 31 March 2025 and 2024. No emoluments were paid or payable by the Group to the chief executive nor any of the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2025 and 2024.

## 14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

**(Continued)**

### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three of them (2024: three) were the directors and chief executive of the Company, whose emoluments are included in the analysis presented above. The emoluments of the remaining two (2024: two) individuals were as follows:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Salaries, allowances and other benefits | **1,485** | 1,533 |
| Employer's contributions to retirement benefits schemes | **36** | 36 |
| | **1,521** | 1,569 |

Their emoluments were within the following bands:

| | **2025**<br>**No. of**<br>**employees** | 2024<br>No. of<br>employees |
|---|---|---|
| Nil to HK$1,000,000 | **2** | 2 |

No emoluments were paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2025 and 2024.

## 15. DIVIDENDS

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Dividends recognised as distribution during the year: | | |
| 2024/25 second quarter interim dividend of HK$0.02 per share | **2,567** | – |

Subsequent to the end of the reporting period, the board of directors has resolved to declare the fourth quarter interim dividend of HK$0.02 per share in respect of the year ended 31 March 2025 (2024: nil).

## 16. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Loss** | | |
| Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company | (13,405) | (9,174) |

### Number of shares

| | 2025 | 2024 |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | 128,342,000 | 128,342,000 |

Diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares outstanding during both years.

## 17. PROPERTY, PLANT AND EQUIPMENT

| | Ownership interests in leasehold land and buildings HK$'000 | Leasehold improvements HK$'000 | Office equipment HK$'000 | Furniture and fixtures HK$'000 | Machinery HK$'000 | Computers HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | |
| At 1 April 2023 | 31,202 | 6,101 | 1,098 | 1,035 | 6,279 | 2,556 | 48,271 |
| Addition | – | 764 | 42 | 75 | – | 23 | 904 |
| Transfer to investment properties *(Note 19)* | (31,202) | – | – | – | – | – | (31,202) |
| Written off | – | (1,396) | – | – | – | – | (1,396) |
| At 31 March 2024 and 1 April 2024 | – | 5,469 | 1,140 | 1,110 | 6,279 | 2,579 | 16,577 |
| Addition | – | – | – | – | – | 58 | 58 |
| At 31 March 2025 | – | 5,469 | 1,140 | 1,110 | 6,279 | 2,637 | 16,635 |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT** | | | | | | | |
| At 1 April 2023 | 4,402 | 3,938 | 655 | 851 | 6,279 | 2,224 | 18,349 |
| Charged for the year | – | 1,585 | 128 | 61 | – | 104 | 1,878 |
| Transfer to investment properties *(Note 19)* | (4,402) | – | – | – | – | – | (4,402) |
| Eliminated on written off | – | (1,396) | – | – | – | – | (1,396) |
| At 31 March 2024 and 1 April 2024 | – | 4,127 | 783 | 912 | 6,279 | 2,328 | 14,429 |
| Charged for the year | – | 712 | 130 | 67 | – | 116 | 1,025 |
| At 31 March 2025 | – | 4,839 | 913 | 979 | 6,279 | 2,444 | 15,454 |
| **CARRYING VALUES** | | | | | | | |
| At 31 March 2025 | – | 630 | 227 | 131 | – | 193 | 1,181 |
| At 31 March 2024 | – | 1,342 | 357 | 198 | – | 251 | 2,148 |

## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

| | |
|---|---|
| Ownership interests in leasehold land and buildings | Over the shorter of term of the leases or 50 years |
| Leasehold improvements | Over the shorter of the lease term or 5 years |
| Office equipment | 5 years |
| Furniture and fixtures | 5 years |
| Machinery | 5 years |
| Computers | 3 – 5 years |

During the year ended 31 March 2024, the Group leased out properties to tenant under operating leases which were previously possessed by the Group as service centre and classified as property, plant and equipment. The carrying value of the units at 1 April 2023 and on the date of reclassification to investment properties amounted to HK$26,800,000 (Note 19).

For the purpose of impairment assessment, property, plant and equipment (excluded ownership interests in leasehold land and buildings) and right-of-use asset are included in the Company's CGU. The management carried out an impairment assessment for the CGU. The estimate of the recoverable amount was based on value-in-use calculation using the discounted cash projection at pre-tax discount rate of 9.29% (2024: 11.53%) per annum based on the financial forecast approved by management. Key assumptions for the value-in-use calculation include future revenue, budgeted gross margin and operating costs, which were determined based on the past performance, the Company's business plan and management expectations for the market development.

As a result, no impairment losses on property, plant and equipment (excluded ownership interests in leasehold land and buildings) and right-of-use assets were recognised during the year ended 31 March 2025 and 2024 as the recoverable amount of the CGU is excess of the carrying amount of CGU.

## 18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (i) Right-of-use assets

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Buildings | 1,479 | 4,438 |

The Group has lease arrangement for buildings and premises with lease term ranged from 2 to 3 years. The Group has also entered into short-term leases arrangement in respect of repair centre.

Additions to the right-of-use assets for the year ended 31 March 2024 amounted to HK$5,917,000 (2025: nil), due to new leases of buildings.

Details of the impairment assessment are disclosed in note 17.

### (ii) Lease liabilities

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Non-current | – | 1,600 |
| Current | 1,600 | 2,956 |
| | 1,600 | 4,556 |

| Amounts payable under lease liabilities | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Within one year | 1,600 | 2,956 |
| After one year but within two years | – | 1,600 |
| | 1,600 | 4,556 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | (1,600) | (2,956) |
| Amount due for settlement after 12 months | – | 1,600 |

During the year ended 31 March 2024, the Group entered into a new arrangement in respect of buildings and recognised lease liabilities of HK$5,917,000 (2025: nil).

## 18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

### (iii) Amount recognised in profit or loss

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Depreciation of right-of-use assets | 2,959 | 2,823 |
| Interest expense on lease liabilities | 154 | 135 |
| Expense relating to short-term leases | 1,936 | 1,672 |

### (iv) Others

During the year ended 31 March 2025, the total cash outflow for lease amounted to HK$5,046,000 (2024: HK$4,657,000).

### Restrictions or covenants on leases

As at 31 March 2025, lease liabilities of HK$1,600,000 (2024: HK$4,556,000) are recognised with related right-of-use assets of HK$1,479,000 (2024: HK$4,438,000). The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

## 19. INVESTMENT PROPERTIES

| | HK$'000 |
|---|---|
| **COST** | |
| As at 1 April 2023 | 25,537 |
| Transfer from Property, plant and equipment *(Note 17)* | 31,202 |
| As at 31 March 2024, 1 April 2024 and 31 March 2025 | 56,739 |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT** | |
| As at 1 April 2023 | 3,737 |
| Provided for the year | 2,004 |
| Transfer from Property, plant and equipment *(Note 17)* | 4,402 |
| Impairment loss for the year | 196 |
| As at 31 March 2024 and 1 April 2024 | 10,339 |
| Provided for the year | 2,008 |
| Impairment loss for the year | 4,892 |
| As at 31 March 2025 | 17,239 |
| **CARRYING AMOUNTS** | |
| As at 31 March 2025 | 39,500 |
| As at 31 March 2024 | 46,400 |

## 19. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties as at 31 March 2025 was HK$39,500,000 (2024: HK$46,400,000). The fair value has been arrived at based on a valuation carried out by Avista Valuation Advisory Limited ("AVAL"), a member of Hong Kong Institute of Surveyors by income approach with reference to capitalised income derived from existing tenancies and the reversionary potential of the properties. The valuation of the fair value of the investment properties is grouped into fair value hierarchy Level 3.

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2025 and 2024.

During the year ended 31 March 2025, the directors of the Company conducted a review of the Group's investment properties with reference to the valuation carried out by AVAL, accordingly an impairment loss of HK$4,892,000 (2024: HK$196,000) was recognised.

The above investment properties are depreciated on a straight-line basis over the term of the leases.

Information about fair value measurements using significant unobservable inputs (Level 3):

| | Fair value | | Fair value hierarchy | Valuation technique | Significant unobservable inputs | Relationship of significant unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | | | | |
| | **HK$'000** | HK$'000 | | | | |
| Hong Kong – investment properties | **39,500** | 46,400 | Level 3 | Income approach | Prevailing market rents from HK$27 per sq. ft to HK$33 per sq. ft per month (2024: HK$27 per sq. ft to HK$33 per sq. ft per month) | The higher the prevailing market rent, the higher the fair value |
| | | | | | Reversionary yield of 3.9% (2024: 3.3%) | The higher the rental yield, the lower the fair value |

## 20. INVENTORIES

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Merchandises | 1,413 | 4,405 |

During the year ended 31 March 2025, an allowance for inventories of HK$241,000 (2024: HK$34,000) was made for write-down of obsolete inventories.

During the year ended 31 March 2025, certain impaired inventories were sold at a gross profit. As a result, a reversal of write-down of merchandises of HK$11,000 (2024: HK$8,000) has been recognised and included in cost of sales.

## 21. FINANCIAL ASSETS AT FVTPL

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Financial assets mandatorily measured at FVTPL | | |
| Listed equity shares in Hong Kong | – | 8,984 |

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading or as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

During the year ended 31 March 2025, all of the FVTPL was fully disposed.

## 22. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Trade receivables | 7,502 | 10,550 |
| Other receivables | 127 | 98 |
| Rental and other deposits | 3,607 | 3,644 |
| Prepayments | 150 | 143 |
| | 11,386 | 14,435 |
| Less: Rental deposit classified as non-current assets | – | (539) |
| Current portion included in trade and other receivables | 11,386 | 13,896 |

The Group does not hold any collateral over these balances.

As at 31 March 2025, the gross amount of trade receivables arising from contracts with customers amounted to HK$7,502,000 (2024: HK$10,550,000).

The Group grants an average credit period of 30 days to 60 days to its trade customers.

The following was an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Within 30 days | 3,749 | 6,746 |
| 31 to 60 days | 3,713 | 2,446 |
| 61 to 90 days | – | 1,284 |
| 91 to 120 days | 40 | 74 |
| | 7,502 | 10,550 |

The Group performs ongoing credit evaluations of its customers and credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are assessed by using a provision matrix based on the credit risk characteristic and the ageing of trade receivables. The Group considers the historical loss rates in the past years and adjusts for forward looking factors in calculating the ECL rates.

## 22. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES (Continued)

The Group's lifetime ECL for trade receivables based on the ageing of customers.

Year ended 31 March 2025:

| | Weighted average expected loss rate % | Gross carrying amount HK$'000 |
|---|---|---|
| Within 30 days | * | 3,749 |
| 31 to 60 days | * | 3,713 |
| 61 to 90 days | * | – |
| 91 to 120 days | * | 40 |
| | | 7,502 |

Year ended 31 March 2024:

| | Weighted average expected loss rate % | Gross carrying amount HK$'000 |
|---|---|---|
| Within 30 days | * | 6,746 |
| 31 to 60 days | * | 2,446 |
| 61 to 90 days | * | 1,284 |
| 91 to 120 days | * | 74 |
| | | 10,550 |

* The weighted average expected loss rate is immaterial.

The directors of the Company consider the ECL of trade receivables is insignificant, therefore no loss allowance on trade receivables was recognised as at 31 March 2025 and 2024.

The assessments on ECL of other receivables and deposits are set out in Note 6(b).

The Group entered in a tenancy agreement with related company, of which directors of the Company have beneficial interests in related company, for leasing of property as service centre. As at 31 March 2025, the rental deposit paid to a related company of approximately HK$418,000 (2024: HK$418,000) have been recognised as current rental deposit.

## 23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Cash and cash equivalents include demand deposits and short-term bank deposits for the purpose of meeting the Group's short term cash commitment, which carry interest at market rates which range from 0.24% to 4.25% (2024: 0.62% to 0.89%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$209,000 (2024: HK$203,000) have been pledged to secure short-term bank overdrafts and letter of credit and are therefore classified as current assets. The pledged bank deposit will be released upon expiration of short-term bank overdrafts and letter of credit.

The pledged bank deposits carried interest at fixed rates from 0.25% to 3.30% (2024: 0.64% to 0.89%) per annum.

## 24. TRADE AND OTHER PAYABLES

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Trade payables | 2,328 | 4,542 |
| Accrued expenses and other payables | 2,516 | 2,845 |
| Total | 4,844 | 7,387 |
| Less: Other payables classified as non-current liabilities | (208) | (208) |
| Current portion included in trade and other payables | 4,636 | 7,179 |

The average credit period on purchases of goods ranged from 30 days to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within credit timeframe.

The following was the aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Within 30 days | 2,305 | 4,445 |
| 31 to 60 days | 9 | 78 |
| 61 to 90 days | – | – |
| Over 90 days | 14 | 19 |
| | 2,328 | 4,542 |

## 25. BANK BORROWING

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Bank loan – Unsecured | – | 2,200 |

During the current year, the bank loan carried interest at variable rates ranging from 6.11% to 6.69% (2024: 5.82% to 7.62%) and it was fully repaid.

## 26. LONG SERVICE PAYMENT OBLIGATIONS

The Group made provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance, as further detailed in Note 3.

Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group's contributions made to MPF Scheme for the employees and subject to a cap of HK$390,000 per employee. On 17 June 2022, the Government of the HSAR published the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") in the Gazette. The Amendment Ordinance seeks to abolish the use of the accrued benefits derived from employers' mandatory contributions under the MPF System to offset severance payment and long service payment. Therefore, accrued benefits derived from mandatory employer contributions may not be used to offset post-transition long service payment and will be effective from 1 May 2025 (the "Transition Date").

Under the Amendment Ordinance, the eligible offset amount after the Transition Date can only be applied to offset the pre-Transition Date long service payment obligation but no longer eligible to offset the post-Transition Date long service payment obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

The provision represented the management's best estimate of the Group's liability at the end of each reporting period.

The Group exposes to actuarial risks such as interest rate risk, longevity risk and salary risk.

– Interest risk: A decrease in the bond interest rate will increase the long service payment liability.

– Longevity risk: The present value of the long service payment liability is calculated by reference to the best estimate of the mortality of participants during their employment. An increase in the life expectancy of the participants will increase the long service payment liability.

– Salary risk: The present value of the long service payment liability is calculated by reference to the future salaries of participants. As such, an increase in the salary of the participants will increase the long service payment liability.

## 26. LONG SERVICE PAYMENT OBLIGATIONS (Continued)

The most recent actuarial valuations of the present value of the long service payment were carried out as at 31 March 2025 and 2024 by Asset Appraisal Limited, an independent qualified valuer. The present value of the long service payment, and the related service cost, were measured using the projected unit credit method.

Movement of present value of the long service payment obligations is as follows:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| At 1 April | 435 | 243 |
| Current service cost | 143 | 67 |
| Actuarial losses recognised in other comprehensive expense | 331 | 125 |
| Benefit paid during the year | (83) | – |
| At 31 March | 826 | 435 |

Amounts recognised in consolidated statement of profit or loss and other comprehensive income in respect of long service payment are as follows.

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Current service cost | 143 | 67 |
| Components of long service payment costs recognised in profit or loss (included in staff costs) | 143 | 67 |

## 26. LONG SERVICE PAYMENT OBLIGATIONS (Continued)

### Remeasurement on the net long service payment liability

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Actuarial losses arising from changes in financial assumptions | 331 | 125 |
| Components of long service payment costs recognised in other comprehensive expense | 331 | 125 |

The amounts recognised in consolidated statement of profit or loss and other comprehensive income are as follows:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Cumulative amount of actuarial gains at the beginning of the year | (558) | (683) |
| Net actuarial losses during the year | 331 | 125 |
| Cumulative amount of actuarial gains at the end of the year | (227) | (558) |

At 31 March 2025 and 2024, the amounts are calculated based on the principal assumptions stated as below:

| | 2025 | 2024 |
|---|---|---|
| Annual salary increment | 2.81% | 3.43% |
| Annual turnover rate | 19.98% to 41.96% | 0.00% to 29.58% |
| MPF return rate | 3.13% | 2.50% |
| Discount rate | 2.88% to 3.04% | 3.44% to 4.08% |

The principal assumptions used for the determination of the long service payment obligations are MPF return rate and annual salary increment.

In the opinions of the directors of the Company, the expected change in the principal assumptions will not have significant impact on the long service payment obligations for the years ended 31 March 2025 and 2024. Hence, no sensitivity analysis is presented.

## 27. DEFERRED TAX

The analysis of deferred tax asset is as follows:

| | **2025** **HK$'000** | 2024 HK$'000 |
|---|---|---|
| Deferred tax asset | **939** | 721 |

The followings are the major deferred tax assets recognised and movements thereon during the both years ended:

| | **Tax losses** HK$'000 | **Decelerated tax depreciation** HK$'000 | **Accelerated tax depreciation** HK$'000 | **Total** HK$'000 |
|---|---|---|---|---|
| At 1 April 2023 | 17 | 495 | (73) | 439 |
| (Charged) credited to profit or loss *(Note 12)* | (17) | 226 | 73 | 282 |
| At 31 March 2024 and 1 April 2024 | – | 721 | – | 721 |
| Credited to profit or loss *(Note 12)* | – | 218 | – | 218 |
| At 31 March 2025 | – | 939 | – | 939 |

Deferred tax assets are recognised for available tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 March 2025, the Group had tax losses of HK$17,462,000 (2024: HK$10,017,000). Tax losses can be carried forward against future taxable income indefinitely.

As at 31 March 2025, the Group did not recognise deferred tax assets in respect of tax losses of HK$17,462,000 (2024: HK$10,017,000) due to the unpredictability of future profit stream.

## 28. SHARE CAPITAL

| | Number of shares | Share capital HK$'000 |
|---|---|---|
| **Ordinary shares of HK$0.1 each** | | |
| **Authorised:** | | |
| At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 | 1,000,000,000 | 100,000 |
| **Issued and fully paid:** | | |
| At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 | 128,342,000 | 12,834 |

## 29. OPERATING LEASING ARRANGEMENTS

### The Group as lessor

The Group leases out its investment properties during the years ended 31 March 2025 and 2024. The leases are rented to third parties under operating leases with leases negotiated for a term between one to three years (2024: three years) as at 31 March 2025. None of the leases includes contingent rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Within one year | 731 | 729 |
| After one year but within two years | 441 | 588 |
| Over two years | – | 441 |
| | 1,172 | 1,758 |

## 30. RETIREMENT BENEFITS SCHEME CONTRIBUTIONS

### Hong Kong

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The mandatory contributions from each of the employer and employees are subject to a cap of HK$1,500 per month.

During the year ended 31 March 2025, the total amount contributed by the Group to this scheme and charged to the consolidated statement of profit or loss and other comprehensive income was HK$1,340,000 (2024: HK$1,434,000).

## 31. SHARE-BASED PAYMENT TRANSACTIONS

### Equity-settled share option scheme of the Company

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of the Company passed on 2 May 2013 for the purpose of attracting and retaining the best quality personnel for the development of the Group's businesses, providing additional incentives to the qualifying grantees, and promoting the long term financial success of the Group by aligning the interests of option holders to shareholders of the Company. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, consultants, business partners or other eligible person as stated in the Share Option Scheme, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue during any 12-month period, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up within twenty-eight days from the date of the offer, upon payment of HK$1 per offer. Option periods of the options granted shall not be greater than a period of ten years from the date of grant of the options. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share option was granted during the years ended 31 March 2025 and 2024. There are no share options outstanding as at 31 March 2025 and 2024.

## 32. RELATED PARTY TRANSACTIONS AND BALANCES

**(a)** The Group had the following material transactions and balances with its related parties during the years:

| Name of company | Nature of transactions | *Notes* | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|---|
| Telecom Service Network Limited | Logistic fee paid thereto | *(i) & (iii)* | **940** | 1,029 |
| Onbo International Limited | Rental expenses paid thereto | *(ii) & (iii)* | **1,936** | 1,672 |
| Telecom Digital Services Limited ("TDS") | Received repairing and refurbishment service income therefrom | *(i) & (iii)* | **72** | 74 |
| Telecom Digital Data Limited ("TDD") | Received repairing and refurbishment service income therefrom | *(i) & (iii)* | **504** | 550 |
| Distribution One Limited ("D1") | Received repairing and refurbishment service income therefrom | *(i) & (iii)* | **–** | 281 |

Details of amounts due from related companies are as follows:

| | | | | Maximum amount outstanding during the year ended 31 March | |
|---|---|---|---|---|---|
| | *Notes* | 2025 HK$'000 | 2024 HK$'000 | 2025 HK$'000 | 2024 HK$'000 |
| **Related companies** | | | | | |
| TDD | *(iii) & (iv)* | **41** | 42 | **83** | 52 |
| TDS | *(iii) & (iv)* | **7** | 6 | **11** | 9 |
| D1 | *(iii) & (iv)* | **–** | 23 | **23** | 94 |
| | | **48** | 71 | | |

*Notes:*

(i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.

(ii) The rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the relevant party.

(iii) Cheung Brothers, the directors of the Company have beneficial interests in the companies.

(iv) The amounts were arisen from normal sales and purchase transactions. The amounts are unsecured, interest-free and expected to be settled according to their respective credit terms which are similar to those with third parties.

## 32. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

**(b)** The amount due to a related company was arisen from normal sales and purchase transactions. The amount was unsecured, interest-free and repayable on demand. The directors of the Company have beneficial interests in this related company.

**(c)** During the year ended 31 March 2025, the Group has made lease payments of HK$1,936,000 to a related company, where the lease is accounted for as short-term leases (2024: HK$1,672,000).

### (d) Banking facilities

During the year ended 31 March 2025, the banking facilities of HK$10,200,000 (2024: HK$10,200,000) have been granted from the banks and the unutilised bank facilities were HK$10,200,000 (2024: HK$8,000,000) as at 31 March 2025.

During the year ended 31 March 2025, the banking facility of USD3,000,000 (2024: USD3,000,000) has been granted for the purpose of financing the investments within or through the bank and the unutilised banking facilities for investment purpose were USD3,000,000 (2024: USD3,000,000) as at 31 March 2025.

### (e) Compensation of key management personnel

The remuneration of key management during the year was as follow:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Short-term benefits | **5,165** | 4,642 |
| Post-employment benefits | **108** | 116 |
| | **5,273** | 4,758 |

The remuneration of the key management personnel is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

# 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

## (a) Changes in liabilities arising from financing activities

| | Lease liabilities HK$'000 | Bank borrowing HK$'000 | Total HK$'000 |
|---|---|---|---|
| As at 1 April 2023 | 1,489 | – | 1,489 |
| Financing cash flows | | | |
| – Bank borrowing raised | – | 2,200 | 2,200 |
| – Repayment of lease liabilities | (2,850) | – | (2,850) |
| – Interest paid | (135) | (120) | (255) |
| Net cash (used in) generated from financing cash flows | (1,496) | 2,080 | 584 |
| – New leases entered | 5,917 | – | 5,917 |
| – Interest expenses | 135 | 120 | 255 |
| As at 31 March 2024 and 1 April 2024 | 4,556 | 2,200 | 6,756 |
| Financing cash flows | | | |
| – Bank borrowing repaid | – | (2,200) | (2,200) |
| – Repayment of lease liabilities | (2,956) | – | (2,956) |
| – Interest paid | (154) | (24) | (178) |
| Net cash generated from (used in) financing cash flows | 1,446 | (24) | 1,422 |
| – Interest expenses | 154 | 24 | 178 |
| As at 31 March 2025 | 1,600 | – | 1,600 |

## (b) Major non-cash transactions

During the year ended 31 March 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$5,917,000 (2025: nil) and HK$5,917,000 (2025: nil) respectively, in respect of lease arrangements for office and warehouse.

## 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| Non-current asset | | | |
| Investment in a subsidiary | *(a)* | – | 10,820 |
| Current assets | | | |
| Prepayments | | 118 | 115 |
| Amount due from a subsidiary | *(b)* | 59,555 | 129,530 |
| Bank balances and cash | | 115 | 121 |
| | | 59,788 | 129,766 |
| Current liabilities | | | |
| Other payables | | 210 | 210 |
| Amount due to a subsidiary | *(b)* | – | 67,778 |
| Bank borrowing | | – | 2,200 |
| | | 210 | 70,188 |
| Net current (liabilities) assets | | 59,578 | 59,578 |
| Net (liabilities) assets | | 59,578 | 70,398 |
| Capital and reserves | | | |
| Share capital | | 12,834 | 12,834 |
| Reserves | *(c)* | 46,744 | 57,564 |
| Total equity | | 59,578 | 70,398 |

*Notes:*

(a) As at 31 March 2025, the carrying amount of investment in a subsidiary was nil (2024: HK$10,820,000), net of accumulated impairment losses of HK$ HK$22,217,000 (2024: HK$11,397,000).

(b) The amounts due from/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

## 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

*Notes: (Continued)*

(c) Reserves

| | Share premium HK$'000 | Other reserve HK$'000 *(Note i)* | (Accumulated losses)/ retained profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1 April 2023 | 36,900 | 21,533 | 5,649 | 64,082 |
| Loss and total comprehensive expense for the year | – | – | (6,518) | (6,518) |
| At 31 March 2024 and 1 April 2024 | 36,900 | 21,533 | (869) | 57,564 |
| Loss and total comprehensive expense for the year | – | – | (8,253) | (8,253) |
| Dividends recognised as distribution *(Note 15)* | (2,567) | – | – | (2,567) |
| At 31 March 2025 | 34,333 | 21,533 | (9,122) | 46,744 |

*Note:*

(i) Other reserve represents the difference between the nominal value of the shares issued for the acquisition of TSO BVI and the consolidated net asset values of TSO BVI and its subsidiaries at the date of acquisition.

## 35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at 31 March 2025 and 2024, particulars of the Company's subsidiaries are as follows:

| Name of subsidiary | Place of incorporation or establishment/ operation | Issued and fully paid share capital/ registered capital | Percentage of equity interest attributable to the Company and proportion of voting power held by the Company | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | 2025 | | 2024 | | |
| | | | Direct | Indirect | Direct | Indirect | |
| TSO BVI | BVI | US$1,000 | 100% | – | 100% | – | Investment holding |
| Telecom Service One Limited | Hong Kong | HK$1,000 | – | 100% | – | 100% | Provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sale of related accessories and provision of supporting services |
| Joyful Ocean Investments Limited | Hong Kong | HK$1 | – | 100% | – | 100% | Property investment |
| TSO Macau | Macau | MOP100,000 | – | 100% | – | 100% | Inactive |

None of the subsidiaries had issued any debt securities during both years or the end of both years.

# FIVE YEARS FINANCIAL SUMMARY

| | Year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | 2022 | 2021 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Revenue | **44,223** | 54,387 | 51,381 | 34,757 | 38,350 |
| Cost of sales | **(40,691)** | (43,136) | (39,996) | (21,322) | (23,025) |
| Gross profit | **3,532** | 11,251 | 11,385 | 13,435 | 15,325 |
| Other income and gains | **5,912** | 3,507 | 3,973 | 3,511 | 9,341 |
| Other operating expenses, net | **(4,706)** | (4,315) | (3,200) | (2,158) | (6,155) |
| Administrative expenses | **(13,180)** | (14,477) | (14,554) | (13,168) | (8,661) |
| Impairment losses on property, plant and equipment | **–** | – | (2,399) | – | – |
| Impairment losses on investment properties | **(4,892)** | (196) | (2,098) | – | – |
| Loss on changes in fair value of financial assets at fair value through profit or loss | **–** | (4,749) | (432) | (2,019) | – |
| Finance costs | **(177)** | (255) | (33) | (67) | (48) |
| (Loss) profit before tax | **(13,511)** | (9,234) | (7,358) | (466) | 9,802 |
| Income tax credit (expense) | **106** | 60 | 243 | (541) | (229) |
| (Loss) profit for the year | **(13,405)** | (9,174) | (7,115) | (1,007) | 9,573 |
| Other comprehensive (expense) income | | | | | |
| *Items that will not be reclassified to profit or loss:* | | | | | |
| Remeasurement of long service payment obligations | **(331)** | (125) | (167) | 242 | 264 |
| Total comprehensive (expense) income for the year | **(13,736)** | (9,299) | (7,282) | (765) | 9,837 |
| (Loss) earnings per share (HK$) | | | | | |
| Basic and diluted | **(0.1044)** | (0.0715) | (0.0554) | (0.0078) | 0.0746 |
| ASSETS AND LIABILITIES | | | | | |
| Total assets | **61,857** | 85,616 | 89,107 | 97,047 | 100,122 |
| Total liabilities | **(7,426)** | (14,882) | (9,074) | (9,732) | (4,341) |
| | **54,431** | 70,734 | 80,033 | 87,315 | 95,781 |
| Equity attributable to owners of the Company | **54,431** | 70,734 | 80,033 | 87,315 | 95,781 |