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Edvance International Holdings Limited
安領國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1410

2024/25 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yui Ting Raymond
(Chairman and Chief Executive Officer)
Mr. Lee Francis Sung Kei
Mr. Lam Tak Ling

Non-executive Director

Mr. Lo Wai Ho Ashley

Independent non-executive Directors

Mr. Ng Tsz Fung Jimmy
Mr. Chan Siu Ming Simon
Mrs. Wong Hung Flavia Yuen Yee

AUDIT COMMITTEE

Mr. Ng Tsz Fung Jimmy *(Chairman)*
Mr. Chan Siu Ming Simon
Mrs. Wong Hung Flavia Yuen Yee

REMUNERATION COMMITTEE

Mrs. Wong Hung Flavia Yuen Yee *(Chairman)*
Mr. Liu Yui Ting Raymond
Mr. Chan Siu Ming Simon
Mr. Ng Tsz Fung Jimmy

NOMINATION COMMITTEE

Mr. Chan Siu Ming Simon *(Chairman)*
Mr. Liu Yui Ting Raymond
Mr. Ng Tsz Fung Jimmy
Mrs. Wong Hung Flavia Yuen Yee

INVESTMENT COMMITTEE

Mr. Liu Yui Ting Raymond *(Chairman)*
Mr. Lee Francis Sung Kei
Mr. Ng Tsz Fung Jimmy

COMPANY SECRETARY

Mr. Yuen Chun Fai *(HKICPA)*

AUTHORISED REPRESENTATIVES

Mr. Yuen Chun Fai *(HKICPA)*
Mr. Liu Yui Ting Raymond

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35/F., One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISOR

LCH Lawyers LLP
Room 2402, 24th Floor
Admiralty Centre Tower Two
18 Harcourt Road
Admiralty
Hong Kong

PRINCIPAL BANKER

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

CORPORATE INFORMATION (continued)

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

25th Floor, Tower 1
The Millennity
98 How Ming Street
Kwun Tong, Kowloon
Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

STOCK CODE

1410

COMPANY'S WEBSITE

www.edvanceintl.com

FINANCIAL SUMMARY OF THE PAST FIVE YEARS

A summary of the published results, assets and liabilities, cash flows and financial ratios of Edvance International Holdings Limited ("Company"), together with its subsidiaries ("Group") for the past five financial years are set out as follows:

	For the year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**734,346**	625,372	577,494	525,383	410,505
Gross profit	**141,393**	136,994	137,304	128,407	124,013
Profit (loss) before taxation	**29,100**	30,970	(24,508)	24,136	43,182
Profit (loss) for the year attributable to					
– owners of the Company	**24,547**	29,713	(27,478)	22,789	34,739
– non-controlling interests	**(9)**	(818)	(1,653)	(1,727)	(482)
Profit (loss) for the year	**24,538**	28,895	(29,131)	21,062	34,257

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**294,710**	322,312	274,648	261,297	144,672
Current assets	**599,505**	585,171	374,082	279,046	240,199
Non-current liabilities	**(232,236)**	(244,819)	(162,178)	(125,077)	(78,570)
Current liabilities	**(475,467)**	(498,368)	(349,308)	(250,655)	(162,125)
Net current assets	**124,038**	86,803	24,774	28,391	78,074
Net assets	**186,512**	164,296	137,244	164,611	144,176

FINANCIAL SUMMARY OF THE PAST FIVE YEARS
(continued)

	For the year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CASH FLOWS					
Net cash from operating activities	**66,412**	13,806	23,092	19,951	34,924
Net cash from (used in) investing activities	**32,893**	(4,505)	(11,368)	(60,961)	(16,819)
Net cash (used in) from financing activities	**(72,888)**	(20,663)	6,133	17,097	(18,278)
Net increase (decrease) in cash and cash equivalents	**26,417**	(11,362)	17,857	(23,913)	(173)
Cash and cash equivalents at beginning of the year	**55,867**	67,190	49,126	73,383	73,559
Effect of exchange rate changes	**378**	39	207	(344)	(3)
Cash and cash equivalents at end of the year	**82,662**	55,867	67,190	49,126	73,383

	For the year ended 31 March/As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
FINANCIAL RATIOS					
Net profit margin[1]	**3.3%**	4.8%	N/A	4.3%	8.5%
Return on equity[2]	**13.2%**	18.4%	N/A	14.2%	24.8%
Return on total assets[3]	**2.7%**	3.3%	N/A	4.2%	9.0%
Current ratio[4]	**1.3**	1.2	1.1	1.1	1.5
Quick ratio[5]	**1.2**	1.1	1.0	1.1	1.5
Gearing ratio[6]	**20.4%**	64.9%	85.3%	43.4%	28.1%
Debt to equity ratio[7]	**Net Cash**	30.9%	36.4%	13.6%	Net Cash
Interest coverage[8]	**7.7**	7.7	N/A	13.3	33.1
Average inventory turnover days[9]	**13**	19	13.4	8.6	8.4
Average trade receivables turnover days[10]	**104**	105	75	58	69
Average trade payables turnover days[11]	**82**	86	56	38	45

FINANCIAL SUMMARY OF THE PAST FIVE YEARS
(continued)

Notes:

1. Net profit margin is calculated based on the profit attributable to owners of the Company for the year divided by the revenue for the respective year.

2. Return on equity is calculated based on the profit attributable to owners of the Company for the year divided by the equity attributable to owners of the Company as at the respective year end and multiplied by 100%.

3. Return on total assets is calculated based on the profit attributable to owners of the Company for the year divided by the total assets as at the respective year end and multiplied by 100%.

4. Current ratio is calculated based on the total current assets as at the respective year end divided by total current liabilities as at the respective year end.

5. Quick ratio is calculated based on the total current assets minus inventories as at the respective year end divided by total current liabilities as at the respective year end.

6 For gearing ratio, it is defined as the sum of bank borrowings and lease liabilities, as at the respective year end divided by total equity as at the respective year end and multiplied by 100%.

7. Debt to equity ratio is calculated based on the total debt (defined as the sum of bank borrowings and lease liabilities) as at the respective year end minus cash and cash equivalents as at the respective year end divided by total equity as at the respective year end and multiplied by 100%.

8. Interest coverage ratio is calculated based on the profit before interest and tax for the respective year divided by interest paid for the respective year.

9. Average inventory turnover days is calculated using the arithmetic mean of the beginning and closing balances of inventories for the relevant year divided by cost of sales for the relevant year and multiplied by 365 days in the relevant year.

10. Average turnover days of trade receivables is calculated using the average balance of trade receivables divided by revenue for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade receivables is the arithmetic mean of the beginning and the ending balance for the relevant year.

11. Average turnover days of trade payables is calculated using the average balance of trade payables divided by cost of sales for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade payables is the arithmetic mean of the beginning and the ending balance for the relevant year.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Company's board of directors ("Board"), I am pleased to present the audited consolidated financial statements for the year ended 31 March 2025 ("FY2025"). We achieved a new record in revenue of approximately HK$734.3 million, making an impressive growth of approximately 17.4% compared to the previous fiscal year. This outstanding achievement is a testament to the dedication and expertise of our talented employees, and I sincerely thank them for their unwavering commitment and professionalism.

The increasing sophistication of cyber threats, driven in part by advancements in artificial intelligence, evolving regulations, and widespread automation, has heightened the demand for robust cybersecurity solutions. Our commitment to addressing these challenges has strengthened our market position.

Nevertheless, we maintain a cautious outlook on the overall market and operating environment, as rising business costs and intensified competition continue to put pressure on operating margins. In response, the management team has thoroughly reviewed our business strategy and implemented several key initiatives to position the Group for sustainable growth. These efforts are designed to bolster our competitive advantage amid forecasts of increasing economic and geopolitical uncertainties, which we anticipate will persist in the medium term.

Throughout the year, we successfully launched a range of new cybersecurity products and actively explored additional technologies from China tailored to the local market. To support these efforts, we enhanced our support services to deliver secure, high-performance, and cost-effective solutions that align with our customers' evolving needs.

A key highlight of FY2025 was the positive reception of our transition to a subscription-based business model, which has contributed to more stable and predictable revenue streams. Our security-as-a-service offerings have gained significant traction, particularly as many organizations face challenges related to limited IT and cybersecurity expertise. This trend is reflected in the growing number of clients adopting our new offerings.

On behalf of our Board, we extend our gratitude to our shareholders, partners, and customers for their continued trust in us.

LIU Yui Ting Raymond
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 23 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business overview

FY2025 was another record year for our Company, with revenue reaching an all-time high of approximately HK$734.3 million, representing approximately 17.4% year-over-year growth. In many respects, this validated our strategy and effort of the Company's management in the past few years to transition our revenue model from a transactional cybersecurity products business into a recurring-revenue services business.

The Group observes sustained focus and strong demand for cybersecurity products and services in Hong Kong, which has been a key driver of our ongoing revenue growth. We are confident that this positive trend will continue in the short to medium term.

Through prudent and effective cost management measures, operating profit has improved. As a result, excluding fair value changes on investments and non-recurring other gains and losses items, the current year's operating performance turned around from a loss of approximately HK$0.4 million for the year ended 31 March 2024 ("FY2024") to a profit of approximately HK$18.2 million for FY2025.

The Group remains committed to executing our corporate strategy and is focused on delivering our core competence and exceptional services to our clients.

Cybersecurity product distribution and services

With the rapid advancement and widespread adoption of artificial intelligence, cyberattacks have grown increasingly sophisticated. Alongside evolving regulations and the rise of automation across industries, businesses are placing heightened emphasis on cybersecurity, driving the demand for a diverse range of solutions to address these complex threats.

In FY2025, the Group experienced robust demand for cybersecurity products and services, reflecting the persistent and growing need for enhanced security measures.

Moreover, our successful shift to a subscription-based business model has delivered positive outcomes, resulting in more stable and predictable revenue streams. This transition has further strengthened our position as a leading distributor of cybersecurity solutions.

In FY2025, the Group introduced new cybersecurity products and is actively evaluating additional products and technologies from China that align with the local market's requirements. At the same time, we are strengthening our support services to provide secure, high-performance, and cost-effective cybersecurity solutions that meet our customers' evolving needs.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Cybersecurity-as-a-service

Our cybersecurity-as-a-service offerings continue to gain significant traction. Local challenges stemming from insufficient IT and cybersecurity expertise are driving increased demand for outsourced cybersecurity services, as evidenced by a growing number of clients adopting our cybersecurity-as-a-service solutions.

Additionally, our newly launched online cybersecurity awareness training platform has been well received in FY2025, offering local organisations easy online access to vital cybersecurity knowledge, fulfilling an existing gap in strengthening employee security posture. The Group anticipates this innovative product line will grow into a rapidly expanding business segment. With training content also available in Thailand and Malaysia, we aim to achieve a significant breakthrough in the Association of Southeast Asian Nations (ASEAN) market.

Digital assets financial services and investment

FY2025 has been marked by significant volatility in global financial markets, with fluctuating stock prices and evolving investor sentiment. These uncertainties highlight the importance of prudent financial management and disciplined investment strategies.

In FY2025, the strategic investment in the holding company of Hong Kong Digital Asset Ex Limited ("HKbitEX") is our main investment in this business segment. Such investment contributed to fair-value gain on financial assets at fair value through profit and loss ("FVTPL") of approximately HK$1.0 million (FY2024: approximately HK$32.4 million) for the Group in FY2025.

We remain committed to safeguarding shareholder value while pursuing sustainable growth. Recognising the challenges posed by market instability, we will adopt a cautious and selective approach to capital allocation.

OUTLOOK

Looking ahead, we remain optimistic about the Group's overall business outlook. Despite some uncertainties in market conditions in the short term, demand for cybersecurity products and services, including cybersecurity-as-a-service, continues to be strong in Hong Kong and across the ASEAN region.

We will maintain our focus on our core business, delivering enhanced value to our clients while exercising prudent operational management. Our commitment is to develop cybersecurity solutions that more effectively address regional needs and ensure our clients are well protected against cyber threats.

In closing, we again sincerely thank our employees, partners, customers, and shareholders for their steadfast support. We eagerly anticipate exciting developments in the year ahead.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK$109.0 million, or approximately 17.4% from approximately HK$625.4 million for FY2024 to approximately HK$734.3 million for FY2025. The increase was mainly attributable to the continuous strong demand for our core cybersecurity products and cybersecurity services related businesses.

Gross profit and gross profit margin

Our gross profit increased by approximately HK$4.4 million, or approximately 3.2% from approximately HK$137.0 million for FY2024 to approximately HK$141.4 million for FY2025. Our gross profit margin decreased from approximately 21.9% for FY2024 to approximately 19.3% for FY2025. The increase in gross profit compared with FY2024 was mainly due to increase in revenue. The lowered gross profit margin compared with FY2024 was mainly due to higher technical services costs incurred in cybersecurity services business and comparative lower margin on cybersecurity products business driven by market competitive pressure.

Other income

Our other income mainly comprises bank interest income and interest income from rental deposits and deposits for life insurance contracts that we purchased for certain directors of the Company and senior management of the Group.

Other gains and losses, net

Other gains and losses, net for FY2025, mainly represented (i) the gain on disposal of property and equipment of approximately HK$4.4 million in relation to the disposal of Singapore properties (FY2024: loss on disposal and written off of property and equipment of approximately HK$0.02 million); and (ii) the fair value gain on financial assets at FVTPL of approximately HK$1.9 million (FY2024: approximately HK$32.3 million). This fair value gain on financial assets at FVTPL mainly represented the fair value on unlisted investment of the holding company of HKbitEX of approximately HK$1.0 million in FY2025 (FY2024: approximately HK$32.4 million).

Distribution and selling expenses

Our distribution and selling expenses decreased by approximately HK$2.3 million, or approximately 5.5% from approximately HK$41.0 million for FY2024 to approximately HK$38.8 million for FY2025. Such decrease was due to decrease in marketing staff costs in FY2025.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Administrative and other expenses

The administrative and other expenses significantly decreased by approximately HK$18.2 million, or approximately 20.4% from approximately HK$89.3 million for FY2024 to approximately HK$71.1 million for FY2025 mainly due to the decrease in (i) administrative staff costs by approximately HK$11.6 million; and (ii) general operating costs by approximately HK$6.6 million as a result of strict cost control in FY2025.

Finance costs

Our finance costs decreased by approximately HK$0.3 million, or approximately 6.6% from approximately HK$4.6 million for FY2024 to approximately HK$4.3 million for FY2025. Such decrease was mainly due to decrease in averaged bank borrowings.

Taxation

Our taxation increased by approximately HK$2.5 million, or approximately 119.9% from approximately HK$2.1 million for FY2024 to approximately HK$4.6 million for FY2025. Such increase was mainly due to the increase in provision of profit tax for FY2025 by approximately HK$2.0 million.

Profit for the year attributable to owners of the Company

The Group recorded profit attributable to owners of the Company of approximately HK$24.5 million in FY2025 (FY2024: approximately HK$29.7 million). The profit in FY2025 was mainly attributable to the increase in revenue and strict cost control and the gain on disposal of property and equipment.

Cash flow

The net cash generated from operating activities increased by approximately HK$52.6 million from approximately HK$13.8 million in FY2024 to approximately HK$66.4 million in FY2025, representing a significant increase of approximately 381.0%.

Dividend

In view of the recent uncertainties in the market and the importance of maintaining sufficient liquidity for the Group's long-term development, the Board recommended not to declare a final dividend for FY2025.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

We financed our operation mainly through cash generated from our operating activities and bank borrowings. As at 31 March 2025, we had cash and cash equivalents of approximately HK$82.7 million (as at 31 March 2024: approximately HK$55.9 million), among which approximately 60.6% was denominated in Hong Kong Dollars, approximately 11.3% was denominated in United States Dollars, approximately 21.0% was denominated in Singapore Dollars and the remaining 7.1% was denominated in other currencies.

As at 31 March 2025, the Group's total bank borrowings reduced by approximately 83.3% from that of last year and amounted to approximately HK$11.8 million (as at 31 March 2024: approximately HK$70.5 million), which was mainly attributable to the repayment of mortgage in relation to the disposal of Singapore properties and the reduction of invoice financing in FY2025. As at 31 March 2025, all of the Group's bank borrowings were secured and guaranteed, and with repayment due dates ranging from 2025 to 2028 and all of which was denominated in Hong Kong Dollars. As at 31 March 2025, all of the bank borrowings bore floating interest rates.

The Group's gearing ratio which is defined as the sum of bank borrowings and lease liabilities at the respective year end divided by total equity as at respective year end and multiplied by 100%, was approximately 20.4% and 64.9% as at 31 March 2025 and 2024, respectively.

CAPITAL STRUCTURE

As at 31 March 2025, the capital structure of the Company comprised bank borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group had no significant capital commitment in respect of property and equipment contracted but not provided for (as at 31 March 2024: Nil).

SEGMENT INFORMATION

An analysis of the Group's revenue, assets and liabilities from reportable segments and by geographical locations is set out in note 7 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have plans for material investments and capital assets as at 31 March 2025.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SIGNIFICANT INVESTMENTS

As at 31 March 2025, the financial assets at FVTPL of the Group amounted to approximately HK$50.9 million (as at 31 March 2024: approximately HK$45.5 million), mainly included unlisted preference shares investment of approximately HK$46.5 million (as at 31 March 2024: approximately HK$45.5 million).

The directors of the Company ("Directors") considered that (i) investments with a carrying amount that account for more than 5% of the Group's audited consolidated total assets as at 31 March 2025; or (ii) investments which recorded realised or unrealised gain/(loss) of over HK$5 million during FY2025 as significant investments.

Description of investments	Note	Carrying amount as at 1 April 2024	Acquisition and disposal, net during the year	Fair value gain recognised in profit and loss, net during the year	Carrying amount as at 31 March 2025	Percentage to the Group's audited consolidated total assets as at 31 March 2025
		HK$'000	HK$'000	HK$'000	HK$'000	
Financial assets at FVTPL						
Unlisted preference shares investment, at fair value						
– investment in the holding company of HKbitEX	(a)	45,510	–	1,015	46,525	5.20%
Equity securities listed in Hong Kong		–	3,453	930	4,383	0.49%
Total		45,510	3,453	1,945	50,908	5.69%

Note:

(a) This unlisted preference shares investment, being 102,273 shares and originally represented approximately 6% of issued shares (on an as-converted basis) of the Tykhe Capital Group Limited ("Tykhe"). Subsequently, in July 2021, Tykhe completed a subscription agreement with several investors with respect to issuance of Pre-Series B Preference Shares of Tykhe and our shares represented approximately 5.82% of issued shares (on a converted basis) of Tykhe. Such unlisted preference shares investment was originally held for an identified long-term strategic purpose. The initial investment cost of such investment was approximately HK$23.3 million. At the end of FY2025, the Group intended to dispose such shares to willing buyers in the foreseeable future in order to maximise the returns of the shareholders of the Company.

Tykhe was established in July 2018 and principally engaged in the operation of a virtual asset trading exchange through its wholly-owned subsidiary, HKbitEX. HKbitEX is headquartered in Hong Kong and obtained the approval in principle from the SFC for dealing in securities (Type 1) and automated trading services (Type 7) licences for a virtual asset trading platform, which will enable them to offer regulated virtual asset trading services to global professional and institutional investors.

As at 31 March 2025, the fair value of this unlisted preference shares investment was approximately HK$46.5 million based on the valuation report prepared by an independent professional valuer.

Save as disclosed above, the Group had no other significant investment during FY2025.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CONNECTED TRANSACTION

On 26 April 2024, Edvance Financial Holdings Limited ("Edvance Financial"), a direct wholly-owned subsidiary of the Company, Jaguar Investment Limited ("Jaguar Investment") and Mr. Liu Yui Ting Raymond ("Raymond Liu"), as vendors ("Vendors"), and three purchasers ("Purchasers"), who were third parties independent of the Company and its connected persons, entered into the sale and purchase agreement ("Agreement") pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the 15,500 ordinary shares ("Sale Shares") of Axion Global Financial Group Limited ("AGFG") (being the entire issued share capital of AGFG) at a total consideration of HK$6,445,000, in which HK$3,867,000 was attributable to the Group ("Disposal").

As at the date of the Agreement and immediately before completion of the sale and purchase of the Sale Shares ("Completion"), Edvance Financial held 60% of the issued share capital of AGFG. Completion took place immediately after the signing of the Agreement. Immediately upon Completion, the Group ceased to hold any interest in AGFG and its subsidiary.

As at the date of the Agreement, (i) Mr. Raymond Liu was an executive director, a chief executive officer and a controlling shareholder of the Company; and (ii) Jaguar Investment was wholly-owned by Mr. Raymond Liu and was therefore an associate of Mr. Raymond Liu. As such, Mr. Raymond Liu and Jaguar Investment are connected persons of the Company under the Rules ("Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange"). The entering into of the Agreement by Edvance Financial with Mr. Raymond Liu, Jaguar Investment and other parties of the Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Further details of the Disposal were set out in the announcement of the Company dated 26 April 2024.

Save as disclosed above, the Group did not have any other connected transaction (including continuing connected transaction) during FY2025.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

DISPOSAL OF SINGAPORE PROPERTIES

On 6 December 2024, Edvance Property Investment (Singapore) Pte. Ltd. ("EPISG"), an indirect wholly-owned subsidiary of the Company, as vendor, had issued options to purchase ("Options to Purchase") to Sunho Investment Holdings Pte. Ltd. ("Sunho Investment"), as purchaser, pursuant to which EPISG had agreed to grant Sunho Investment options to purchase two properties located at 2 Sims Close #01-11 and #01-12 Gemini @ Sims, Singapore 387298 (collectively as the "Singapore Properties") at the consideration of S$2,800,000 (equivalent to approximately HK$16,240,000) and S$2,750,000 (equivalent to approximately HK$15,950,000) respectively, exclusive of Goods and Services Tax in Singapore.

On 25 March 2025, all conditions precedent as set out in the Options to Purchase had been fulfilled and completion of the sale and purchase of the Singapore Properties ("SP Completion") took place on the same day in accordance with the terms and conditions of the Options to Purchase. Upon SP Completion, EPISG and the Group ceased to have any interest in the Singapore Properties.

Further details of the disposal of the Singapore Properties were set out in the announcements of the Company dated 6 December 2024 and 25 March 2025.

MATERIAL ACQUISITIONS AND DISPOSALS

Saved as disclosed in this annual report, the Group had no other material acquisitions or disposals of subsidiaries, associates and joint ventures during FY2025.

CONTINGENT LIABILITIES

As at 31 March 2025, the Group had no material contingent liabilities (as at 31 March 2024: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

Certain subsidiaries of the Group have sales and purchases denominated in United States Dollars and Singapore Dollars. The Group did not use any financial instrument for hedging purposes during FY2025. The Group will continue to monitor its foreign currency risk exposure and will consider hedging when necessary.

CHARGE ON GROUP'S ASSETS

As at 31 March 2025, the Group's bank borrowings were secured by the properties located in Hong Kong and life insurance contracts entered into with a bank.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

INFORMATION ON EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group had 115 employees (as at 31 March 2024: 128 employees) and most of them were working in the Hong Kong offices. We incurred staff costs inclusive of performance related bonus, share based payments and directors' emoluments of approximately HK$78.4 million and HK$93.4 million for FY2025 and FY2024, respectively.

The remuneration package for the Group's employees generally includes salary and bonuses. The Group's employees also receive welfare benefits, including retirement benefits, occupational injury insurance, medical insurance and other miscellaneous items. The Group conducts annual review of the performance of the Group's employees for determining the level of bonus, salary adjustment and promotion of the Group's employees. The Group also conducts research on the remuneration packages offered for similar positions in Hong Kong in order to keep the Group's remuneration packages at a competitive level. The Company has also adopted the share option scheme and share award scheme, which are designed to provide incentives and rewards to the Group's employees.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liu Yui Ting Raymond (廖銳霆) ("Mr. Raymond Liu"), aged 56, was appointed as the chairman of the Company ("Chairman"), re-designated as an executive Director on 21 November 2016, and was appointed as the chief executive officer of the Company ("Chief Executive Officer") on 18 September 2020. He is one of the founders of the Group and has been directors of certain subsidiaries of the Company. Mr. Raymond Liu is responsible for the overall business development, strategic planning and major decision-making of the Group. Mr. Raymond Liu is also a shareholder and director of Success Vision, the controlling shareholder of the Company, which is beneficially interested in approximately 56.76% of the total issued share capital of the Company.

Mr. Raymond Liu has over 30 years of experience in the IT industry. Mr. Raymond Liu was an analyst programmer of PowerGen Plc, a power generation company, from August 1991 to January 1994, and he was responsible for IT application development. Mr. Raymond Liu then worked at Hewlett-Packard Hong Kong Ltd ("HP Hong Kong"), from October 1994 to October 2000, and he last served as a consultant responsible for managing large scale IT bids and projects implementation. He was a vice president of e2 Tech Advisory Group Limited, a subsidiary of e2-Capital (Holdings) Limited (currently known as FDG Kinetic Limited) (stock code: 378 prior to the cancellation of the listing of its shares in February 2023) and principally engaged in financing, securities trading and asset investments, from October 2000 to March 2001, and was responsible for managing business and technology consulting projects. He was the vice president of Ebizal Consulting (Hong Kong) Limited from April 2001 to November 2001, and he was responsible for overseeing the business and technology consulting team.

Mr. Raymond Liu graduated from University of Strathclyde in the United Kingdom with a bachelor of engineering degree in information engineering in July 1991.

Mr. Lee Francis Sung Kei (李崇基) ("Mr. Francis Lee"), aged 47, was appointed as an executive Director on 21 November 2016 and is a director of a number of subsidiaries of the Company. He joined the Group in May 2004 as an associate consultant and was promoted to director of the product strategy and management department of Edvance Technology (Hong Kong) Limited ("Edvance Technology"), a subsidiary of the Company, in November 2014. He is currently responsible for the marketing of cybersecurity products and services of the Group.

Mr. Francis Lee has over 20 years of experience in the IT industry. Mr. Francis Lee was a web master of Phoenix Travel Group, a travel agency in London, from October 2000 to February 2003, and he was primarily responsible for the analysis, design and programming of web-based applications. Mr. Francis Lee was a technical engineer of Accenture Technology Solutions Limited, which was principally engaged in the application development, administration and software maintenance, from February 2003 to March 2004, and he was responsible for development and consulting application.

He obtained a bachelor of engineering degree in mechanical engineering from the University of London, Queen Mary and Westfield College in the United Kingdom in July 1998 and a master of science degree in business systems analysis and design from the City University in the United Kingdom in December 1999.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Mr. Lam Tak Ling (林德齡) ("Mr. Lam"), aged 54, was appointed as an executive Director on 21 November 2016. He joined the Group in January 2011 and he is responsible for managing the overall development of enterprise solutions.

Mr. Lam has over 23 years of experience in the IT industry. He joined HP Hong Kong in September 1997 and subsequently Hewlett-Packard HKSAR Ltd., and his last position prior to his departure in December 2010 was program manager.

Mr. Lam obtained a bachelor of engineering degree in computer science and a master philosophy degree in computer science from the Hong Kong University of Science & Technology in November 1995 and November 1998, respectively.

NON-EXECUTIVE DIRECTOR

Mr. Lo Wai Ho Ashley (羅偉浩) ("Mr. Ashley Lo"), aged 60, was re-designated as a non-executive Director on 1 January 2018. Mr. Ashley Lo is one of the founders of the Group and has been a technology director since August 2002. Mr. Ashely Lo is also a shareholder and director of Success Vision, the controlling shareholder of the Company, which is beneficially interested in approximately 56.76% of the total issued share capital of the Company.

Mr. Ashley Lo has over 29 years of experience in the IT industry. Prior to joining to the Group, he was a software engineer of DATAP Systems Division of Sandwell Inc., whose principal business was the development of IT systems, from December 1989 to August 1992, and he was responsible for system development. Mr. Ashley Lo was a system engineer of Epic Data Division of Sylogist Ltd., which was principally engaged in the development of IT systems, from September 1992 to October 1995, and he was responsible for system development. From 1999 to August 2002, Mr. Ashley Lo was a technology director of Edeas Limited, a digital agency based in Hong Kong. Since November 2022, Mr. Ashley Lo has been appointed as an independent non-executive director of Wong's International Holdings Limited (Stock code: 99), a company whose shares are listed on the main board of the Stock Exchange.

Mr. Ashley Lo graduated from the University of British Columbia in Canada with a bachelor of applied science in electrical engineering in May 1989.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Tsz Fung Jimmy (吳子豐) ("Mr. Jimmy Ng"), aged 62, was appointed as an independent non-executive Director on 23 March 2017. He is a member of our nomination committee, remuneration committee, and investment committee, and is the chairman of our audit committee.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Mr. Jimmy Ng has approximately 31 years of experience in finance and accounting. He worked as an auditor of Kennic L.H. Lui & Co., from August 1988 to January 1989. From January 1989 to March 1993, Mr. Jimmy Ng worked as a senior manager of Lewis Luk & Co., which is a legal firm and he was primarily responsible for human resources, finance and administration. Mr. Jimmy Ng was a chief finance officer of GEM Group Consultant Limited from May 1993 to April 1999, and he was responsible for accounting, company secretary, auditing, administration and human resources management. From May 1999 to April 2001, Mr. Jimmy Ng was a general manager of Tianjin Viction (Group) Company (天津維信(集團)有限公司), and Mr. Jimmy Ng was responsible for human resources management and financial management, and the sales of the import and export businesses. From May 2001 to May 2002, Mr. Jimmy Ng worked as a chief finance officer of GEM Group Consultant Limited, and he was responsible for providing advices on financial matters, company reorganisation, human resources management and corporate management. From March 2003 to April 2005, Mr. Jimmy Ng worked as a vice president of G&A Manufacturing Company Limited, which was principally engaged in the garment industry, and he was responsible for the finance, human resources management and business operation. From May 2005 to December 2006, Mr. Jimmy Ng worked at Goldsland Holdings Company Limited* (廣新控股有限公司) and his last position held was chief investment officer, and he was responsible for managing internal affairs of the company and all related issues including due diligence on potential investment prospects of the Company. From December 2006 to September 2014, Mr. Jimmy Ng was the chief operating officer of GEM Group Consultant Limited. From September 2014 to January 2018, Mr. Jimmy Ng was the general manager of the control management division of Bridgestone Aircraft Tire Co (Asia) Limited.

Mr. Jimmy Ng obtained a master degree in professional accounting from The Hong Kong Polytechnic University in December 2005. He became a fellow member of The Association of Chartered Certified Accountants in November 2001 and is a non-practising member of Hong Kong Institute of Certified Public Accountants.

Mr. Chan Siu Ming Simon (陳兆銘) ("Mr. Simon Chan"), aged 56, was appointed as an independent non-executive Director on 23 March 2017. He is a member of our remuneration committee and audit committee and is the chairman of our nomination committee.

Mr. Simon Chan has over 19 years of experience in the legal industry. He was admitted as a solicitor in Hong Kong in November 2003. He joined Baker McKenzie as a trainee solicitor in September 2001 and became an associate from September 2003 to January 2008. Mr. Simon Chan joined Langham Hospitality Group as the vice president of the legal department in January 2008 and become the head of the legal department since 26 February 2019.

Mr. Simon Chan graduated from The University of British Columbia in Canada with a bachelor of applied science degree in electrical engineering in May 1991. He further obtained a master of business administration degree from University of Surrey in the United Kingdom through distance learning in October 1998. He was awarded a postgraduate certificate in laws from The University of Hong Kong in June 2001, and earned a bachelor of laws degree from The Manchester Metropolitan University in the United Kingdom through part-time study in September 2002.

* *For identification purpose only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Mrs. Wong Hung Flavia Yuen Yee (黃洪琬貽) ("Ms. Flavia Hung") (also known as Ms. Hung Yat Yee Flavia 洪逸儀), aged 57, was appointed as an independent non-executive Director on 23 March 2020. She is a member of our nomination committee and audit committee and is the chairman of our remuneration committee.

Ms. Flavia Hung has around 30 years of finance and management experience. Prior to joining the Company, Ms. Flavia Hung was a financial planner of AIA International Limited from March 2018 to May 2021. Ms. Flavia Hung has worked at different Hong Kong listed companies over the years, Ms. Flavia Hung worked (i) as the chief investment officer at Combest Holdings Limited (Stock Code: 8190 prior to the cancellation of the listing of its shares in December 2020) from February 2010 to September 2017; (ii) as an executive director of Man Sang International Limited (stock code: 938) from August 2008 to June 2009. Ms. Flavia Hung has also worked at GCS-CIMB Securities (Hong Kong) Limited (formerly known as CIMB-GK Securities (HK) Limited), DBS Asia Capital Limited, Vickers Ballas Capital Limited, and the listing division of the Stock Exchange. Since April 2022, Ms. Flavia Hung has also been appointed as an independent non-executive director of One Media Group Limited (Stock code: 426), a company whose shares are listed on the main board of the Stock Exchange.

Ms. Flavia Hung holds a bachelor's degree in business administration from California State University, Los Angeles, USA.

Save as disclosed above, each of the Directors (i) has not held any directorships in any public companies (the securities of which are listed on any securities market in Hong Kong or overseas) in the last three years; (ii) does not have any family relationship with any other Directors, senior management or substantial or controlling shareholders of the Company; and (iii) does not hold any positions in the Company or other members of the Group.

SENIOR MANAGEMENT

Ms. Tsai Shuen Shuen (蔡旋旋) ("Ms. Tsai"), aged 49, joined the Group in September 2016. She is the chief executive officer of Edvance Technology. She manages the business development, product and channel strategic planning of Edvance Technology.

Ms. Tsai has over 18 years of experience in the IT industry. She worked in Riverbed Technology from January 2009 to June 2016, her last position was channel sales manager for Hong Kong, Macau and Taiwan. She was a product manager of ACW Distribution (HK) Ltd from April 2007 to January 2009. Ms. Tsai joined Wafer Systems (Hong Kong) Ltd in October 2001 as a sales manager and became a regional sales manager from July 2003 to January 2005.

Ms. Tsai obtained a diploma in business administration from Hong Kong Shue Yan University in 1999 with honors.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Ms. Law Wai Chi (羅偉慈) ("Ms. Law"), aged 45, joined the Group in December 2003, she is the head of operations of the Group since April 2024. She joined the Group as an IT specialist and was promoted to a business operation manager in April 2008. From March 2017 to February 2020, she was the internal control and compliance director, responsible for managing internal compliance matters of the Group. From February 2020 to March 2024, she was the strategic projects and corporate development director.

Ms. Law has over 20 years of experience in information technology industry. She was a sales engineer of Flytech Technology (HK) Ltd., which is principally engaged in sale of point-of-sales system, from June 2002 to September 2003, and she was responsible for promotion and sales of information technology products and customer support.

Ms. Law graduated from The Chinese University of Hong Kong with a bachelor of science degree in December 2002.

COMPANY SECRETARY

Mr. Yuen Chun Fai (阮駿暉) ("Mr. Yuen"), aged 46, was appointed as the company secretary of the Company on 1 June 2020. Mr. Yuen is the head of finance of the Group since April 2024 and is primarily responsible for overseeing and monitoring the company secretarial matters, operation finance and corporate finance exercises of the Group.

Mr. Yuen has over 20 years' experience in the field of financial reporting, financial management and audit in Hong Kong, China, Malaysia and Singapore. Mr. Yuen obtained a Bachelor Degree of Science in Accounting and Finance from The London School of Economics and Political Science in 2002. Mr. Yuen is a fellow member of the Association of Chartered Certified Accountants and also a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. Yuen is currently an independent non-executive director of Bradaverse Education (Int'l) Investments Group Limited (Stock code: 1082), a company whose shares are listed on the main board of the Stock Exchange. From January 2020 to November 2024, Mr. Yuen was an independent non-executive director of Cornerstone Technologies Holdings Limited (Stock Code: 8391), a company whose shares are listed on GEM of the Stock Exchange.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this Corporate Governance Report in the Company's annual report for FY2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to establish good corporate governance and adopt sound corporate governance practices. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing the interests of shareholders of the Company ("Shareholders").

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") within the Corporate Governance Code ("CG Code") contained in Appendix C1 of the Listing Rules.

In the opinion of the Directors, save for the deviation of code provision C.2.1 of the CG Code, as disclosed in the paragraph headed "Chairman and Chief Executive Officer" below, the Company has complied with the Code Provisions as set out in the CG Code during FY2025 to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner. Key corporate governance principles and practices of the Company are summarised below.

THE BOARD

Corporate purpose, values and culture

The Group's purpose is to advance the adoption of cybersecurity and fintech innovations. Building on our foundation as a market leader in cybersecurity solutions, we fostered a culture that promote creativity, opportunities to exchange ideas and cross-fertilisation of innovative advancements and solutions to enhance long-term sustainable growth and value as a principal objective of the Company. Guided by the Group's core values, the Board plays a leading role in defining the purpose and strategic direction of the Group, sets the tone and shapes the corporate culture of the Company to ensure all businesses across the Group are aligned with the same purpose.

Corporate strategy

The principal objective of the Company is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings and cash flow to ensure the Group's financial strength and stability. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets and earnings. The Chairman's Statement and the Business Review contained in this annual report, include discussions and analyses of the Group's performance, the basis on which the Group generates and preserves value in the longer term and delivers the Group's objectives. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the standalone environmental, social and governance report of the Group.

CORPORATE GOVERNANCE REPORT (continued)

Responsibilities and delegation

The Board is entrusted with the overall responsibility for promoting the success of the Company by providing effective leadership and direction to its business and ensuring transparency and collective accountability of its operations. The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control systems, risk management systems, material transactions (in particular those may involve conflict of interests), financial information, change of Directors, ad hoc projects and other significant financial and operational matters. The Board has the full support of the management of the Group to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are currently delegated to executive Directors and the senior management of the Group. The delegated arrangements, functions and work tasks are periodically reviewed. Where applicable, the executive Directors and the senior management of the Group shall report to the Board and approval has to be obtained from the Board prior to any significant transactions. All Directors have full and timely access to all relevant information of the Company, with a view to ensure that Board procedures and all applicable rules and regulations in the Cayman Islands, Hong Kong and all other jurisdictions the Group operates in are followed. Each Director is normally able to seek independent advice in appropriate circumstances at the Company's expense, upon making request to the Board.

In addition, the Board has also delegated various responsibilities to the board committees of the Company ("Board Committees"). Further details of the Board Committees are set out below in this report.

The Board is also responsible for, among others, performing the corporate governance duties as set out in the code provision A.2.1 of the CG Code, which include:

– to develop and review the Group's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of the Directors and senior management;

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

– to develop, review and monitor the code of conduct and compliance manual applicable to the Directors and employees; and

– to review the Group's compliance with the CG Code and disclosure in the corporate governance report.

CORPORATE GOVERNANCE REPORT (continued)

The Company has arranged appropriate liability insurance coverage for all the Directors, including company securities, employment practices, regulatory crisis event, investigation, litigation, tax liabilities and public relation, etc., which is to be reviewed by the Board on a regular basis.

The Board has delegated day-to-day operation responsibility to the management of the Company under the supervision of the executive Directors and various Board committees. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entering into by the foregoing officers and senior management.

The Company recognises that Board independence is essential to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. Pursuant to the mechanisms, independent non-executive Directors are required to, among other matters, (i) keep up-to-date with the Company's business affairs and be involved in scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitor the relevant reporting; and (ii) bring independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and assist in reviewing some of the Board's major decisions, the Company's performance in relation to corporate goals, and monitor the relevant reporting. The governance framework and mechanisms are kept under regular review to align with international best practice, ensuring their effectiveness. In June 2025, the Board conducted a review and considered that such mechanisms were properly implemented during FY2025 and were effective.

The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilitates effective and active participation by our non-executive Director and all independent non-executive Directors ("INEDs"). Each year, our Chairman meets with the INEDs once without the presence of other Directors, enabling them to express their views outside the boardroom.

The Board, led by our Chairman and Chief Executive Officer, Mr. Raymond Liu, determines, monitors and oversees our Group-wide strategies, policies, annual budgets, business plans and culture, evaluates the performance of the Company, and supervises the management of the Company. Our executive Directors and senior management of the Group are responsible for the day-to-day operations of the Group under the leadership of our Chairman and Chief Executive Officer, and putting in place mechanisms for ensuring that the desired culture of the Company is understood and shared at all levels of the Group.

Board performance

The Company regards Board evaluation as a critical tool to assess the effectiveness and efficiency of the Board. The Board has carried out a self-assessment this year led by the remuneration committee, by way of interviews with each Director separately to evaluate the performance of the Board during the year. The objective of the evaluation is to ensure that the Board and its committees continue to act effectively in fulfilling the duties and responsibilities expected of them, and to develop action plans for improvement. The Directors' recommendations have been analysed, discussed and prioritised. Based on the performance review, the Board considers its existing practice as effective and will arrange where appropriate more workshops and training for Directors. The Board is also satisfied that it has met its performance objectives and each Director has contributed positively to the overall effectiveness of the Board.

CORPORATE GOVERNANCE REPORT (continued)

Board composition

The Board comprised the following Directors during FY2025 and up to the date of this annual report:

Executive Directors
Mr. Liu Yui Ting Raymond *(Chairman and Chief Executive Officer)*
Mr. Lee Francis Sung Kei
Mr. Lam Tak Ling

Non-executive Director
Mr. Lo Wai Ho Ashley

Independent non-executive Directors
Mr. Ng Tsz Fung Jimmy
Mr. Chan Siu Ming Simon
Mrs. Wong Hung Flavia Yuen Yee

The nomination committee of the Company (the "Nomination Committee" or "NC") ensures the composition of the Board constitutes a balance of skills, experiences, qualifications and diversity of perspective appropriate to the requirements of the business and development of the Company. The current Board composition of three (3) executive Directors, one (1) non-executive Director and three (3) INEDs can effectively exercise independent judgment. The list of all Directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The INEDs are expressly identified in all corporate communications of the Company. The Company also maintains on the website of the Company (www.edvanceintl.com) and the Stock Exchange (www.hkexnews.hk) an updated list of current Directors (by category) identifying their roles and functions.

During FY2025, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three INEDs with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the Listing Rules.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

CORPORATE GOVERNANCE REPORT (continued)

Non-executive Director and independent non-executive Directors

The participation of non-executive Director and INEDs in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, resources, key appointments, conflicts of interests and management process to ensure that accountability, the interests of all Shareholders and standards of conduct have been duly considered. Each of the INEDs, has confirmed in writing his/her independence to the Company and the Board considers that all the INEDs are independent.

Relationship amongst Directors

Save as disclosed in the section headed "Biographical Details of Directors and Senior Management" in this annual report, the Board members has no financial, business, family or other material/relevant relationships with each other.

Appointment and re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three (3) years commencing from 19 April 2017 and renewable automatically for successive terms of one (1) year each commencing from the day next after the expiry of the then current term of the appointment, subject to retirement and re-election in accordance to the Articles of Association of the Company ("Articles") and the Listing Rules and terminated by either the Company or the executive Director giving each other one month notice in writing.

The non-executive Director and each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three (3) years and renewable automatically for successive terms of one (1) year each commencing from the day next after the expiry of the then current term of the appointment, subject to retirement and re-election in accordance to the Articles and the Listing Rules and terminated by either the Company or the Director giving each other a three months' notice in writing. Pursuant to the Article 112 of the Articles and the Listing Rules, any Directors who were appointed by the Board to fill casual vacancy during the year, shall hold office only until the first annual general meeting of the Company and shall then be eligible for re-election at such meeting. Three Directors (one (1) executive Director and two (2) independent non-executive Directors) will retire at the conclusion of the forthcoming annual general meeting of the Company ("2025 AGM") and, being eligible, will offer themselves for re-election at the 2025 AGM.

The Board and the NC have recommended the re-election of all the retiring Directors standing for re-election at the 2025 AGM. The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles. The Company has established the NC and its primary functions are to make recommendations to the Board regarding candidates to fill vacancies on the Board and policies/practices on the corporate governance of the Group. Details of the NC and its work performed are set out in the "Board Committees" section below.

CORPORATE GOVERNANCE REPORT (continued)

Induction and continuous professional development for Directors

Pursuant to Code Provision C.1.4 of CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills as to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the Group structure, Board and Board Committees meetings procedures, business, management and operations of the Company, etc. and that he is fully aware of his responsibilities and obligations under the Listing Rules, inside information provision under Part XIVA of the Securities and Future Ordinance (Chapter 571, the Laws of Hong Kong) and relevant regulatory requirements in the Cayman Islands, Hong Kong and other jurisdictions the Group operates in.

All Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

According to the records maintained by the Company, the Directors received the following training regarding roles, function and duties of a director of a listed company or professional skills in compliance with the requirement of the CG Code on continuous professional development during FY2025 and to the date of this annual report:

	Attending training course(s) relevant to corporate governance	Reading materials relevant to corporate governance
Executive Directors		
Mr. Liu Yui Ting Raymond	✔	✔
Mr. Lee Francis Sung Kei	✔	✔
Mr. Lam Tak Ling	✔	✔
Non-executive Director		
Mr. Lo Wai Ho Ashley	✔	✔
Independent non-executive Directors		
Mr. Ng Tsz Fung Jimmy	✔	✔
Mr. Chan Siu Ming Simon	✔	✔
Mrs. Wong Hung Flavia Yuen Yee	✔	✔

CORPORATE GOVERNANCE REPORT (continued)

Besides, the Company keeps circulating information and materials to develop and update Directors' knowledge and skills from time to time. All the information and materials are relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities. There are also arrangements in place for providing continuing briefing and professional development to each Director. All Directors are encouraged to attend relevant training courses at the Company's expense. The company secretary is responsible to keep records of training taken by each Director.

Board meetings

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year for reviewing and approving financial statements, operating performance, budgets, rules and regulations, announcements and circulars issued by the Company and considering and approving the progress of the various on-going projects, the overall strategies and policies of the Company. Additional meetings would be arranged if and when required. Annual meeting schedules of each meeting of the Board and the audit committee ("Audit Committee" or "AC"), Nomination Committee, remuneration committee ("Remuneration Committee" or "RC") and investment committee ("Investment Committee" or "IC") of the Company (collectively as the "Committees") are normally made available to Directors and members in advance. Board members are provided with meeting notice, all agenda and adequate information for their review at least 14 days before the meetings. The Board and Committees members are supplied with comprehensive meeting papers and relevant materials within a reasonable period of time in advance of the intended meeting date (in any event no less than 3 days before the date of the meeting). All Directors and the Committees members are given opportunities to include matters in the agenda for regular Board and the Committees meetings and/or their meetings, if required. To facilitate the decision-making process, the Directors and the Committees members are free to have access to the management for enquiries and to obtain further information, when required.

After the meeting, draft minutes are circulated to all Directors and Committees' members for comments. Minutes of Board meetings and meetings of Board Committees are kept by the company secretary of the Company and are available for inspection by the Directors at all times.

Directors and Committees' members may participate either in person or through electronic means of communications. Directors and Committees' members are free to contribute and share their views at meetings and major decisions only be taken after deliberation at meetings. Directors and Committees' members who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

CORPORATE GOVERNANCE REPORT (continued)

The Board schedules to have at least four regular meetings and at least one meeting for each of the Committees in the year going forward. Board meetings and the Committees' meetings were held up to the date of this report, the individual attendance records of each Director at these meetings are set out below:

	Number of meetings attended/eligible to attend					
	AGM	**Board**	**AC**	**RC**	**NC**	**IC**
Executive Directors						
Mr. Liu Yui Ting Raymond	1/1	4/4	N/A	1/1	1/1	1/1
Mr. Lee Francis Sung Kei	1/1	4/4	N/A	N/A	N/A	1/1
Mr. Lam Tak Ling	1/1	4/4	N/A	N/A	N/A	N/A
Non-executive Director						
Mr. Lo Wai Ho Ashley	1/1	4/4	N/A	N/A	N/A	N/A
Independent non-executive Directors						
Mr. Ng Tsz Fung Jimmy	0/1	4/4	3/3	1/1	1/1	1/1
Mr. Chan Siu Ming Simon	1/1	4/4	3/3	1/1	1/1	N/A
Mrs. Wong Hung Flavia Yuen Yee	1/1	4/4	3/3	1/1	1/1	N/A

Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

In addition to regular Board meetings, under code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive Directors without the other Directors present (the "Chairman and Independent non-executive Directors Meeting"). During FY2025, one Chairman and Independent non-executive Directors Meeting was held.

All business transacted at the Board meetings and by written resolutions were well-documented with details of matter considered and decisions reached, including any concerns raised by Directors or dissenting views expressed, with final version circulated to all Directors. Minutes of the Board meetings and written resolutions are kept by the company secretary of the Company and are available for inspection by the Directors at all times.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group for the year. In addition, Directors disclose to the Company in a timely manner their other commitments, such as directorships in other public listed companies and major appointments as well as update the Company on any subsequent changes.

CORPORATE GOVERNANCE REPORT (continued)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Our Chairman and Chief Executive Officer, Mr. Raymond Liu is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and determines, monitors and oversees our Group-wide strategies, policies, annual budgets, business plans and culture, evaluates the performance of the Company, and supervises the management of the Company. He is also responsible for ensuring Board meetings are planned and conducted effectively, including setting the agenda for each Board meeting, taking into account matters proposed by Directors and the Company Secretary, and active participation by our non-executive Director and all INEDs. He actively encourages the Directors to voice their opinion and be fully engaged in the Board's affairs to ensure the Board's effective functioning. The Board, under his leadership, has adopted good corporate governance practices and procedures and taken appropriate steps to promote effective communication and ongoing engagement with Shareholders and other stakeholders.

Working with our executive Directors and senior management of the Group, Mr. Raymond Liu presents annual budgets to the Board for consideration and approval, and ensure that the Board is fully supportive of the funding requirements of the Group. With the assistance of our senior management of the Group, our executive Directors ensure that the funding requirements of the businesses are met and monitor the operating and financial performance of the businesses against plans and budgets.

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

As Mr. Raymond Liu is the Chairman and the Chief Executive Officer during FY2025, it constituted a deviation from code provision C.2.1 of the CG Code.

The Board considers that this is a very important phase of the Group's development and the Chief Executive Officer ought to be tasked with additional responsibilities to oversee, lead and steer the Group from a business perspective that covers the new businesses and was much broader than the Group's principal engagement in the distribution of cybersecurity products and the provision of cybersecurity services. Given the importance of the Group's expansion and diversification into new businesses, the Board considers that Mr. Raymond Liu is best suited to take up the additional responsibilities to oversee, lead and steer the Group from a business perspective that covers the new businesses and is broader than the Group's principal engagement in the distribution of cybersecurity products and the provision of cybersecurity services.

The Board believes that Mr. Raymond Liu's extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Group, and Mr. Raymond Liu, by assuming the roles of both Chairman and Chief Executive Officer, would allow efficient business planning and decision for the Group as a whole, which the Board believes is for the best interest of the Group and the Shareholders.

CORPORATE GOVERNANCE REPORT (continued)

BOARD COMMITTEES

The Board has established four Board Committees, namely, the AC, the RC, the NC and the IC, for overseeing particular aspects of the Company's affairs. All Board Committees have been established with defined written terms of reference. The terms of reference of the AC, the RC and the NC are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.edvanceintl.com. All the Board Committees should report to the Board on their decisions or recommendations made. The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to perform their duties and, upon reasonable request, there are procedures in place for the Directors to seek independent professional advice in appropriate circumstance, at the Company's expense, if required.

Under code provision C.1.6, the Board members should attend general meetings and develop a balanced understanding of the views of the Shareholders. Save for Mr. Ng Tsz Fung Jimmy, each of the Directors attended the Company's annual general meeting held on 23 August 2024.

Audit committee

The Company established the AC on 23 March 2017 with written terms of reference, which was aligned with the CG Code. A revised term of reference has been adopted on 20 December 2019 to incorporate amendments to the Listing Rules. The revised terms of reference of the AC is currently made available on the Stock Exchange's website and the Company's website.

The AC currently consists of three (3) independent non-executive Directors, namely Mr. Simon Chan, Mr. Jimmy Ng and Ms. Flavia Hung. Mr. Jimmy Ng currently serves as the chairman of the AC, who holds the appropriate professional qualifications as required under rules 3.10(2) and 3.21 of the Listing Rules.

Pursuant to code provision D.3.3 of the CG code, the members of the AC should liaise with the board and senior management and meet the external auditor at least twice a year. During FY2025 and up to the date of this annual report, the members of the AC met twice with the external auditor. During FY2025 and up to the date of this annual report, the individual attendance records of the each member at the meeting of the AC is set out on page 29 of this annual report.

The primary duties of the AC are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

CORPORATE GOVERNANCE REPORT (continued)

Up to the date of this annual report, the AC met three times, of which the meetings were also with the presence of the senior management of the Company and performed the following major tasks:

- review and discussion of the interim and annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;

- monitored the integrity of the interim and annual financial statements, results announcements and reports, including any changes in accounting policies and practices; major judgmental areas; significant adjustments resulting from audit; the going concern assumptions and any qualifications; compliance with accounting standards; and compliance with the Listing Rules and legal requirements in relation to financial reporting;

- discussion of the internal control system with management to ensure that management has performed its duty to have an effective internal control system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- review and discussion of major investigation findings on internal control matters and management's response to these findings;

- review and discussion of the risk management and internal control system of the Group as well as monitor the internal control effectiveness;

- discussion and recommendation of the re-appointment of external auditor;

- review and monitor the external auditor's independence and objectivity and effectiveness of the audit process including the nature and scope of audit and reporting obligations as well as engagement on external auditor to supply non-audit services; and

- review the external auditor's management letter, if any, any material queries raised by the auditor to management about accounting records, financial accounts on systems of control and management's response.

The Board is of the view that the AC has properly discharged its duties and responsibilities during FY2025 and up to the date of this report.

During FY2025, the AC reviewed, among others, the annual and interim results of the Group, which were in the opinion of the AC that the preparation of such consolidated financial statements and results complied with the applicable accounting standards and the Listing Rules.

The AC noted the existing internal control and risk management systems of the Group and also noted that review of the same shall be carried out annually.

CORPORATE GOVERNANCE REPORT (continued)

Nomination committee

The Company established the NC on 23 March 2017 with written terms of reference, which was aligned with the CG Code. A revised term of reference has been adopted on 20 December 2019 to incorporate amendments to the Listing Rules. The revised terms of reference of the NC is currently made available on the Stock Exchange's website and the Company's website.

The NC consists of one (1) executive Director, namely Mr. Raymond Liu, and three (3) independent non-executive Directors, namely Mr. Simon Chan, Mr. Jimmy Ng and Ms. Flavia Hung. Mr. Simon Chan currently serves as the chairman of the NC.

The principal duties of the NC are to (i) review the Board composition; (ii) develop and formulate relevant procedures for the nomination and appointment of directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of Directors; and (v) assess the independence of INEDs.

Up to the date of this annual report, the NC met once and performed the following major tasks:

- review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- review and discussion of the process and criteria to select and recommend candidates for directorship;
- assessment of the independence of the existing INEDs;
- recommendation on the re-appointment of retiring Directors at the annual general meeting of the Company ("AGM") pursuant to the Articles and succession planning of Directors;
- review and monitoring of the Company's policies and practices on compliance with legal and regulatory requirements; and
- review of the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Remuneration committee

The Company established the RC on 23 March 2017 with written terms of reference, which was aligned with the CG Code. A revised term of reference has been adopted on 29 December 2022 to incorporate amendments to the Listing Rules. The revised terms of reference of the RC is currently made available on the Stock Exchange's website and the Company's website.

The RC consists of one (1) executive Director, namely Mr. Raymond Liu, and three (3) independent non-executive Directors, namely Mr. Simon Chan, Mr. Jimmy Ng and Ms. Flavia Hung. Ms. Flavia Hung currently serves as the chairman of the RC.

CORPORATE GOVERNANCE REPORT (continued)

Pursuant to the code provision E.1.5 of the CG Code, the remuneration of the senior management by band for the FY2025 is set out below:

In the band of	Number of Individuals
Nil to HK$500,000	–
HK$500,001 to HK$1,000,000	–
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	–
HK$2,000,001 to HK$2,500,000	–
HK$2,500,001 to HK$3,000,000	1
HK$3,000,001 to HK$3,500,000	–
HK$3,500,001 to HK$4,000,000	1

Details of the remuneration of each Director and the five individuals with the highest emoluments in the Group for FY2025 are set out in note 13 to the consolidated financial statements, contained in this annual report.

The principal duties of the RC are mainly to (i) make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; (iii) to assess the performance of executive Directors; (iv) to approve the terms of executive Directors' service contracts; (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and (vi) to ensure that no Director or any of his associates is involved in deciding on his own remuneration.

The members of the RC should meet at least once a year. During FY2025 and up to the date of this annual report, the individual attendance records of each member at the meeting of the RC is set out on page 29 of this annual report.

The RC met once during FY2025 and performed the following tasks:

– consulted the Chairman about the RC remuneration proposals for other executive directors;

– reviewed the policy and structure of the remuneration for all the Directors and senior management as well as the remuneration packages paid during FY2025;

– reviewed all the senior management's remuneration paid during FY2025 with reference to the Board's corporate goals and objectives;

– considered the salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

– reviewed and made recommendation to the Board on the remuneration packages of individual Directors and senior management for the coming year;

CORPORATE GOVERNANCE REPORT (continued)

– reviewed and ratified service contracts signed by the Directors;

– conducted a board evaluation to assess the effectiveness and efficiency of the Board by way of interviews with each Director separately; and

– reviewed and considered matters relating to share schemes under Chapter 17 of the Listing Rules.

Investment committee

The Company established the IC on 17 July 2018 with written terms of reference. The primary duties of the IC are to review and evaluate any potential investment projects and feasibility report for long term development of the Company and make recommendations to the Board.

The IC consists of two (2) executive Directors, namely Mr. Raymond Liu and Mr. Francis Lee, and one (1) independent non-executive Director, namely Mr. Jimmy Ng. Mr. Raymond Liu currently serves as the chairman of the IC.

During FY2025, the members of the IC met once. During FY2025 and to the date of this annual report, the individual attendance records of each member at the meeting of the IC is set out on page 29 of this annual report.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of diversity of Board members. The Company endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Company also recognises the importance of gender diversity. The Board currently comprises six male Directors and one female Director. The Board would use its best efforts to identify and appoint suitable female candidate(s) as well as engage more resources in training female staff in the Group with an aim to promoting them to senior position in the Group for a diversified Board. The Company has adopted a set of revised board diversity policy ("Board Diversity Policy") on 9 January 2019 setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Details of the Board Diversity Policy are set out below:

Summary of the Board Diversity Policy

In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments would be based on meritocracy, and candidates would be considered against objective criteria, having due regard for the benefits of diversity on the Board.

CORPORATE GOVERNANCE REPORT (continued)

Measurable Objectives

The Company maintains its commitment to gender diversity within its business, it continues to review and assess the appropriate level of gender diversity and composition that aligns with the strategy of the Company. The Board is of the view that it is not necessary to set numerical targets and timeline for Board gender diversity for the time being. The Company shall continue to actively seek to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. Selection of candidates for Board membership would be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Furthermore, the board diversity policy provides that the Board shall take opportunities to balance our Board members' gender diversity over time when selecting and making recommendations on suitable candidates for Board appointments, with the ultimate goal of bringing our Board to gender parity. To develop a pipeline of potential female successors to the Board, the Company takes necessary steps to identify and maintain a list of women candidates with a diverse range of skills, experience and knowledge in different fields by emphasising on training and providing career opportunities for the senior female employees who have long and relevant experience with our business, so as to equip them with the capability to lead the Group. The list of female candidates would be reviewed by the NC on a yearly basis.

Apart from gender diversity at the Board level, the Company also targets to avoid a single-gender workforce (including the senior management). As at 31 March 2025, male and female employees represent approximately 63.5% and 36.5% of the Group's workforce (including the senior management) respectively. Although gender diversity issue is less relevant to the Group given the nature of the Group's business, the Company will still pay due regard to this issue and review the gender diversity of the workforce in accordance with the business development of the Group from time to time.

Monitoring and reporting

The NC will continue to disclose the composition of the Board annually in the Corporate Governance Report and monitor the implementation of the Board Diversity Policy. The NC will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of this policy. The NC will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

The members of the NC should meet at least once a year where appointment of the Directors will be considered. During FY2025, the individual attendance records of each member of the NC at the meeting of the NC is set out on page 29 of this annual report.

CORPORATE GOVERNANCE REPORT (continued)

BOARD NOMINATION POLICY

The Company has adopted a nomination policy for the NC to consider and make recommendations to the Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies.

Selection criteria

The factors listed below would be used as reference by the NC in assessing the suitability of a proposed candidate:

a. reputation for integrity;

b. accomplishment and experience in the business in which the Group is engaged in;

c. commitment in respect of available time and relevant interest;

d. diversity in all its aspects, including but not limited to gender, age (18 years or above), culture, educational background, professional experience, skills and length of service;

e. qualifications which include professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

f. the number of existing directorships and other commitments that may demand the attention of the candidate;

g. requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rules 3.13 of the Listing Rules;

h. Board Diversity Policy and any measurable objectives adopted by the NC for achieving diversity on the Board; and

i. such other perspectives appropriate to the Company's business.

CORPORATE GOVERNANCE REPORT (continued)

Director nomination procedure

Subject to the provisions in the Articles and the Listing Rules, if the Board recognises the need for an additional Director or a member of senior management, the following procedure will be followed:

a. the NC and/or Board will identify potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;

b. the NC and/or the company secretary of the Company will then provide the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;

c. the NC would then make recommendation to the Board on the proposed candidate(s) and the terms and conditions of the appointment;

d. the NC should ensure that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

e. in the case of the appointment of an independent non-executive Director, the NC and/or the Board should obtain all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rules 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and

f. the Board will then deliberate and decide on the appointment based upon the recommendation of the NC.

DIVIDEND POLICY

The Board adopted a dividend policy on 9 January 2019. The Board has the discretion to declare and distribute dividends to the Shareholders. Any declaration of final dividends for the year will be subject to the approval of the Shareholders. The Board shall take into account the financial position, cashflow situation, business conditions and strategies, current and future operations and earnings, capital requirements and expenditure plans, interests of shareholders, prevailing economic environment, any restrictions on payment of dividends of the Group and any other factors or conditions that the Board may consider relevant when considering the declaration and payment of dividends.

CORPORATE GOVERNANCE REPORT (continued)

COMPANY SECRETARY

The company secretary supports the Board by ensuring good information flow within and report to the Board. The company secretary is responsible for advising the Board on the corporate governance matters and facilitating induction and professional development of the Directors. All Directors have access to the advice and services of the company secretary to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Mr. Yuen was appointed as the company secretary of the Company in June 2020. Mr. Yuen has complied with all the required qualifications, experiences and training requirements under the Listing Rules. For FY2025, Mr. Yuen has complied with Rule 3.29 of the Listing Rules by taking not less than 15 hours of relevant professional training.

ACCOUNTABILITY AND AUDIT

Directors' responsibility for the financial statements

The Directors acknowledge their responsibility in preparing the consolidated financial statements that give a true and fair view of the state of affairs of the Group and that of the results and cash flows in the relevant financial year. In preparing the financial statements for FY2025, the Directors have selected appropriate accounting policies, applied them consistently in accordance with HKFRS Accounting Standards, Hong Kong Accounting Standards and the related interpretations, and made adjustments and estimates that are prudent and reasonable.

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 Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The responsibilities of the external auditor to the Shareholders are set out in the section headed "Independent Auditor's Report" on pages 64 to 68 of this annual report.

CORPORATE GOVERNANCE REPORT (continued)

Auditor's remuneration

During FY2025, the Company's auditor, Deloitte Touche Tohmatsu, provided to the Company its audit services in relation to the audit of annual financial statements.

During FY2025, the fee paid/payable to auditor in respect of audit service and/or non-audit services provided by the auditor to the Group were as follows:

Nature of services	2025 HK$'000	2024 HK$'000
Audit services	1,692	1,892
Non-audit services	96	124

Note: Non-audit services included tax compliance service and work in relation to preliminary results announcement.

CORPORATE GOVERNANCE FUNCTIONS

The Board has carried out its duties and responsibilities as set out in A.2.1 of the CG Code including (i) the development of policies and practices on corporate governance; (ii) monitoring the training and continuous professional development of Directors and senior management of the Company; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct applicable to the employees of the Company and the Directors; and (iv) reviewing compliance of the Company with the CG Code and the disclosure in this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Appendix C3 of the Listing Rules as the code for dealing in securities of the Company by the Directors ("Model Code"). Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code for FY2025 and up to the date of this report.

In addition, the Company has also adopted provisions of the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company. Such relevant employees did and would abide by the provisions of the Model Code. Besides, the Company has adopted internal control policy in relation to the disclosure of inside information of the Company ("Inside Information Policy").

No incident of non-compliance of the Model Code and/or the Inside Information Policy by such relevant employees was noted by the Company for FY2025 and up to the date of this report.

CORPORATE GOVERNANCE REPORT (continued)

RISK MANAGEMENT AND INTERNAL CONTROLS

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the AC and the Risk Management Taskforce (comprising of the Management and the business lines). The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Risk Management Taskforce identifies risks that would adversely affect the achievement of the Group's objectives and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant. We have also established a whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, to the AC about possible improprieties in any matter related to the Group.

In addition, the Group has established an internal audit function to assist the Board and the AC in ongoing monitoring of the risk management and internal control systems of the Group. During FY2025, the Group appointed Apec Risk Management Limited ("Apec") and conducted its internal control system review once every year covering the period for FY2025:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and
- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment conducted by Apec were reported to the AC and the Board (the "Internal Control and Risk Management Report") to ensure prompt remediation actions are taken. Deficiencies in the design and implementation of internal control systems are identified and recommendations are proposed by Apec in the Internal Control and Risk Management Report for improvement in internal control and risk management measures. Based on the Internal Control and Risk Management Report, the Board oversaw and had performed annual review covering the period for FY2025 on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications, if any; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE REPORT (continued)

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for the establishment, maintenance and review of the risk management and internal controls. The Board should oversee risk management and internal control systems on an ongoing basis. The Board has established a set of risk management policies and measures to identify, evaluate and manage risks arising from the operation. Details on risk categories identified by the management, internal and external reporting mechanism, remedial measures and contingency management have been codified in the Company's policies and adopted by the Company.

PROCEDURES AND INTERNAL CONTROL FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board has approved and adopted the Inside Information Policy for the Company since 2017 for monitoring inside information to ensure compliance with the Listing Rules and the Securities and Futures Ordinance. The procedures and internal controls for handling and dissemination of inside information as set out in the Inside Information Policy are summarised below:

Handling of Inside Information

1. Inside information shall be announced as soon as reasonably practicable after it becomes known to the Board and/or is the subject of a decision by the Board in accordance with the Listing Rules. In cases where a decision by the Board is pending or in cases of incomplete negotiations, the Group shall implement the procedures set out in the Inside Information Policy to maintain the confidentiality of information. Until an announcement is made, the Directors and the management should ensure that such information is kept strictly confidential. If the confidentiality cannot be maintained, an announcement shall be made as soon as practicable.

2. Each department shall keep inside information on transactions confidential. If there is a leakage of inside information, they shall inform the Directors immediately so that remedial actions, including making an inside information announcement, can be taken at the earliest opportunity.

3. The Group's finance department shall keep track of the Group's threshold levels for disclosure pursuant to the size tests under the Listing Rules, so that an announcement can be made as soon as practicable should a notifiable transaction arise.

Dissemination of Inside Information

Inside information is announced promptly through the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.edvanceintl.com). The electronic publication system of the Stock Exchange is the first channel of dissemination of the Group's information before any other channel.

CORPORATE GOVERNANCE REPORT (continued)

INVESTOR RELATIONS

The Board puts great emphasis on investor relationship in particular fair disclosure and comprehensive report of the Company's performance and activities.

Shareholders are encouraged to attend the general meetings of the Company and the Directors always make efforts to fully address any questions raised by the Shareholders at the AGM and the extraordinary general meetings ("EGM") of the Company.

The 2025 AGM of the Company will be held on or before 30 September 2025, the notice of which shall be made available on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.edvanceintl.com.

SHAREHOLDERS' RIGHTS

The Group recognises the Shareholder's rights in exercising control proportionate to their equity ownership. As one of the measures to safeguard the Shareholders' interest and rights, separate resolutions are proposed at the Shareholder's meetings on each substantial issue, including the election of Director(s), for the Shareholder's consideration and voting. All resolutions put forward at the Shareholders' meeting will be voted by way of poll, which is conducted and scrutinised by the Company's share registrar. Poll results are announced and posted on the website of both the Company and the Stock Exchange.

Shareholders to convene an extraordinary general meeting

Pursuant to Article 64 of the Articles, the EGM shall be convened on the requisition of 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 having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring the EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT (continued)

Procedures for directing the Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries to the Board in writing to the principal place of business of the Company in Hong Kong or by email for the attention of the secretary of the Company. Contact details are as follows:

Address: 25th Floor, Tower 1, The Millennity, 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong
Tel: (852) 3184 9400
Fax: (852) 3521 1667
Email: info@edvanceintl.com

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

Procedures for the Shareholders to put forward proposals

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office by a Shareholder. The period for lodgment of the notices required under the Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Shareholders may put forward proposals at general meetings by sending written notice of their proposals to the Company Secretary at the registered office of the Company, or by email to info@edvanceintl.com. Details of the procedures for putting forward proposals by Shareholders are set out on the website of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

In order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and the investment community to engage actively with the Company, the Company has established a number of channels for maintaining on-going dialogue with the Shareholders as follows:

a. corporate communications such as annual reports, interim reports and circulars are available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.edvanceintl.com);

b. periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

c. corporate information is made available on the Company's website;

CORPORATE GOVERNANCE REPORT (continued)

d. AGM and EGM provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management (all the Shareholders are given a minimum of 21 clear days' notice of the date and venue of the general meeting of the Company); and

e. the Company's share registrars serve the Shareholders in respect of share registration, dividend payment, change of the Shareholders' particulars and related matters.

Corporate Communications Policy

The Shareholders Communication Policy ensures that Shareholders and the investment community are provided with ready, equal, and timely access to information about the Group (including its financial performance, strategic goals and plans, material developments, governance and risk profile), and also allows them to engage actively with the Group. The policy sets out various communication channels including, among others, the website of the Company and the general meetings, through which Shareholders, both individual and institutional, may communicate with and provide feedback to the Company from time to time. The policy is regularly reviewed to ensure its effectiveness and is posted on the website of the Company.

The Company supports the CG Code's principle to encourage Shareholders' participation. The Company has also complied with the requirements concerning voting by poll under the Listing Rules.

Effective engagement with Shareholders is a vital component of the Company as a listed company. Throughout the year, the Company has continued to deliver timely, balanced, clear, and transparent communications with its Shareholders and other investors. Details of the Shareholders and investor engagement and communication activities are set out in the Corporate Governance Report of this Annual Report. The Board has reviewed the Shareholders and investor engagement and communication activities conducted in FY2025 and was satisfied with the implementation and effectiveness of the Shareholders Communication Policy.

CONSTITUTIONAL DOCUMENTS

The Company has not amended its constitutional documents during FY2025.

DIRECTORS' REPORT

The Board is pleased to present its annual report together with the audited consolidated financial statements of the Group for FY2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the distribution of cybersecurity products and the provision of cybersecurity services in Hong Kong, Macau, the People's Republic of China and Singapore, and digital assets financial services and investment business.

BUSINESS REVIEW

A review of the business of the Group during FY2025 and a discussion on the Group's future business development, and also the Group's performance during FY2025 are set out in the "Management Discussion and Analysis" on pages 8 to 16 of this annual report.

REVENUE AND SEGMENTAL INFORMATION

An analysis of the Group's revenue, assets and liabilities from reportable segments and by geographical locations is set out in note 7 of the consolidated financial statements of this annual report.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities, cash flows and financial ratios of the Group for the past five years ended 31 March 2021, 2022, 2023, 2024 and 2025 is set out on pages 4 to 6 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for FY2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 69 of this annual report.

The Board did not recommend to declare a final dividend for FY2025, in order to maintaining sufficient liquidity for the Group's long-term development, in light of the recent uncertainties in the market (FY2024: Nil).

DIRECTORS' REPORT (continued)

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year are set out in note 16 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 30 to the consolidated financial statements of this annual report.

PRINCIPAL SUBSIDIARIES

Details of the activities of its principal subsidiaries as at 31 March 2025 are set out in note 39 to the consolidated financial statements of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the laws of Cayman Islands, which would oblige the Company to offer new shares of the Company ("Share(s)") on a pro rata basis to existing Shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 41 to the consolidated financial statements of this annual report and in the consolidated statement of changes in equity on page 72 of this annual report respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2025 amounted to approximately HK$101,837,000 (2024: approximately HK$91,117,000). Under the Companies Law of the Cayman Islands, the share premium is available for distribution to shareholders subject to the provisions of the memorandum and articles of association of the Company and no distribution or dividend may be paid to shareholders out of the share premium unless, immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS' REPORT (continued)

REVIEW OF FINANCIAL INFORMATION

The AC comprises three independent non-executive Directors, namely, Mr. Jimmy Ng (chairman of the AC), Mr. Simon Chan and Ms. Flavia Hung. The AC has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls system, risk management system and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Group for FY2025.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2025, the aggregate sales attributable to the Group's largest customer and the five largest customers accounted for approximately 10.4% and 36.7% (FY2024: approximately 9.9% and 35.0%) of the Group's total revenue for the year, respectively.

During FY2025, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers accounted for approximately 27.2% and 75.0% (FY2024: approximately 29.5% and 76.8%) of the Group's total purchase for the year, respectively.

At no time during the year under review, any of the Directors, their close associates or Shareholders (which to the best knowledge of the Directors who owns more than 5% of the Company's issued share capital (excluding treasury shares, if any)), has any interests in any of the above five largest customers and five largest suppliers of the Group for the year.

As no single customer or supplier accounted for more than 30% of the Group's total revenue or purchase for the year under review, we do not consider that the relationships with our customers or suppliers expose the Group's business to any substantial risk.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

During the year, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors during FY2025 and up to the date of this annual report were as follows:

Executive Directors
Mr. Liu Yui Ting Raymond *(Chairman and Chief Executive Officer)*
Mr. Lee Francis Sung Kei
Mr. Lam Tak Ling

Non-executive Director
Mr. Lo Wai Ho Ashley

Independent non-executive Directors
Mr. Ng Tsz Fung Jimmy
Mr. Chan Siu Ming Simon
Mrs. Wong Hung Flavia Yuen Yee

Pursuant to Article 108 of the Articles, one-third of the Directors will retire by rotation at each annual general meeting of the Company. Therefore, Mr. Liu Yui Ting Raymond, Mr. Ng Tsz Fung Jimmy and Mrs. Wong Hung Flavia Yuen Yee will retire and be eligible to offer themselves for re-election at the 2025 AGM.

DIRECTORS OF SUBSIDIARIES

During FY2025 and during the period beginning from 1 April 2025 and ending on the date of this directors' report, (i) Mr. Liu Yui Ting Raymond, Mr. Lee Francis Sung Kei and Mr. Ho Chun Kit had served as the directors of certain of the Company's subsidiaries incorporated in Hong Kong; (ii) Mr. Liu Yui Ting Raymond, Mr. Lee Francis Sung Kei and Mr. Von John had served as the directors of certain of the Company's subsidiaries incorporated in British Virgin Islands; (iii) Mr. Liu Yui Ting Raymond served as the director of the Company's subsidiaries incorporated in the PRC and Macau; and (iv) Mr. Liu Yui Ting Raymond and Miss Hsien Naidu had served as the directors of the Company's subsidiaries incorporated in Singapore.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 17 to 21 under the section headed Biographical Details of Directors and Senior Management of this annual report.

DIRECTORS' SERVICE CONTRACTS

All of the Directors' service contracts entered between the Company and the Directors have been reviewed and ratified by the NC. None of the Directors being proposed for re-election at the 2025 AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT (continued)

EMOLUMENT POLICY

The emoluments of the Directors are prepared by the RC and then recommended to the Board, having regard to the Group's operating results, individual performance and comparable market statistics. All the emoluments of the Directors have been reviewed and ratified by the RC.

Details of the emoluments of the Directors are set out in note 13 to the consolidated financial statements of this annual report.

The Group has adopted share award scheme and share option scheme as an incentive to eligible employees, details of the share award scheme and share option scheme of the Group are set out in notes 37(i) and 37(ii) to the consolidated financial statements of this annual report, respectively.

EMOLUMENTS OF DIRECTORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group disclosed on a named basis and/or by band respectively, are set out in note 13 to the consolidated financial statements of this annual report. Details of the emoluments of the senior management by band are set out on page 34 in the annual report.

MANAGEMENT CONTRACTS

During FY2025, there is no contract concerning the management and administration of the whole or any substantial part of the business of the Group.

TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Related Party Transactions" and "Connected Transaction" on pages 14 and 53 and note 34 to the consolidated financial statements of this annual report, there was (i) no transaction, arrangement, or contract of significance to which the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which any Director or any entities connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of FY2025 or at any time during the FY2025; (ii) no other contract of significance was entered into by, and/or subsisted between the Company or any of its subsidiaries with its controlling Shareholder or any of its subsidiaries during FY2025; and (iii) no contract of significance in relation to provision of services by the controlling Shareholder or any of its subsidiaries to the Group was entered into and/or subsisted during FY2025.

DIRECTORS' REPORT (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2025, the interests of the Directors in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance ("SFO")) which (a) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules, are set out below:

Long positions

Name of Director	Capacity/Nature of Interest	Class of Shares	Number of Shares held	Number of underlying Shares held	Approximate percentage of shareholding[1]
Mr. Raymond Liu[2]	Interest of a controlled corporation	Ordinary	570,000,000	–	56.76%
	Beneficial owner[5]		–	5,500,000	0.55%
					57.31%
Mr. Ashley Lo[2]	Interest of a controlled corporation	Ordinary	570,000,000	–	56.76%
Mr. Lam[3]	Interest of a controlled corporation	Ordinary	22,500,000	–	2.24%
Mr. Francis Lee[4]	Interest of a controlled corporation	Ordinary	19,700,000	–	1.96%

Notes:

(1) The percentage was based on the total number of ordinary shares of the Company in issue (1,004,217,000 Shares) as at 31 March 2025.

(2) This represents the Shares held by Success Vision International Group Limited ("Success Vision"), a company that is beneficially owned as to 82.50% by Mr. Raymond Liu and 17.50% by Mr. Ashley Lo as at 31 March 2025, respectively, therefore, they were deemed to be interested in the 570,000,000 Shares under the SFO.

(3) This represents the Shares held by Linking Vision Limited, a company which was wholly-owned by Mr. Lam and therefore, he was deemed to be interested in the 22,500,000 Shares under the SFO.

(4) This represents the Shares held by Pioneer Marvel Limited, a company which was wholly-owned by Mr. Francis Lee and therefore, he was deemed to be interested in the 19,700,000 Shares under the SFO.

DIRECTORS' REPORT (continued)

(5) On 21 April 2021, the Company granted a total of 5,500,000 share options to Mr. Raymond Liu under the share option scheme of the Company. For details of such share options as at 1 April 2024 and 31 March 2025, including the exercise period and the exercise price, please refer to the table under the sub-section headed "Share Options movement summary" on page 59 of this annual report. For details of the vesting period of such share options, please refer to note 37(ii) to the consolidated financial statements of this annual report.

Save as disclosed above, as at 31 March 2025, none of the Directors or chief executive of the Company had registered an interest or short position in any shares or underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code as set out in Appendix C3 of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section headed "Share Award Scheme" and "Share Option Scheme" in this annual report, at no time during FY2025 and up to the date of this annual report was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2025, the following persons (other than Directors or chief executive of the Company), had interests in the Shares and underlying Shares which were disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were, pursuant to Section 336 of the SFO, entered in the register of the Company, are as follows:

Long positions

Name	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding[1]
Success Vision[2]	Beneficial owner	570,000,000	56.76%
Ms. Cheng Chui Ying[3]	Interest of spouse	575,500,000	57.31%
Ms. Lin Fai[4]	Interest of spouse	570,000,000	56.76%

DIRECTORS' REPORT (continued)

Notes:

(1) The percentage was based on the total number of ordinary shares of the Company in issue (1,004,217,000 Shares) as at 31 March 2025.

(2) Success Vision was beneficially owned as to 82.50% by Mr. Raymond Liu and 17.50% by Mr. Ashley Lo as at 31 March 2025, respectively, therefore, they were deemed to be interested in the 570,000,000 Shares under the SFO.

(3) Ms. Cheng Chui Ying is the spouse of Mr. Raymond Liu and was therefore deemed to be interested in the Shares in which Mr. Raymond Liu was interested in under the SFO.

(4) Ms. Lin Fai is the spouse of Mr. Ashley Lo and was therefore deemed to be interested in the Shares in which Mr. Ashley Lo was interested in under the SFO.

Save as disclosed above, as at 31 March 2025, the Directors were not aware of any other person (other than the Directors or chief executive of the Company as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures") who had or deemed to have interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered by the Group during FY2025 are set out in note 34 to the consolidated financial statements of this annual report and none of these transactions constituted connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION

Details of the connected transaction entered into by the Group during FY2025 are set out in the "Management Discussion and Analysis" under the section headed "Connected Transaction" on page 14 of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors and officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty; provided that this indemnity shall not extend to any matter in respect of any own fraud or dishonesty which may attach to any of the Directors and officers. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers.

DIRECTORS' REPORT (continued)

COMPETING INTERESTS

The Directors are not aware of any business and interest of the Directors that competed or might compete with the business of the Group and any other conflict of interests which any such person had or might have with the Group during FY2025 and up to the date of this annual report.

DEED OF NON-COMPETITION

The controlling Shareholders, namely Mr. Raymond Liu, Mr. Ashley Lo and Success Vision, entered into a deed of non-competition dated 23 March 2017 ("Deed of Non-Competition") in favour of the Company (for itself and as trustee for each of its subsidiaries). For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders" in the prospectus of the Company dated 31 March 2017. Pursuant to the Deed of Non-Competition, each of the controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

The INEDs have also reviewed the status of compliance and written confirmation from each of the controlling Shareholders, and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by each of the controlling Shareholders since the date of initial listing on the GEM of the Stock Exchange ("Listing Date") and up to the date of this annual report.

SHARE AWARD SCHEME

The Company had adopted a share award scheme on 1 September 2020 ("Original Share Award Scheme"). Pursuant to the consultation conclusions on the proposed amendments to the Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022 ("Consultation Conclusions"), which took effect from 1 January 2023, ordinary resolutions have been passed in the annual general meeting of the Company held on 5 September 2023 ("Amendment Date") to adopt the amendments to the Original Share Award Scheme ("Amendments") and the Scheme Mandate Limit (as defined below) to bring it in line with the Listing Rules. A summary of the principal terms of the Original Share Award Scheme (as amended by the Amendments) ("Share Award Scheme") is set out below:

The purposes of the Share Award Scheme are: (i) to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation, development and growth of the Group; and (ii) to attract suitable personnel for further development and growth of the Group.

The eligible participants, include any (i) Director or employee of the Group (including persons who are granted awards under the Share Award Scheme as an inducement to enter into employment contracts with the Group) ("Employee Participant"); and (ii) director or employee of the holding companies, fellow subsidiaries or associated companies of the Company.

DIRECTORS' REPORT (continued)

The total number of ordinary Shares which may be issued in respect of all options and awards to be granted under the Share Award Scheme and any other share schemes of the Company shall not exceed 10% of all issued Shares as at the Amendment Date ("Scheme Mandate Limit"). Accordingly, the Scheme Mandate Limit shall be 101,225,700 Shares (excluding the share awards and/or options lapsed under the share award schemes and/or share option schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time, including the Share Option Scheme (as defined below) and the Share Award Scheme ("Share Incentive Schemes")), representing approximately 10% of the total issued share capital of the Company as at the date of this annual report.

The maximum number of Shares issued and to be issued in respect of all grants made under any Share Incentive Schemes (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any Share Incentive Schemes) to a grantee in the 12-month period up to and including the date of grant of the relevant awards shall not exceed 1% of the total number of Shares in issue.

The awards granted shall be subject to a vesting period as determined by the Board, which shall be at least 12 months commencing from the date of the grant notice. A shorter vesting period of the awards may be granted to an Employee Participant grantee at the discretion of the Board and/or the RC as deemed appropriate and under the specified circumstances as set out in the Share Award Scheme.

Except for such consideration which shall be paid by the awardee to the Company (where applicable) in such manner and on or before such deadline(s) as prescribed in the grant notice by the grantee who accepts the offer of the award to the Company where applicable, no other purchase price shall be paid for the awards or the awarded Shares. The grant price under the Share Award Scheme shall be determined by the Company with reference to other cases of listed companies, taking into account factors such as the implementation effect of the Company's historical share-based incentive scheme, the trend of the Share price in recent years and the actual situation of the Company. The pricing shall comprehensively consider the effectiveness of the Share Award Scheme and the impact of the Company's expenses, and will not have a negative impact on the Company's operation, reflecting the actual incentive needs of the Company and is reasonable.

The Share Award Scheme shall be valid and effective for 10 years from its adoption date, 1 September 2020. The remaining life of the Share Award Scheme is approximately five years.

Details of the Share Award Scheme and the Amendments were set out in the announcements of the Company dated 29 June 2023 and 25 July 2023 and the circular of the Company dated 2 August 2023.

The total number of awards available for grant under the Share Award Scheme and any other scheme of the Company as at 1 April 2024 and 31 March 2025, and up to the date of this annual report was 101,225,700 Shares, representing approximately 10% of the total issued Shares as at the date of this annual report.

DIRECTORS' REPORT (continued)

A total of 8,320,000 shares of the Company were awarded under the Original Share Award Scheme prior to FY2025. Details of the share awards granted to each participant under the Original Share Award Scheme, as well as the details of the movements of awarded shares during FY2025 and the number of unvested awarded shares as at 1 April 2024 and 31 March 2025 under the Share Award Scheme are disclosed as follows:

Grantee	Date of grant of share awards	Number of awarded shares granted	Vesting date of awarded shares	Purchase price of awarded shares HK$	Number of unvested awarded shares as at 1 April 2024	Number of awarded shares granted during the year	Number of awarded shares vested during the year	Number of awarded shares cancelled during the year	Number of awarded shares lapsed during the year	Number of unvested awarded shares as at 31 March 2025
Employees	3 September 2020	3,500,000	On the date of grant (Note 1)	0 (Note 2)	0	0	0	0	0	0
Employee	16 February 2022	1,820,000	On the date of grant (Note 1)	0 (Note 2)	0	0	0	0	0	0
Service providers										
Mr. Chau Shing Yim David	16 February 2022	1,000,000	On the date of grant (Note 1)	0 (Note 2)	0	0	0	0	0	0
Mr. Lau Kwok Fan	16 February 2022	1,000,000	On the date of grant (Note 1)	0 (Note 2)	0	0	0	0	0	0
Mr. Yu Pui Hang	16 February 2022	1,000,000	On the date of grant (Note 1)	0 (Note 2)	0	0	0	0	0	0
Total		8,320,000		0	0	0	0	0	0	0

DIRECTORS' REPORT (continued)

Notes:

1. There was no vesting period for the awarded shares.

2. There was no purchase price payable by the grantees for the awarded shares. The awarded shares were transferred to the grantees at nil consideration on the date of vesting.

3. Further details of the grant of awarded shares to the employees and service providers of the Group were disclosed in the announcements of the Company dated 3 September 2020, 16 February 2022 and 16 March 2022.

During FY2025, no Share was awarded, allotted, issued, vested, cancelled or lapsed under the Share Award Scheme.

There was no service provider sublimit set under the Share Award Scheme.

SHARE OPTION SCHEME

On 23 March 2017, the Company had conditionally approved and adopted the share option scheme ("Share Option Scheme") where eligible participants may be granted options entitling them to subscribe for the Shares. The purpose of the Share Option Scheme is to enable the Company to grant share options to eligible participants as incentives or rewards for their contribution to the Group.

Under the Share Option Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant, which includes any director, employee, officer, consultant, customer, supplier, agent, partner or advisor of or contractor to the Group, whom the Board may think fit. Following the amendments to Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Company can only grant options to such eligible participants which are permitted under the Listing Rules.

For details of the total number of shares available for issue and the maximum entitlement of each eligible participant under the Share Option Scheme, please refer to the paragraphs set out under the heading "Share Award Scheme" above. Any offer under the Share Option Scheme must be accepted by the relevant eligible participant with a payment in favour of the Company of HK$1 as nominal consideration within 21 days from the date of the offer. Any option under the Share Option Scheme, may be exercised at any time during the relevant option period.

The exercise price in respect of any option under the Share Option Scheme shall be not less than the higher of:

(a) the closing price of the Shares on the date of the offer of the grant;

(b) the average closing price of the Shares for the five business days immediately proceeding the date of the offer of grant; and

(c) the nominal value of such Shares.

DIRECTORS' REPORT (continued)

Subject to the Listing Rules and the terms and conditions of the Share Option Scheme, the Board may, from time to time, at its absolute discretion, set a minimum vesting period for the share options to be granted.

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years until 22 March 2027. The remaining life of the Share Option Scheme is approximately two years.

As the Share Option Scheme was approved and adopted by the Board prior to the Consultation Conclusions and the new Chapter 17 of the Listing Rules which came into effect on 1 January 2023, any share options to be granted under the Share Option Scheme going forward (if any) shall be subject to the new requirements under Chapter 17 of the Listing Rules.

The total number of options available for grant under the Share Option Scheme and any other scheme of the Company as at 1 April 2024 and 31 March 2025, and up to the date of this annual report was 101,225,700 Shares, representing approximately 10% of the total issued Shares as at the date of this annual report.

DIRECTORS' REPORT (continued)

Details of the movements of share options of the Company ("Share Options") granted, exercised, cancelled/forfeited or lapsed during FY2025 and outstanding as at 31 March 2025 are as follows:

Share Options movement summary

Grantee	Date of grant of Share Options	Vesting date	Exercise price of Share Options HK$	Exercise period (both dates inclusive)	Outstanding as at 1 April 2024	Granted during the year	Exercised during the year	Cancelled/ forfeited during the year	Lapsed during the year	Outstanding as at 31 March 2025
Director										
Mr. Raymond Liu (Note 1)	21 April 2021	21 April 2022	0.582	21 April 2022 to 22 March 2027	2,200,000	–	–	–	–	2,200,000
	21 April 2021	21 April 2023	0.582	21 April 2023 to 22 March 2027	1,650,000	–	–	–	–	1,650,000
	21 April 2021	21 April 2024	0.582	21 April 2024 to 22 March 2027	1,650,000#	–	–	–	–	1,650,000
Total for Director					**5,500,000**	**–**	**–**	**–**	**–**	**5,500,000**
Employees	7 July 2017	7 July 2018	0.65	7 July 2018 to 6 July 2023	–	–	–	–	–	–
	7 July 2017	7 July 2019	0.65	7 July 2019 to 6 July 2024	1,356,000	–	–	–	(1,356,000)	–
	7 July 2017	7 July 2020	0.65	7 July 2020 to 6 July 2025	1,356,000	–	–	(1,062,000)	(294,000)	–
Sub-total					2,712,000	–	–	(1,062,000)	(1,650,000)	–
Employees	21 April 2021	21 April 2022	0.582	21 April 2022 to 22 March 2027	1,628,000	–	–	(1,516,000)	(112,000)	–
	21 April 2021	21 April 2023	0.582	21 April 2023 to 22 March 2027	1,221,000	–	–	(1,137,000)	(84,000)	–
	21 April 2021	21 April 2024	0.582	21 April 2024 to 22 March 2027	1,248,000#	–	–	(1,137,000)	(111,000)	–
Sub-total					4,097,000	–	–	(3,790,000)	(307,000)	–
Total for employees					**6,809,000**	**–**	**–**	**(4,852,000)**	**(1,957,000)**	**–**
Total					**12,309,000**	**–**	**–**	**(4,852,000)**	**(1,957,000)**	**5,500,000**

Share Option vested during FY2025

DIRECTORS' REPORT (continued)

Note:

1. The reason for the grant to Mr. Raymond Liu was to reward him for the progressive growth of the Group. The Remuneration Committee is of the view that such grant will incentivise Mr. Raymond Liu to continue to lead the Group for a sustainable growth after consideration of compensation packages of other executives in the market where we operate with similar role and responsibilities.

Further particulars of the Share Option Scheme and details of movements in the share options under such scheme during the year under review are set out in note 37(ii) to the consolidated financial statements of this annual report.

During FY2025, save for disclosed above, no share option was granted, vested, exercised, cancelled, forfeited or lapsed under the Share Option Scheme.

There was no service provider sublimit set under the Share Option Scheme.

The number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during FY2025 divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for FY2025 is 0.

Saved as disclosed above, none of the grantees is a director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).

EQUITY-LINKED AGREEMENTS

Other than the Share Award Scheme and the Share Option Scheme, no equity-linked agreements were entered into by the Company during FY2025 or subsisted at the end of FY2025.

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

Neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company (including sale of treasury shares) during FY2025 and up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient prescribed public float of 25% of the total number of issued Shares pursuant to Rule 13.35 of the Listing Rules.

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE PRACTICES

Details of the principal corporate governance practices as adopted by the Company are set out in the section headed "Corporate Governance Report "on pages 22 to 45 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operate in compliance with the applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group's existing business activities on the environment.

Details of the environmental polices and performance is contained in the standalone environmental, social and governance report of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board reviews and monitors the Group's policies and practices on compliance with legal and regulatory requirements on a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During FY2025 and up to the date of this annual report, to the best of the Company's knowledge, information and belief, having made all reasonable enquiries, the Group has complied with the material requirements under the Listing Rules, SFO and the Companies' Law of the Cayman Islands. Details of the Company's compliance with the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules are provided in the Corporate Governance Report of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks and uncertainties involved in the business operations of the Group may affect the Group's financial conditions or growth prospects. The Group has been focusing on the control of risks and uncertainties with the aim of understanding and addressing the concerns of stakeholders. Key risks and uncertainties faced by the Group are listed below:

- we rely on our vendors to grant us the authorisation for the distribution of cybersecurity products, and the expiry of, failure to renew and/or interruption of any of them would have a material adverse effect on our operations and financial results;

- quality of the cybersecurity products provided by our vendors is not under our control. If the cybersecurity products provided by our vendors are defective or fail to meet the required standards, our business and reputation may be adversely affected;

DIRECTORS' REPORT (continued)

- our income from the provision of cybersecurity solutions is generally project-based and any decrease in the number of projects and/or demand of cybersecurity solutions would affect our operations and financial results;
- we may encounter cost overruns or delays in the completion of our cybersecurity solutions projects, which may materially and adversely affect our business, financial position and results of operation;
- we are exposed to credit risk from our customers and may be exposed to delays and/or defaults of progress payments by our customers which would adversely affect our cash flows and financial results;
- there may be uncertainties on obtaining necessary licences, approvals and permits for our operations;
- we are exposed to potential liabilities for damages or injuries caused by our negligent acts or omissions in providing our cybersecurity solutions;
- our historical financial conditions and results of operations may not be indicative of our future growth;
- currency fluctuation may adversely affect our revenues and costs; and
- issue of new Shares under the Share Option Scheme, Share Award Scheme or issue of additional Shares will have a dilution effect.

CORPORATE AND SOCIAL RESPONSIBILITY

The Company places great importance to and conscientiously fulfill its social responsibilities by promoting the harmony and interaction of the Company and society; achieving sustainable development; setting up a good corporate image; providing employment opportunities for the society in accordance with the laws and regulations, having a passion for the public welfare undertaking, creating a better social atmosphere for the Company and achieving long-term sustainable development. The Company has integrated the corporate social responsibility with the Company's business development, unremittingly pursue the common progress and development of the Company and the customers, employees, Shareholders and society.

AUDIT COMMITTEE

The AC has reviewed with the management of the Group, the accounting principles and practices adopted by the Group and discussed auditing, accounting policies and practices, internal control and financial reporting matters including the review of the audited consolidated financial statements for FY2025.

DIRECTORS' REPORT (continued)

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence and the Company considers all the independent non-executive Directors to be independent.

AUDITOR

The consolidated financial statements for FY2025 have been audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte"), the auditor of the Company, who will retire at the conclusion of the 2025 AGM and be eligible to offer themselves for re-appointment. A resolution for the re-appointment of Deloitte as auditor of the Company will be proposed at the 2025 AGM. There has been no change of auditor of the Company in any of the preceding three financial years.

By Order of the Board
Edvance International Holdings Limited
Liu Yui Ting Raymond
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 23 June 2025

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF
EDVANCE INTERNATIONAL HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Edvance International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 69 to 166, 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 and other explanatory 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 as issued by the Hong Kong Institute of Certified Public Accountants ("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 judgement, 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.

INDEPENDENT AUDITOR'S REPORT (continued)

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of exclusive rights	
We identified the impairment assessment of exclusive rights as a key audit matter due to the significance of the balance of intangible assets to the Group's total assets and the significant degree of judgement and assumptions made by the group management in determining the value in use of the cash-generating unit ("CGU"). As disclosed in notes 5 and 18(b) to the consolidated financial statements, the Group had identified impairment indicator on the exclusive rights with carrying amount of HK$26,177,000 as at 31 March 2025. Management conducted an impairment assessment by comparing the recoverable amounts of the CGU to which the exclusive rights belong which is estimated based on value in use calculation, with its carrying amount. The value in use calculation requires the management of the group to estimate the future cash flows expected to arise from the CGU, which includes key assumptions and judgement on cash flow forecasts, including long-term growth rate and the pre-tax discount rate. Based on the impairment assessment performed by the management, no impairment has been recognised in respect of exclusive rights for the year ended 31 March 2025.	Our procedures in relation to the impairment assessment of exclusive rights included: • Obtaining an understanding of the key controls of the Group over the impairment assessment process on exclusive rights including the preparation of cash flow forecasts and determination of related significant assumptions; • Assessing whether the cash flow forecast is prepared in accordance with the Group's accounting policies and comparing the forecast with the budgets approved by the management of the Company; • Comparing the actual results for the current year against the management's cash flow projections prepared in the previous year to evaluate the reliability of management's budgeting process; • Engaging our internal valuation specialist to analyse the reasonableness of the pre-tax discount rate adopted by the management by comparing to the economic and industry data; • Assessing the reasonableness of the expected long-term growth rate by comparing to relevant market researches; and • Performing sensitivity analysis on the key assumptions including expected long-term growth rate and pre-tax discount rate to evaluate the magnitude of their potential impacts.

INDEPENDENT AUDITOR'S REPORT (continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are 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.

INDEPENDENT AUDITOR'S REPORT (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement 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.

- Conclude on the appropriateness of the 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 purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

INDEPENDENT AUDITOR'S REPORT (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide those charged with governance 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 those charged with governance, 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 the independent auditor's report is Leung Po Shan (practising certificate number: P07300).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	6	**734,346**	625,372
Cost of sales or services		**(592,953)**	(488,378)
Gross profit		**141,393**	136,994
Other income	8	**1,587**	885
Other gains and losses, net	9	**6,330**	30,092
Distribution and selling expenses		**(38,780)**	(41,043)
Administrative and other expenses		**(71,084)**	(89,274)
Net impairment losses under expected credit loss model		**(6,011)**	(2,045)
Finance costs	10	**(4,335)**	(4,639)
Profit before taxation		**29,100**	30,970
Taxation	11	**(4,562)**	(2,075)
Profit for the year	12	**24,538**	28,895
Other comprehensive income for the year:			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of intangible assets		**–**	398
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**189**	232
Total comprehensive income for the year		**24,727**	29,525
Profit (loss) for the year attributable to:			
Owners of the Company		**24,547**	29,713
Non-controlling interests		**(9)**	(818)
		24,538	28,895
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**24,736**	30,343
Non-controlling interests		**(9)**	(818)
		24,727	29,525
Earnings per share (HK cents)	15		
– basic		**2.44**	2.94
– diluted		**2.44**	2.93

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property and equipment	16	59,724	103,776
Goodwill	17	3,216	3,216
Intangible assets	18	26,177	31,426
Deferred tax assets	20	5,971	5,578
Prepayments and deposits	22	199,622	178,316
		294,710	322,312
Current assets			
Inventories	23	10,384	31,989
Loan receivable	24	1,460	3,000
Trade and other receivables, prepayments and deposits	22	447,528	440,364
Tax recoverable		–	1,141
Contract assets	21	6,563	7,300
Financial assets at fair value through profit or loss ("FVTPL")	19	50,908	45,510
Cash and cash equivalents	25	82,662	55,867
		599,505	585,171
Current liabilities			
Trade and other payables and accruals	26	138,994	167,454
Lease liabilities	27	9,750	10,088
Contract liabilities	28	312,665	267,021
Bank borrowings	29	11,802	53,805
Tax payables		2,256	–
		475,467	498,368
Net current assets		124,038	86,803
Total assets less current liabilities		418,748	409,115

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Lease liabilities	27	16,434	26,065
Contract liabilities	28	211,483	196,894
Bank borrowings	29	–	16,675
Deferred tax liabilities	20	4,319	5,185
		232,236	244,819
Net assets		186,512	164,296
Capital and reserves			
Share capital	30	10,042	10,042
Reserves		176,470	151,734
Equity attributable to owners of the Company		186,512	161,776
Non-controlling interests		–	2,520
Total equity		186,512	164,296

The consolidated financial statements on pages 69 to 166 were approved and authorised for issue by the board of directors on 23 June 2025 and are signed on its behalf by:

LIU Yui Ting Raymond
DIRECTOR

LEE Francis Sung Kei
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000	Share option reserve HK$'000	Revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated profits HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2023	10,117	71,000	3,633	4,526	59	(320)	44,891	133,906	3,338	137,244
Profit (loss) for the year	–	–	–	–	–	–	29,713	29,713	(818)	28,895
Other comprehensive income for the year	–	–	–	–	398	232	–	630	–	630
Total comprehensive income (expense) for the year	–	–	–	–	398	232	29,713	30,343	(818)	29,525
Transfer to accumulated profits upon lapse of share options	–	–	–	(572)	–	–	572	–	–	–
Disposal of intangible assets	–	–	–	–	(457)	–	457	–	–	–
Issue of shares upon exercise of share options	5	428	–	(97)	–	–	–	336	–	336
Recognition of share-based payment expenses	–	–	–	316	–	–	–	316	–	316
Repurchase and cancellation of shares	(80)	(3,045)	–	–	–	–	–	(3,125)	–	(3,125)
At 31 March 2024	10,042	68,383	3,633	4,173	–	(88)	75,633	161,776	2,520	164,296
Profit (loss) for the year	–	–	–	–	–	–	24,547	24,547	(9)	24,538
Other comprehensive income for the year	–	–	–	–	–	189	–	189	–	189
Total comprehensive income (expense) for the year	–	–	–	–	–	189	24,547	24,736	(9)	24,727
Transfer to accumulated profits upon lapse or cancellation of share options	–	–	–	(2,525)	–	–	2,525	–	–	–
Disposal of a subsidiary (Note 40)	–	–	–	–	–	–	–	–	(2,511)	(2,511)
At 31 March 2025	10,042	68,383	3,633	1,648	–	101	102,705	186,512	–	186,512

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	29,100	30,970
Adjustments for:		
Finance costs	4,335	4,639
Net impairment losses under expected credit loss model	6,011	2,045
Interest income	(1,249)	(885)
Depreciation	17,512	20,577
Amortisation of intangible assets	2,618	2,618
Impairment loss on intangible assets	–	1,677
Fair values changes on financial assets at FVTPL	(1,945)	(32,437)
Revaluation loss on intangible assets	–	521
Share-based payments	–	316
Allowance for inventories	844	1,667
Net (gain) loss on disposal and written-off of property and equipment	(4,383)	23
Operating cash flows before movements in working capital	52,843	31,731
Decrease (increase) in inventories	20,761	(15,291)
Increase in trade and other receivables, prepayment and deposits	(34,529)	(243,160)
Decrease in contract assets	750	848
(Increase) decrease in financial assets at FVTPL	(3,453)	1,504
(Decrease) increase in trade and other payables and accruals	(28,204)	67,713
Increase in contract liabilities	60,233	182,980
Net cash generated from operations	68,401	26,325
Income tax paid	(1,989)	(12,519)
NET CASH FROM OPERATING ACTIVITIES	66,412	13,806

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		31,611	–
Repayment from loan receivable		1,540	–
Interest received		556	181
Net proceeds from disposal of a subsidiary	40	26	–
Purchase of property and equipment		(840)	(6,578)
Purchase of intangible assets		–	(27)
Proceeds from disposal of intangible assets		–	1,919
NET CASH FROM (USED IN) INVESTING ACTIVITIES		32,893	(4,505)
FINANCING ACTIVITIES			
Repayment of bank borrowings		(58,770)	(137,123)
Payments of lease liabilities		(9,783)	(11,529)
Interest paid		(4,335)	(4,639)
New bank borrowings raised		–	135,417
Proceeds from issue of shares		–	336
Payment on repurchase of shares		–	(3,125)
NET CASH USED IN FINANCING ACTIVITIES		(72,888)	(20,663)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		26,417	(11,362)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		55,867	67,190
Effect of exchange rate changes		378	39
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		82,662	55,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

Edvance International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its ultimate immediate controlling shareholder is Success Vision International Group Limited, which was incorporated in the British Virgin Islands ("BVI").

The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report. The Company acts as an investment holding company. The principal activities of principal subsidiaries of the Company are described in note 39.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and amendments to HKFRS Accounting Standards in issue 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:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

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

Except as described below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 "Presentation and Disclosure in Financial Statements" ("HKFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements" ("HKAS 1"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, 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. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosure". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in notes 6, 21 and 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 recognised at the rates of exchange prevailing on the dates of 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. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of 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 rate prevailing at the end of the reporting period. Income and expenses 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 the translation reserve.

Borrowing costs

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

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. Government grants relating to compensation of expenses are deducted from the related expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit scheme and Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For shares that vest immediately at the date of grant, the fair value of the shares is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are lapsed or forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and 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 differences 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 other 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 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 a deferred tax asset is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property and equipment

Property and equipment are tangible assets that are held for supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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". 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 and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values 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 and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets other than goodwill with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets and intangible assets other than goodwill are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill (continued)

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 cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 cash-generating unit, 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 as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Deposits for life insurance contracts

Deposits for life insurance contracts are stated in the consolidated statement of financial position at cost adjusted for interest income and service charges, less impairment losses, if any.

Financial instruments

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 and 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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees 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 assets or financial liabilities, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if it has been acquired principally for the purpose of selling in the near term.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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 (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

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. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including loan receivable, trade and other receivables and deposits and bank balances) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component. Credit-impaired trade receivables and trade receivables with aggregated outstanding balances exceeding HK$1,000,000 and relevant contract assets have been assessed individually, and the remaining trade receivables and contract assets balances are assessed collectively using a provision matrix grouped with shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables and the contract assets on the same basis.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when 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 increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (continued)

Significant increase in credit risk

In assessing whether the credit risk 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.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse change in economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when 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, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer of the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probably that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (continued)

Write-off policy

A write-off constitutes a derecognition event. The Group usually writes off when there is information indicating that the counterparty 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 two years 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 when appropriate. Any recoveries 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 and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (continued)

Measurement and recognition of ECL (continued)

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of loan receivable, trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial asset

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

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 the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and accruals and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 on-going 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 following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated impairment of exclusive rights

As at 31 March 2025, the carrying amount of exclusive rights with finite useful life and with impairment indication was approximately HK$26,177,000 (2024: HK$28,795,000). In determining whether the exclusive rights are impaired, the Group has to exercise judgement and make estimation on whether the carrying value of CGU to which the exclusive rights belong can be supported by the recoverable amount, which is based on its value in use calculation. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the recoverable amount. See note 18(b) for further disclosures.

Fair value measurement of unlisted equity investment

As at 31 March 2025, unlisted equity investment amounting to approximately HK$46,525,000 (2024: HK$45,510,000) are measured at fair value with level 3 fair value measurement being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 33 for further disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Allowance for inventories

Slow-moving inventories were identified by management based on aging analysis and marketability of inventories. Allowance was applied to inventories based on assessment of net realisable value by management by considering the latest selling prices and estimated costs necessary to make the sale. Allowance is recognised if the net realisable value is estimated to be below the cost.

Allowance for inventories of approximately HK$844,000 (2024: HK$1,667,000) was recognised for the year ended 31 March 2025. The carrying amount of inventories are approximately HK$10,384,000 (2024: HK$31,989,000) as at 31 March 2025.

Estimated impairment of trade receivables and contract assets

Lifetime ECL on (i) trade receivables with aggregated outstanding balances exceeding HK$1,000,000 and relevant contract assets are assessed individually; and (ii) remaining trade receivables and contract assets are based on provision matrix through grouping of various debtors that have similar loss pattern, after considering internal credit ratings of trade debtors and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward looking information that is reasonable and supportable available without undue costs or effort. The assessment of credit risk of trade receivables and contract assets involves high degree of estimation uncertainty. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The ECL assessment is sensitive to changes in estimates. The information about the ECL for the Group's trade receivables and contract assets are disclosed in note 33. The carrying amounts of trade receivables and contract assets are approximately HK$193,423,000 (2024: HK$217,915,000) and HK$6,563,000 (2024: HK$7,300,000), respectively as at 31 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

6. REVENUE

Revenue represents the fair value of amounts received and receivable for goods sold and services provided by the Group to outside customers, less discounts and sales related taxes for the year.

Revenue from goods and services

An analysis of the Group's revenue from goods and services by segment for the year is as follows:

	2025 HK$'000	2024 HK$'000
Types of goods or services:		
Cybersecurity products business*		
– procurement of network security products, system security products and application and data security products	310,034	277,419
Cybersecurity services business*		
– provision of technical implementation services	27,653	29,858
– provision of maintenance and support services	396,659	318,021
	424,312	347,879
Digital assets financial services and investment business*		
– provision of financial services	–	74
	734,346	625,372

* The segment names are defined in the section "Segment information" in note 7.

	2025 HK$'000	2024 HK$'000
Timing of revenue recognition:		
Over time	424,312	347,953
A point in time	310,034	277,419
	734,346	625,372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

6. REVENUE (continued)

Revenue from goods and services (continued)

Performance obligations for contracts with customers

Revenue from procurement of network security products, system security products and application and data security products

Revenue from procurement of network security products, system security products and application and data security products is recognised when control of the products has been transferred to the customers, being at the point the products are delivered to the customer's specific location. Transportation and other related activities that occur before customers obtain control of the related products are considered as fulfilment activities. A receivable is recognised by the Group when the products are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group requires certain customers to provide upfront deposits range from 20% to 50% of total contract sum, when the Group receives a deposit before the delivery of products, this will give rise to contract liabilities at the start of a contract, until the products are delivered to the customers. The normal credit term is 30 to 60 days upon delivery, which is approximate the time of issuing the invoices to the customers.

Revenue from provision of technical implementation services

The Group provides technical implementation services to customers. Such services are recognised as a performance obligation satisfied over time as the Group enhances the assets that the customer controls as the assets are enhanced. The progress towards completing satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts (i.e. materials costs, direct staff costs and other direct costs incurred) to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The normal payment term is 30 to 60 days upon the issuance of invoices to the customers. The Group requires customers to provide upfront deposit range from 20% to 50% of total contract sum, when the Group receives the advance payment before the services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the technical implementation services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on user acceptance by customers. The contract assets are transferred to trade receivables when the rights become unconditional.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

6. REVENUE (continued)

Revenue from goods and services (continued)

Performance obligations for contracts with customers (continued)

Revenue from provision of maintenance and support services

The Group provides maintenance and support services to customers. Such services are recognised as a performance obligation satisfied over time on a straight-line basis over the period of services as the customers simultaneously receives and consumes the benefits provided by the Group's performance. The normal payment term is 30 to 60 days upon the issuance of invoices to the customers. The Group requires customers to pay the total contract sum in advance, when the Group receives the advance payment before the services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

Revenue from provision of financial services

The Group provide financial services to the customers. Such services are recognised as a performance obligation satisfied over time on a straight-line basis over the period of services as the customers simultaneously receives and consumes the benefits provided by the Group's performance throughout the service period stated on contract. The normal payment term is 0 to 60 days upon the issuance of invoices to the customers.

The Group generally requires customers to pay the total contract sum in advance, when the Group receives the advance payment before the services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

6. REVENUE (continued)

Revenue from goods and services (continued)

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2025 and 2024 and the expected timing of recognising revenue are as follows:

	Maintenance and support services	
	2025	2024
	HK$'000	HK$'000
Within one year	**306,208**	256,783
More than one year but not more than two years	**126,621**	114,694
More than two years	**84,862**	82,200
	517,691	453,677

All the Group's other contracts with customers for procurement of network security products, system security products and application and data security products, provision of technical implementation services and provision of financial services with unsatisfied performance obligations have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations (unsatisfied or satisfied) of these contracts as at 31 March 2025 and 2024 is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

7. SEGMENT INFORMATION

Segment revenue and results

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments are therefore as follows:

(1) Cybersecurity products business refers to the procurement of network security products, system security products and application and data security products by the Group;

(2) Cybersecurity services business refers to the provision of technical implementation and maintenance and support services to customers by the Group; and

(3) Digital assets financial services and investment business refers to the provision of digital assets financial services to customers, venture investment and securities trading by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

7. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

An analysis of the Group's reportable segment revenue and segment results is as below:

	Cybersecurity products business HK$'000	Cybersecurity services business HK$'000	Digital assets financial services and investment business HK$'000	Total HK$'000
For the year ended 31 March 2025				
Segment revenue	310,034	424,312	–	734,346
Segment results	43,188	92,194	1,322	136,704
Other income				1,587
Unallocated other gains and losses, net				4,385
Unallocated distribution and selling expenses				(38,732)
Unallocated administrative and other expenses				(70,509)
Finance costs				(4,335)
Profit before taxation				29,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

7. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

	Cybersecurity products business HK$'000	Cybersecurity services business HK$'000	Digital assets financial services and investment business HK$'000	Total HK$'000
For the year ended 31 March 2024				
Segment revenue	277,419	347,879	74	625,372
Segment results	37,307	98,936	23,161	159,404
Other income				885
Unallocated other gains and losses, net				(16)
Unallocated distribution and selling expenses				(40,963)
Unallocated administrative and other expenses				(82,350)
Impairment losses recognised on loan receivable				(1,351)
Finance costs				(4,639)
Profit before taxation				30,970

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit earned by each segment without allocation of other income, certain other gains and losses, net, certain distribution and selling expenses, certain administrative and other expenses, impairment losses recognised on loan receivable, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

7. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2025 HK$'000	2024 HK$'000
Segment assets		
Cybersecurity products business	178,096	224,012
Cybersecurity services business	495,193	441,921
Digital assets financial services and investment business	50,908	50,006
Unallocated assets	170,018	191,544
Consolidated assets	894,215	907,483

	2025 HK$'000	2024 HK$'000
Segment liabilities		
Cybersecurity products business	83,531	150,070
Cybersecurity services business	561,312	460,950
Digital assets financial services and investment business	164	154
Unallocated liabilities	62,696	132,013
Consolidated liabilities	707,703	743,187

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than property and equipment, deferred tax assets, certain other receivables, prepayments and deposits, loan receivable, tax recoverable and cash and cash equivalents.

- all liabilities are allocated to reportable segments other than certain other payables and accruals, bank borrowings, lease liabilities, tax payables and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

7. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 March 2025

	Cybersecurity products business HK$'000	Cybersecurity services business HK$'000	Digital assets financial services and investment business HK$'000	Total reportable segments HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (note)	–	–	–	–	840	840
Depreciation	–	–	–	–	17,512	17,512
Amortisation of intangible assets	2,618	–	–	2,618	–	2,618
Net impairment losses on trade receivables	428	5,596	–	6,024	–	6,024
Net reversal of impairment losses on contract assets	–	(13)	–	(13)	–	(13)
Gain on fair value changes of financial assets at FVTPL	–	–	1,945	1,945	–	1,945
Net gain on disposal of property and equipment	–	–	–	–	4,383	4,383
Write-down of inventories	844	–	–	844	–	844

Note: Amounts included additions to property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

7. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 March 2024

	Cybersecurity products business HK$'000	Cybersecurity services business HK$'000	Digital assets financial services and investment business HK$'000	Total reportable segments HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (note)	–	–	27	27	12,361	12,388
Depreciation	–	–	–	–	20,577	20,577
Amortisation of intangible assets	2,618	–	–	2,618	–	2,618
Impairment loss on intangible assets	–	–	1,677	1,677	–	1,677
Net impairment losses on trade receivables	656	–	–	656	–	656
Net impairment losses on contract assets	–	38	–	38	–	38
Impairment losses on loan receivable	–	–	–	–	1,351	1,351
Gain on fair value changes of financial assets at FVTPL	–	–	32,306	32,306	–	32,306
Revaluation loss on intangible assets charged to profit or loss	–	–	521	521	–	521
Write-down of inventories	1,667	–	–	1,667	–	1,667

Note: Amounts included additions to included property and equipment and intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

7. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Hong Kong, Macau and the People's Republic of China ("PRC") (excluding Hong Kong and Macau) and Republic of Singapore ("Singapore"). Information about the Group's revenue is analysed by location of the customers.

	2025 HK$'000	2024 HK$'000
Hong Kong	675,925	584,251
Macau	33,934	23,961
Mongolian People's Republic	10,725	6,097
The PRC (excluding Hong Kong and Macau)	4,464	8,022
Singapore	8,974	3,041
Others	324	–
	734,346	625,372

Information about the Group's non-current assets (excluding rental deposit, deferred tax assets and deposits and prepayment for life insurance contracts) which is presented based on geographical location of the assets, is as follows:

	2025 HK$'000	2024 HK$'000
Hong Kong	270,405	270,839
The PRC (excluding Hong Kong and Macau)	15	26
Singapore	–	27,700
	270,420	298,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

7. SEGMENT INFORMATION (continued)

Information about major customers

An analysis of revenue from customers contributing to over 10% of the Group's total revenue for the year is as follows:

	2025 HK$'000	2024 HK$'000
Customer A[1]	76,143	–[2]

[1] Revenue derived from Cybersecurity products business and Cybersecurity services business.

[2] The corresponding revenue did not contribute over 10% of total revenue of the Group for respective year.

8. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Bank interest income	556	181
Interest income from deposits for life insurance contracts	528	519
Interest income from rental deposits	165	185
Others	338	–
	1,587	885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

9. OTHER GAINS AND LOSSES, NET

	2025 HK$'000	2024 HK$'000
Net foreign exchange gain	2	7
Net gain (loss) on disposal and written-off of property and equipment	4,383	(23)
Gain on fair value changes of financial assets at FVTPL	1,945	32,306
Revaluation loss on intangible assets	–	(521)
Impairment loss on intangible assets	–	(1,677)
	6,330	30,092

10. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on bank borrowings	2,682	2,524
Interest on lease liabilities	1,653	2,115
	4,335	4,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

11. TAXATION

	2025 HK$'000	2024 HK$'000
Current tax:		
Hong Kong Profits Tax	**5,652**	3,633
Overprovision in respect of prior year:		
Hong Kong Profits Tax	**(266)**	(34)
Deferred tax credit (note 20)	**(824)**	(1,524)
	4,562	2,075

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No provision of PRC Enterprise Income Tax was made as the subsidiaries in the PRC have incurred tax losses for both years.

The Singapore Income Tax is determined by applying the Singapore tax rate of 17%. No provision of Singapore Income Tax was made as the subsidiaries in Singapore have incurred tax losses for both years.

No provision of Macau Complementary Tax was made for the year ended 31 March 2025 and 2024 as the subsidiary in Macau has incurred tax losses for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

11. TAXATION (continued)

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

	2025 HK$'000	2024 HK$'000
Profit before taxation	29,100	30,970
Taxation at Hong Kong Profits Tax rate of 16.5%	4,802	5,110
Tax effect of income not taxable for tax purposes	(545)	(5,483)
Tax effect of expenses not deductible for tax purposes	352	148
Tax effect of tax losses not recognised	50	2,637
Overprovision in prior year	(266)	(34)
Tax effect of two-tiered tax rate	(165)	(165)
Others	334	(138)
Taxation for the year	4,562	2,075

At 31 March 2025, the Group had estimated unused tax losses of approximately HK$118,468,000 (2024: HK$119,971,000) to offset against future profits which can be carried forward indefinitely. A deferred tax assets has been recognised in respect of the estimated tax losses of approximately HK$26,115,000 (2024: HK$27,921,000). No deferred tax asset has been recognised in respect of the remaining estimated tax losses of approximately HK$92,353,000 (2024: HK$92,050,000) due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

12. PROFIT FOR THE YEAR

	2025 HK$'000	2024 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs:		
Directors' remuneration (note 13)	**9,284**	14,232
Other staff:		
Other staff costs	**65,964**	75,258
Equity-settled share-based expense	**459**	135
Contributions to retirement benefits schemes	**2,665**	3,779
	78,372	93,404
Auditor's remuneration		
– Audit services	**1,692**	1,892
– Non-audit services	**96**	124
	1,788	2,016
Cost of inventories recognised as an expense (including the allowance for inventories of approximately HK$844,000 (2024: HK$1,667,000))	**274,212**	236,838
Depreciation of right-of-use assets	**10,669**	12,171
Depreciation of other property and equipment	**6,843**	8,406
Depreciation of property and equipment	**17,512**	20,577
Amortisation of intangible assets	**2,618**	2,618
Net impairment losses on trade receivables	**6,024**	656
(Net reversal of impairment losses) net impairment losses on contract assets	**(13)**	38
Impairment losses on loan receivable	**–**	1,351
Net impairment losses under ECL model	**6,011**	2,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

	Directors' fee HK$'000	Salaries, allowance and other benefits HK$'000	Equity settled share-based expense HK$'000	Performance related bonuses HK$'000 (note (i))	Retirement benefit schemes contributions HK$'000	Total HK$'000
For the year ended 31 March 2025						
Executive directors						
Mr. Liu Yui Ting Raymond ("Mr. Raymond Liu")	–	2,593	–	864	78	3,535
Mr. Lee Francis Sung Kei	–	1,741	–	561	78	2,380
Mr. Lam Tak Ling	–	1,801	–	436	78	2,315
Non-executive director						
Mr. Lo Wai Ho Ashley ("Mr. Ashley Lo")	360	80	–	–	2	442
Independent non-executive directors						
Mr. Ng Tsz Fung Jimmy	204	–	–	–	–	204
Mr. Chan Siu Ming Simon	204	–	–	–	–	204
Mrs. Wong Hung Flavia Yuen Yee	204	–	–	–	–	204
	972	6,215	–	1,861	236	9,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors' and chief executive's emoluments (continued)

	Directors' fee HK$'000	Salaries, allowance and other benefits HK$'000	Equity settled share-based expense HK$'000	Performance related bonuses HK$'000 (note (i))	Retirement benefit schemes contributions HK$'000	Total HK$'000
For the year ended 31 March 2024						
Executive directors						
Mr. Raymond Liu	–	2,592	181	864	78	3,715
Mr. Lee Francis Sung Kei	–	1,740	–	1,499	78	3,317
Mr. Lam Tak Ling	–	1,800	–	516	78	2,394
Mr. Von John (note (ii))	–	2,308	–	513	35	2,856
Non-executive director						
Mr. Ashley Lo	360	960	–	–	18	1,338
Independent non-executive directors						
Mr. Ng Tsz Fung Jimmy	204	–	–	–	–	204
Mr. Chan Siu Ming Simon	204	–	–	–	–	204
Mrs. Wong Hung Flavia Yuen Yee	204	–	–	–	–	204
	972	9,400	181	3,392	287	14,232

Notes:

(i) Performance related bonuses was determined by reference to their duties and responsibilities of the relevant individual within the Group and the Group's performance.

(ii) Mr. Von John resigned as an executive director on 8 February 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors' and chief executive's emoluments (continued)

The emoluments of executive directors stated above were for their services in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of non-executive directors and independent non-executive directors stated above were for their services in connection with their roles as directors of the Company.

No emoluments were paid by the Company to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years. The directors of the Company have not waived any remuneration for both years.

Employees' emoluments

The five highest paid individuals of the Group include one (2024: four) director of the Company for the year ended 31 March 2025, whose emoluments are included in the disclosures above. The total emoluments of the remaining four (2024: one) individuals for the year ended 31 March 2025, are as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries, allowance and other benefits	**6,150**	1,925
Performance related bonuses	**5,613**	632
Contributions to retirement benefits schemes	**211**	65
	11,974	2,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Employees' emoluments (continued)

The five highest paid individuals (including directors) of the Company whose remuneration fell within the following bands is as follows:

	2025 No. of employees	2024 No. of employees
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	3	2
HK$3,000,001 to HK$3,500,000	–	1
HK$3,500,001 to HK$4,000,000	2	1
	5	5

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was proposed for ordinary shareholders of the Company during the year ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

15. EARNINGS PER SHARE

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

	2025 HK$'000	2024 HK$'000
Profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**24,547**	29,713

	2025 Number of shares '000	2024 Number of shares '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,004,217**	1,011,449
Effect of dilutive potential ordinary shares:		
Share options	**–**	2,290
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,004,217**	1,013,739

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of these share options were higher than the average market price of the Company's shares for the year ended 31 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

16. PROPERTY AND EQUIPMENT

	Owned properties HK$'000	Leased properties HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office and computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2023	60,683	58,685	19,493	11,029	4,851	154,741
Exchange adjustments	(91)	–	(9)	(27)	–	(127)
Additions	–	2,783	9,000	578	–	12,361
Disposals and written off	–	–	(2,313)	–	(980)	(3,293)
Eliminated upon end of lease	–	(7,042)	–	–	–	(7,042)
At 31 March 2024	60,592	54,426	26,171	11,580	3,871	156,640
Exchange adjustments	(87)	–	(8)	–	–	(95)
Addition	–	–	–	82	758	840
Disposal and written off	(31,211)	–	(3,265)	(743)	(1,249)	(36,468)
Disposal of a subsidiary (Note 40)	–	(6,104)	–	(29)	–	(6,133)
At 31 March 2025	29,294	48,322	22,898	10,890	3,380	114,784
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 April 2023	4,098	17,038	8,841	8,315	4,347	42,639
Exchange adjustments	(9)	–	(9)	(22)	–	(40)
Provided for the year	1,212	12,171	5,067	1,718	409	20,577
Disposals and written off	–	–	(2,290)	–	(980)	(3,270)
Eliminated upon end of lease	–	(7,042)	–	–	–	(7,042)
At 31 March 2024	5,301	22,167	11,609	10,011	3,776	52,864
Exchange adjustments	(10)	–	(9)	–	–	(19)
Provided for the year	1,002	10,669	4,792	935	114	17,512
Disposal and written off	(4,005)	–	(3,265)	(721)	(1,249)	(9,240)
Disposal of a subsidiary (Note 40)	–	(6,040)	–	(17)	–	(6,057)
At 31 March 2025	2,288	26,796	13,127	10,208	2,641	55,060
CARRYING VALUES						
At 31 March 2025	27,006	21,526	9,771	682	739	59,724
At 31 March 2024	55,291	32,259	14,562	1,569	95	103,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

16. PROPERTY AND EQUIPMENT (continued)

The above items of property and equipment, after taking into account the residual value, are depreciated on a straight-line basis at the following rates per annum:

Owned properties	2%
Leased properties	Over the lease terms
Leasehold improvements	Over the lease terms
Furniture, fixtures and office and computer equipment	20%–33%
Motor vehicles	33% or over the lease terms

The Group as lessee

Right-of-use assets (included in the property and equipment)

	Leased properties HK$'000
At 31 March 2025	
Carrying amount	21,526
At 31 March 2024	
Carrying amount	32,259
For the year ended 31 March 2025	
Depreciation charge	10,669
For the year ended 31 March 2024	
Depreciation charge	12,171

	Year ended 31 March	
	2025 **HK$'000**	2024 HK$'000
Expense relating to short-term leases	**411**	638
Total cash outflow for leases	**11,847**	14,282
Additions to right-of-use assets	**–**	2,783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

16. PROPERTY AND EQUIPMENT (continued)

The Group as lessee (continued)

Right-of-use assets (included in the property and equipment) (continued)

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of one to three years, but may have termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 March 2025 and 2024, there is no such triggering event.

During the year ended 31 March 2024, the additions to right-of-use assets in relation to new offices leased amounted to approximately HK$2,783,000. Respective lease liabilities of approximately HK$2,783,000 have been recognised.

The Group regularly entered into short-term leases for office and carparks. As at 31 March 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

17. GOODWILL

	HK$'000
COST AND CARRYING VALUES	
At 1 April 2023, 31 March 2024 and 2025	3,216

For the purposes of impairment testing, goodwill has been allocated to two individual CGUs, comprising those subsidiaries under (i) Cybersecurity products business excluding Green Radar CGU (as defined in note 18(b)) ("Cybersecurity Products CGU") and (ii) Cybersecurity services business ("Cybersecurity Services CGU") with amount of approximately HK$1,801,000 and HK$1,415,000, respectively. In addition to goodwill above, property and equipment (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

The recoverable amount of Cybersecurity Products CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 17.4% (2024: 17.4%). Cybersecurity Products CGU's cash flows beyond the five-year period are extrapolated using a steady 2.5% (2024: 2.5%) long-term growth rate.

The recoverable amount of Cybersecurity Services CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 17.4% (2024: 17.4%). Cybersecurity Services CGU's cash flows beyond the five-year period are extrapolated using a steady 2.5% (2024: 2.5%) long-term growth rate.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

During the year ended 31 March 2025 and 2024, management of the Group determines that there is no impairment on the two individual CGUs. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the two individual CGUs to exceed the recoverable amount of the two individual CGUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

18. INTANGIBLE ASSETS

	2025 HK$'000	2024 HK$'000
Trading rights	–	2,631
Exclusive rights	26,177	28,795
	26,177	31,426

(a) Intangible assets with indefinite useful life carried at cost less any subsequent accumulated impairment losses

	Trading rights HK$'000
COST	
At 1 April 2023, 31 March 2024	6,228
Disposal of a subsidiary (Note 40)	(6,228)
As at 31 March 2025	–
ACCUMULATED IMPAIRMENT	
At 1 April 2023	1,920
Impairment loss recognised	1,677
At 31 March 2024	3,597
Disposal of a subsidiary (Note 40)	(3,597)
At 31 March 2025	–
CARRYING VALUES	
At 31 March 2025	–
At 31 March 2024	2,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

18. INTANGIBLE ASSETS (continued)

(a) Intangible assets with indefinite useful life carried at cost less any subsequent accumulated impairment losses (continued)

At 31 March 2024, intangible assets amounting to approximately HK$2,631,000 represent trading rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights were considered by the management of the Group as having an indefinite useful life because these are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful life is determined to be finite. Instead these will be tested for impairment annually and whenever there is an indication that they may be impaired.

As at 31 March 2024, for impairment testing purpose, the recoverable amount of these trading rights, which was determined based on the fair value less cost of disposal, was lower than its carrying amount. Accordingly, impairment loss of approximately HK$1,677,000 was recognised in profit or loss for the year ended 31 March 2024. The fair value measurement was transferred from Level 3 fair value hierarchy to Level 2 fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

18. INTANGIBLE ASSETS (continued)

(b) Intangible assets with finite useful life carried at cost less accumulated amortisation and any subsequent accumulated impairment losses

	Exclusive rights HK$'000
At 1 April 2023, 31 March 2024 and 2025	34,416
ACCUMULATED AMORTISATION	
At 1 April 2023	3,003
Charge for the year	2,618
At 31 March 2024	5,621
Charge for the year	2,618
At 31 March 2025	8,239
CARRYING VALUES	
At 31 March 2025	26,177
At 31 March 2024	28,795

The exclusive rights of the intellectual property are used for the development of the Group's cloud-based email security platform ("Green Radar CGU").

The above exclusive rights are amortised on a straight-line basis over finite useful lives of 13 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

18. INTANGIBLE ASSETS (continued)

(b) Intangible assets with finite useful life carried at cost less accumulated amortisation and any subsequent accumulated impairment losses (continued)

As at 31 March 2025 and 31 March 2024, as the Green Radar CGU under Cybersecurity products business incurred a loss, the management of the Group concluded there was indication for impairment and conducted impairment assessment. In addition to the exclusive rights above, property and equipment (including allocation of corporate assets) that generate cash flows together with the related trading rights are also included in the Green Radar CGU for the purpose of impairment assessment. The value in use calculation of Green Radar CGU uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 17.5% (2024: 17.7%). Cash flows beyond the five-year period are extrapolated using a steady 2% (2024: 2%) long-term growth rate up to the end of the useful life of the exclusive rights.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

During the year ended 31 March 2025 and 2024, management of the Group determines that there is no impairment on the Green Radar CGU. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the Green Radar CGU to exceed the recoverable amount of the Green Radar CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

19. FINANCIAL ASSETS AT FVTPL

	2025 HK$'000	2024 HK$'000
Listed equity investments in Hong Kong	**4,383**	–
Unlisted preference shares of Tykhe Capital Group Limited ("Tykhe")	**46,525**	45,510
	50,908	45,510
Analysed for reporting purposes as:		
Current assets	**50,908**	45,510

As at 31 March 2025 and 2024, the Group had unlisted preference shares investment amounting to United States Dollar ("US$") 3 million of share capital of series A2 preference shares of Tykhe. The fair value is measured at level 3 based on equity value using backsolve method with reference to recent market transaction price allocated to series A2 preference shares with weighted probability rate of 50% and 50%, respectively under liquidation scenario and qualified IPO scenario. The investment is classified as financial assets at FVTPL. During the year ended 31 March 2025, fair value gain of approximately HK$1,015,000 (2024: HK$32,437,000) had been recognised for the investment in Tykhe.

As at 31 March 2025 and 2024, the management of the Group expected to sell the investment in Tykhe within twelve months after the end of the reporting period and therefore the investment in Tykhe was classified as current assets.

As at 31 March 2025, the Group had invested in several listed equity investments in Hong Kong. Such investment was classified as financial assets at FVTPL. The fair value was measured at level 1 based on quoted prices in an active market.

Details of the fair value measurement on financial assets at FVTPL are disclosed in note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

20. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation of the consolidated financial statements, certain deferred tax assets and deferred tax liabilities have been offset. The following is the analysis for reporting propose:

	2025 HK$'000	2024 HK$'000
Deferred tax assets	5,971	5,578
Deferred tax liabilities	(4,319)	(5,185)
	1,652	393

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the years:

	Accelerated accounting depreciation HK$'000	ECL provision HK$'000	Tax losses HK$'000	Intangible assets HK$'000	Total HK$'000
At 1 April 2023	111	270	4,383	(5,895)	(1,131)
Credit to profit or loss for the year	562	28	224	710	1,524
At 31 March 2024	673	298	4,607	(5,185)	393
Credit (charge) to profit or loss for the year	724	(33)	(298)	431	824
Disposal of a subsidiary (Note 40)	–	–	–	435	435
At 31 March 2025	1,397	265	4,309	(4,319)	1,652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

21. CONTRACT ASSETS

	2025 HK$'000	2024 HK$'000
Contract assets from technical implementation services contracts	6,647	7,397
Less: allowance for credit losses	(84)	(97)
	6,563	7,300

As at 1 April 2023, contract assets amounted to approximately HK$8,186,000.

The contract assets primarily relate to the Group's right to consideration for the services performed and not billed because the rights are conditioned on user acceptance by customers. The contract assets are transferred to trade receivables when the rights become unconditional. The normal credit term is 30 to 60 days upon the issuance of invoices to the customers.

The Group classifies these contract assets as current assets because the Group expects to realise them in its normal operating cycle which is within 12 months after the end of the reporting period.

Details of the impairment assessment of contract assets are set out in note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2025 HK$'000	2024 HK$'000
Current		
Trade receivables	200,539	219,622
Less: allowance for credit losses	(7,116)	(1,707)
	193,423	217,915
Prepayment to suppliers for maintenance and support services (note (ii))	251,661	216,571
Receivables with broker's house and custodian	464	1,865
Other tax receivables	–	37
Prepayment and other receivables	1,980	3,976
	447,528	440,364
Non-current		
Rental deposits	3,180	3,372
Deposits and prepayment for life insurance contracts (note (i))	15,139	14,797
Prepayment to suppliers for maintenance and support services (note (ii))	181,303	160,147
	199,622	178,316
Total trade and other receivables, prepayments and deposits	647,150	618,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Notes:

(i) In prior years, the Group entered into life insurance contracts with a bank to insure certain directors of the subsidiaries of the Company and certain staff. Under these policies, the beneficiary and policy holder is Edvance Technology (HK) and the total insured sum of approximately US$6,000,000 (equivalent to approximately HK$46,500,000) and paid gross payments of approximately US$1,538,000 (equivalent to approximately HK$11,920,000). Edvance Technology (HK) may request a partial surrender or full surrender of all these insurance contracts at any time and receive cash back based on the account value of these policies ("Account Value") at the date of withdrawal, which is determined by the gross payments paid plus accumulated interest earned and minus any previously paid partial surrender and other relevant deductions. In addition, if withdrawal is made between the 1st to 15th or 1st to 18th policy year, depending on respective contracts, there is a specified surrender charge deducted from Account Value. The insurance company will pay Edvance Technology (HK) a guaranteed interest rate of 4.7% per annum for the first year of the contracts and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policies.

(ii) The amounts represented the prepayment made to the suppliers for their maintenance and support services to the Group. The prepayment is charged to profit or loss using straight-line method over the terms of maintenance and support contracts with suppliers and will form part of the Group's costs of services on maintenance and support services to customers of the Group. Amounts expected to be recognised as expense after twelve months of the reporting period are presented as non-current assets.

As at 1 April 2023, trade receivables from contracts with customers amounted to approximately HK$138,751,000.

The Group allows a credit period of 30 to 60 days to its customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
0 to 30 days	140,105	152,934
31 to 60 days	30,160	35,911
61 to 90 days	17,145	21,256
91 to 120 days	239	5,474
121 to 365 days	5,774	2,340
	193,423	217,915

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$32,721,000 (2024: HK$53,305,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$5,657,000 (2024: HK$2,493,000) has been past due 90 days or more and is not considered as in default. With reference to the historical records, past experience and also available reasonable and supportive forward-looking information to those customers, the directors of the Company do not consider these receivables as credit-impaired as these customers have a good business relationship with the Group and recurring overdue records of these customers with satisfactory settlement history.

Details of impairment assessment of trade and other receivables and deposits are set out in note 33.

23. INVENTORIES

	2025 HK$'000	2024 HK$'000
Finished goods	10,384	31,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

24. LOAN RECEIVABLE

	2025 HK$'000	2024 HK$'000
Fixed-rate unsecured loan receivable	3,336	4,876
Less: allowance for credit losses	(1,876)	(1,876)
	1,460	3,000

The loan receivable was made to a third party not related to the Group. Two directors of the borrower have provided personal guarantee to the Group.

The loan receivable was past due and became credit-impaired since the year ended 31 March 2024. Details of impairment assessment are set out in note 33.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances held by the Group with maturity of three months or less and carry interest at market rates at prevailing market interest rates for both years.

Details of impairment assessment of bank balances are set out in note 33.

26. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an analysis of trade and other payables and accruals:

	2025 HK$'000	2024 HK$'000
Trade payables	120,456	147,105
Accrued expense	11,088	8,913
Accrued staff costs	6,623	8,895
Others	827	2,541
	138,994	167,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

26. TRADE AND OTHER PAYABLES AND ACCRUALS (continued)

The credit period ranges from 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date.

	2025 HK$'000	2024 HK$'000
0 to 30 days	109,566	106,307
31 to 60 days	6,445	7,352
61 to 90 days	3,696	33,446
91 to 120 days	749	–
	120,456	147,105

27. LEASE LIABILITIES

	2025 HK$'000	2024 HK$'000
Lease liabilities payable:		
Within one year	9,750	10,088
Within a period of more than one year but not exceeding two years	9,692	9,632
Within a period of more than two years but not exceeding five years	6,742	16,433
	26,184	36,153
Less: Amount due for settlement within 12 months shown under current liabilities	(9,750)	(10,088)
Amount due for settlement after 12 months shown under non-current liabilities	16,434	26,065

The incremental borrowing rates applied to lease liabilities is 5.3% (2024: 5.4%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

28. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Contract liabilities from:		
Provision of maintenance and support services	**517,691**	453,677
Provision of technical implementation services	**4,008**	6,246
Procurement of network security products, system security products and application and data security products	**2,449**	3,992
	524,148	463,915

Analysed for reporting purposes as:

	2025 HK$'000	2024 HK$'000
Current liabilities	**312,665**	267,021
Non-current liabilities	**211,483**	196,894
	524,148	463,915

As at 1 April 2023, contract liabilities amounted to approximately HK$280,935,000.

The contract liabilities from provision of maintenance and support services are recognised as revenue using straight-line method over the terms of respective contracts and amounts to be released to profit or loss after twelve months of the reporting period are presented as non-current liabilities. The Group classifies other contract liabilities as current liabilities because the Group expects to be settled in its normal operating cycle which is within 12 months after the end of the reporting period.

For maintenance and support services contracts, the Group requires customers to provide upfront deposits of full contract sum. When the Group receives a deposit before the services commence, this will give rise to contract liabilities at the start of a contract, until the revenue fully recognised on the specific contract. The typical payment term is 30 to 60 days upon the issuance of invoices to the customers.

The increase in contract liabilities represents the increase in amount of upfront deposits received from the customers in respect of increase in sales orders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

28. CONTRACT LIABILITIES (continued)

For technical implementation services contract, the Group requires customers to provide upfront deposit range from 20% to 50% of total contract sum. When the Group receives the advance payment before the services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit. The typical payment term is 30 to 60 days upon the issuance of invoices to the customers.

For contract of procurement of network security products, system security products and application and data security products, the Group requires certain customers to provide upfront deposits range from 20% to 50% of total contract sum. When the Group receives a deposit before the delivery of products, this will give rise to contract liabilities at the start of a contract, until the products are delivered to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:

	2025 HK$'000	2024 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:		
Revenue from provision of maintenance and support services	**256,783**	164,935
Revenue from provision of technical implementation services	**6,246**	3,120
Revenue from procurement of network security products, system security products and application and data security products	**3,992**	8,162
	267,021	176,217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

29. BANK BORROWINGS

	2025 HK$'000	2024 HK$'000
Secured and guaranteed bank borrowings	**11,802**	70,480
The carrying amounts of the above bank borrowings are repayable*:		
Within one year	**2,023**	40,325
More than one year but not exceeding two years	**698**	4,460
More than two years but not exceeding five years	**9,081**	12,852
More than five years	**–**	12,843
	11,802	70,480
Less: Amounts due within one year or contains a repayment on demand clause shown under current liabilities	**(11,802)**	(53,805)
Amounts shown under non-current liabilities	**–**	16,675

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 March 2025, bank borrowings of approximately HK$10,423,000 (2024: HK$11,068,000) is at floating rate which carry interest at 1-month Hongkong Interbank Offered Rate ("HIBOR") plus 1.3% (2024: 1.3%), with effective interest rate of 5.3% (2024: 6.1%) per annum as at 31 March 2025. These bank borrowings contain repayable on demand clause and hence classified as current liabilities as at 31 March 2025. Such bank borrowings are denominated in HK$ and secured by the owned properties in Hong Kong as set out in note 38 and the corporate guarantees provided by the Company and certain subsidiaries of the Company.

As at 31 March 2025, the remaining bank borrowings of approximately HK$1,379,000 (2024: HK$41,564,000) are at floating rate which carry interest at 1 month HIBOR plus 2.8% (2024: 1-month HIBOR plus 2 to 2.8% or US$ Best Lending Rate ("BLR") plus a spread), with weighted average effective interest rate of 5.1% (2024: 7.2%) per annum as at 31 March 2025. These bank borrowings contain repayable on demand clause and hence classified as current liabilities at each end of the reporting period. Such bank borrowings are denominated in HK$ (2024: US$) and secured by the life insurance contracts as set out in note 38.

As at 31 March 2024, bank borrowing of approximately HK$17,848,000 was a Singapore Dollar ("SG$") denominated mortgage loan for the owned properties in Singapore as disclosed in note 38, carried fixed rate of 1.78% per annum for the first two years and subsequently Singapore Overnight Rate Average ("SORA") plus 4% per annum. The effective interest rate on the bank borrowing was 5.1% per annum as at 31 March 2024. This bank borrowing was secured by the owned properties in Singapore as set out in note 38 and the corporate guarantees provided by the Company and certain subsidiaries of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

30. SHARE CAPITAL

Details of the shares of the Company are as follows:

	Number of shares	HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2023, 31 March 2024 and 31 March 2025	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2023	1,011,738,000	10,117
Issue of shares upon exercise of share options (note (i))	519,000	5
Shares repurchased and cancelled (note (ii))	(8,040,000)	(80)
At 31 March 2024 and 2025	1,004,217,000	10,042

Notes:

(i) During the year ended 31 March 2024, a total of 519,000 new ordinary shares of HK$0.01 each were issued upon exercise of the share options of the Company.

(ii) During the year ended 31 March 2024, the Company had repurchased 8,040,000 shares at total consideration of approximately HK$3,125,000 and these shares had been cancelled. The aggregate par value of the respective shares was approximately HK$80,000. The difference of approximately HK$3,045,000 between the aggregate consideration and the aggregate par value of the shares have been debited to share premium.

All issued shares of the Company rank *pari passu* in all respects with each other.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

31. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, subject to a cap of monthly relevant payroll costs of HK$30,000, which contribution is matched by employees. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the local municipal government of Shenzhen. The subsidiaries are required to contribute 10% to 23% of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The employees of the Group's subsidiaries in Singapore are members of a national pension scheme. The subsidiaries are required to contribute 10% to 15% of payroll costs to the Central Provident Fund to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

At 31 March 2025 and 2024, there were no significant lapsed contributions which arose upon employees leaving the schemes before they are fully vested in the contributions and which are available to reduce the contributions payable by the Group in the future.

The total expenses recognised in profit or loss of HK$2,901,000 (2024: HK$4,066,000) represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

For long service payments (the "LSP") obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees. As at 31 March 2025 and 2024, no LSP provision is required after offsetting with MPF contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group represents bank borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure on a regular basis. 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, new share issues and raising of new borrowings.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Amortised cost	**281,037**	283,298
FVTPL	**50,908**	45,510
Financial liabilities		
Amortised cost	**144,173**	229,039

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, loan receivable, trade and other receivables and deposits, cash and cash equivalents, trade and other payables and accruals, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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 in a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain monetary assets and liabilities of the Group are denominated in foreign currencies. The carrying amounts of such monetary assets and liabilities recognised are as follows:

	Denominated in US$ HK$'000	Denominated in SG$ HK$'000
As at 31 March 2025		
Trade receivables and deposits	**26,992**	**93**
Bank balances and cash	**9,277**	**17,364**
Trade and other payables	**50,704**	**182**

	Denominated in US$ HK$'000	Denominated in SG$ HK$'000
As at 31 March 2024		
Trade receivables and deposits	43,985	95
Bank balances and cash	11,192	829
Trade and other payables	51,672	182
Bank borrowings	29,399	17,848

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The change in exchange rate of HK$ against US$ has not been considered in the sensitivity analysis as HK$ is pegged to US$. In the opinion of the directors of the Company, the Group does not expect any significant movements between the exchange rate of US$ against HK$. Hence, only sensitivity of the change in foreign exchange rate of HK$ against SG$ is considered. The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in other foreign currency against HK$. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding SG$ denominated monetary items and adjusts their translation at the year end for a 5% (2024: 5%) change in foreign currency rates. A positive number below indicates a decrease in post-tax profit for the year where SG$ strengthens 5% (2024: 5%) against HK$. For a 5% (2024: 5%) weakening of SG$ against HK$, there would be an equal and opposite impact on the result, and the balances below would be negative.

	2025 **HK$'000**	2024 HK$'000
SG$	**(721)**	714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities and fixed-rate loan receivable (see notes 27 and 24, respectively). The Group is also exposed to cash flow interest rate risk in relation to the Group's variable-rate bank balances and variable-rate bank borrowings (notes 25 and 29, respectively). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank's US$ BLR, HIBOR and SORA.

The Group has not used any interest rate hedging policy to mitigate its exposure associated with interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Total interest income from financial assets that are measured at amortised cost:

	2025 **HK$'000**	2024 HK$'000
Included in other income	**721**	366

Interest expense on financial liabilities not measured at FVTPL is as follows:

	2025 **HK$'000**	2024 HK$'000
Included in finance costs	**2,682**	2,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable-rate bank borrowings. The analysis is prepared assuming bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. Each year, a 100 basis points (2024: 100 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

A negative number below indicates a decrease in post-tax profit for the year where the interest rate had been 100 basis points (2024: 100 basis points) higher and all other variable were held constant. For 100 basis points (2024: 100 basis points) lower on interest rate, there would be an equal and opposite impact on the result for the year.

	2025 HK$'000	2024 HK$'000
Decrease in post-tax profit for the year	(99)	(589)

For the variable-rate bank balances, the directors of the Company consider the Group's exposure to future cash flow interest rate risk is minimal taking into account the minimal effect arising from fluctuation on market interest rate for the years ended 31 March 2025 and 2024. Accordingly, no sensitivity analysis on interest rate risk is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to price risk in respect of unlisted preference shares in Hong Kong as at 31 March 2025 and 2024.

Sensitivity analysis

The sensitivity analyses on listed equity investments in Hong Kong and unlisted preference shares in Hong Kong (2024: unlisted fund investment and unlisted preference shares in Hong Kong) during the year have been determined based on the exposure to price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate considers at 10% in the current year. If the prices of the respective investments had been 10% higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease by approximately HK$5,091,000 (2024: HK$4,551,000) as a result of the changes in fair value of financial assets at FVTPL.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to loan receivable, trade and other receivables and deposits, contract assets and bank balances as at 31 March 2025 and 2024. As at 31 March 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties' failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets as stated in the consolidated statement of financial position.

Loan receivable

Credit risk of loan receivable is assessed individually. The management of the Group estimates the loss rates of loan receivable based on the current past due exposure as well as the personal guarantee provided by the guarantors to the loan receivable. During the year ended 31 March 2024, the counterparty of the loan receivable defaulted in payment and the Group has taken legal action against the counterparty. The management of the Group considered that credit risk on the loan receivable has significantly increased during the year. In view of this, the management assessed the ECL of the loan receivable and change from 12-month ECL to lifetime ECL (credit-impaired) during the year ended 31 March 2024. Based on the legal action status and the on-going communication with the counterparty, the management of the Group has recognised additional impairment loss of approximately HK$1,351,000 for the year ended 31 March 2024.

As at 31 March 2025 and 2024, the Group had concentration of credit risk as entire loan receivable was due from one debtor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. Except for trade receivables with aggregated outstanding balances exceeding HK$1,000,000 and relevant contract assets which are assessed for impairment individually, the remaining trade receivables and contract assets are grouped under a provision matrix into four internal credit rating buckets (namely: low risk, medium risk, high risk and doubtful) based on shared credit risk characteristics by reference to current past due exposure. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. Limits and scoring attributed to customers are reviewed annually. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

As at 31 March 2025, the Group had concentration of credit risk as 10% (2024: 10%) of the total trade receivables was due from the Group's largest debtor. The Group's concentration of credit risk on the top five largest debtors accounted for 35% (2024: 31%) of the total trade receivables as at 31 March 2025.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information (i.e. the forecasted default rate expected by the international credit-rating agencies). The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. The Group assessed the ECL for other receivables and deposits were immaterial. Thus no loss allowance was recognised.

Bank balances

The Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and therefore the directors of the Company consider the risk of default is low. The Group uses 12-month ECL to perform the assessment under ECL on balances individually based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. The Group assessed the ECL for bank balances were immaterial. Thus no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts or counterparty has a low risk of default and has good credit rating evaluated by international credit-rating agencies	Lifetime ECL – not credit-impaired	12-month ECL
Medium risk	Debtor has past-due balance overdue less than 90 days as at year end unless there has been significant increases in credit risk since initial recognition	Lifetime ECL – not credit-impaired	12-month ECL
High risk	Debtor has past-due balance overdue more than 90 days as at year end unless there has been significant increases in credit risk since initial recognition	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	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	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The table below details the credit risk exposures of the Group's financial assets (loan receivable, trade and other receivables and deposits and bank balances) and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts 2025 HK$'000	Gross carrying amounts 2024 HK$'000
Financial assets at amortised cost						
Loan receivable	24	N/A	Loss	Lifetime ECL (credit impaired)	**3,336**	4,876
Trade receivables – goods and services	22	N/A	(note 1)	Lifetime ECL (provision matrix)	**17,633**	27,895
			Low risk (average loss rate: 0.7% (2024: 0.7%))	Lifetime ECL	**177,310**	191,727
			Loss	Lifetime ECL (credit impaired)	**5,596**	–
Other receivables and deposits	22	N/A	(note 2)	12-month ECL	**4,169**	6,516
Bank balances	25	Aa3 to Baa3	N/A	12-month ECL	**82,662**	55,867
Other item						
Contract assets	21	N/A	(note 1)	Lifetime ECL (provision matrix)	**3,052**	3,677
			Low risk	Lifetime ECL	**3,595**	3,720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

1. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Apart from trade receivables with aggregated outstanding balances exceeding HK$1,000,000 and relevant contract assets, the Group determines the ECL on these items using a provision matrix grouped with reference to current past due exposure and adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort.

   As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its Group's operation. Trade receivables with aggregated outstanding balances exceeding HK$1,000,000 and relevant contract assets and credit-impaired trade receivables with gross carrying amounts of approximately HK$182,906,000 (2024: HK$191,727,000) and HK$3,595,000 (2024: HK$3,720,000) respectively as at 31 March 2024 were assessed individually. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix as at 31 March 2025 within lifetime ECL (not credit-impaired).

   Gross carrying amount

	2025			2024		
Internal credit rating	**Average loss rate %**	**Trade receivables HK$'000**	**Contract assets HK$'000**	Average loss rate %	Trade receivables HK$'000	Contract assets HK$'000
Low risk	**0.7**	**2,138**	**374**	0.7	14,399	1,630
Medium risk	**1.5**	**11,547**	**2,029**	1.5	11,804	873
High risk	**4.0**	**3,948**	**649**	4.0	1,692	1,174
		17,633	**3,052**		27,895	3,677

   The estimated loss rates on trade receivables are estimated based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the forecasted default rate expected by the international credit-rating agencies) that is available without undue cost or effort. The contract assets have the same risk characteristics as the trade receivables for the same type of contracts would apply the same internal credit rating and loss rate. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

   During the year ended 31 March 2025, the Group recognised net impairment allowance of approximately HK$301,000 (2024: HK$135,000) and net reversal of impairment allowance of approximately HK$59,000 (2024: net impairment allowance of approximately HK$47,000) for trade receivables and contract assets, respectively, based on the provision matrix. Net impairment allowance of approximately HK$5,723,000 (2024: HK$521,000) and HK$46,000 (2024: net reversal of impairment allowance of approximately HK$9,000) assessed individually were provided for trade receivables with aggregated outstanding balances exceeding HK$1,000,000 and relevant contract assets and credit-impaired trade receivables, respectively, during the year ended 31 March 2025.

   During the year ended 31 March 2025, certain trade receivables with gross carrying amount of approximately HK$5,596,000 were defaulted in repayment and no settlement was made by the debtors during the year for the respective past due invoices. The Group has taken legal action against these debtors in respect of these past due invoices and the management of the Group considered that the credit risk on these trade receivables has significantly increased during the year. Accordingly, additional impairment loss of HK$5,596,000 (2024: Nil) was recognised for these credit-impaired debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

2. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due HK$'000	Not past due/ no fixed repayment terms HK$'000	Total HK$'000
2025:			
Financial assets at amortised cost			
Other receivables and deposits	–	4,169	4,169
2024:			
Financial assets at amortised cost			
Other receivables and deposits	–	6,516	6,516

The following table shows the movement in lifetime ECL that has been recognised for loan receivable, as well as trade receivables and contract assets under the simplified approach.

	Loan receivable under 12-month ECL HK$'000	Loan receivable under lifetime ECL (credit-impaired) HK$'000	Trade receivables under lifetime ECL (not credit-impaired) HK$'000	Trade receivables under lifetime ECL (credit-impaired) HK$'000	Contract assets under lifetime ECL (not credit-impaired) HK$'000	Total HK$'000
As at 1 April 2023	525	–	1,051	–	59	1,635
Changes due to financial instruments recognised as at 1 April 2023:						
– Transferred to credit-impaired	(525)	525	–	–	–	–
– Impairment loss recognised	–	1,351	–	–	–	1,351
– Impairment loss reversed	–	–	(1,051)	–	(59)	(1,110)
New financial assets originated	–	–	1,707	–	97	1,804
As at 31 March 2024	–	1,876	1,707	–	97	3,680
Changes due to financial instruments recognised as at 1 April 2024:						
– Write-offs	–	–	–	(615)	–	(615)
– Impairment loss reversed	–	–	(1,707)	–	(97)	(1,804)
New financial assets originated	–	–	1,520	6,211	84	7,815
As at 31 March 2025	–	1,876	1,520	5,596	84	9,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

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 management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest other time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities and lease liabilities are based on the agreed repayment dates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables

	Weighted average effective interest rate % per annum	On demand HK$'000	Less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
As at 31 March 2025									
Trade and other payables and accruals	N/A	–	132,371	–	–	–	–	132,371	132,371
Bank borrowings	5.3	11,802	–	–	–	–	–	11,802	11,802
Lease liabilities	5.3	–	2,832	8,033	10,309	6,874	–	28,048	26,184
		11,802	135,203	8,033	10,309	6,874	–	172,221	170,357

	Weighted average effective interest rate % per annum	On demand HK$'000	Less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
As at 31 March 2024									
Trade and other payables and accruals	N/A	–	158,559	–	–	–	–	158,559	158,559
Bank borrowings	6.4	52,632	489	1,336	1,781	5,344	16,045	77,627	70,480
Lease liabilities	5.4	–	3,175	8,447	10,866	17,183	–	39,671	36,153
		52,632	162,223	9,783	12,647	22,527	16,045	275,857	265,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

As at 31 March 2025 and 2024, bank borrowings with a repayment on demand clause is included in the "On demand" time band in the above maturity analysis. As at 31 March 2025, the aggregate carrying amount of these bank borrowings amounted to approximately HK$11,802,000 (2024: HK$52,632,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary right to demand immediate repayment. The directors of the Company believe that such bank borrowings of the Group will be repaid after the end of each reporting period in accordance with the scheduled repayment dates as set out in the loan agreement.

For the purpose of managing liquidity risk, the directors of the Company review the expected cash flow information of the Group's bank borrowings based on the scheduled repayment dates set out in the loan agreements as set out in the table below:

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Total carrying amounts
	% per annum	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Bank borrowings:								
As at 31 March 2025	5.3	997	1,702	1,295	9,592	–	13,586	11,802
As at 31 March 2024	6.9	32,572	7,914	4,465	10,785	–	55,736	52,632

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

Fair value measurement and valuation process

The management of the Group is responsible to determine the appropriate valuation techniques and key inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engaged independent qualified professional valuers to perform the valuation. The management of the Group works closely with independent qualified professional valuers to establish the appropriate valuation techniques and key inputs to the model. The management of the Group reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments (continued)

Fair value measurement and valuation process (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31 March 2025 HK$'000	Fair value as at 31 March 2024 HK$'000	Fair value hierarchy	Valuation technique(s) and input(s)	Sensitivity analysis
Investments in unlisted preference shares measured at FVTPL	**46,525**	45,510	Level 3	Equity value based on backsolve method (with reference to recent market transaction price of benchmark company) allocated to series A2 preference shares with weighted probability rate of 50% and 50%, respectively under liquidation scenario and qualified IPO scenario*.	A significant increase/decrease in weighted probability rate used under liquidation scenario would result in a moderate decrease/increase in fair value. A significant increase/decrease in weighted probability rate used under qualified IPO scenario would result in a moderate increase/decrease in fair value.
Investments in listed shares in Hong Kong	**4,383**	–	Level 1	Quoted bid prices in an active market	–

* Qualified IPO scenario represents the circumstances in which the preference shares converted to ordinary shares and are available to sell to the public reflecting a market capitalization of Tykhe.

There were no transfers among Level 1, 2 and 3 during the years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments (continued)

Fair value measurement and valuation process (continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK$'000
At 1 April 2023	13,073
Unrealised loss recognised in profit or loss	32,437
At 31 March 2024	45,510
Unrealised gain recognised in profit or loss	1,015
At 31 March 2025	46,525

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company estimate the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

34. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had entered into the following related party transactions:

Compensation of key management personnel

The remuneration of the directors and other members of key management during both years were as follows:

	2025 HK$'000	2024 HK$'000
Short-term benefits	20,812	24,132
Post-employment benefits	447	377
	21,259	24,509

35. CAPITAL COMMITMENT

As at 31 March 2025 and 2024, the Group had no capital commitments contracted but not provided in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2023	72,218	44,899	117,117
Financing cash flows (note)	(4,230)	(13,644)	(17,874)
New leases entered/modifications	–	2,783	2,783
Finance costs recognised	2,524	2,115	4,639
Exchange adjustments	(32)	–	(32)
At 31 March 2024	70,480	36,153	106,633
Disposal of a subsidiary (Note 40)	–	(186)	(186)
Financing cash flows (note)	(61,452)	(11,436)	(72,888)
Finance costs recognised	2,682	1,653	4,335
Exchange adjustments	92	–	92
At 31 March 2025	11,802	26,184	37,986

Note: The financing cash flows represented the finance costs, additions and repayments to bank borrowings and lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

37. SHARE BASED PAYMENTS

(i) Share award scheme

The Company had adopted the share award scheme on 1 September 2020 ("Original Share Award Scheme"). Ordinary resolutions have been passed in the annual general meeting of the Company held on 5 September 2023 ("Amendment Date") to adopt the amendments to the Original Share Award Scheme ("Amendments") and the Scheme Mandate Limit (as defined below) to bring it in line with the Listing Rules.

The purposes of the Original Share Award Scheme as amended by the Amendments ("Share Award Scheme") are: (i) to recognise the contributions by certain Eligible Participants (as defined below) and to provide them with incentives in order to retain them for the continual operation, development and growth of the Group; and (ii) to attract suitable personnel for further development and growth of the Group. The Share Award Scheme shall be valid and effective for a period of 10 years commencing from 1 September 2020 ("Share Award Scheme Period").

The eligible participants of the Share Award Scheme, include any (i) director of the Company or employee of the Group (including persons who are granted awards under the Share Award Scheme as an inducement to enter into employment contracts with the Group); and (ii) director or employee of the holding companies, fellow subsidiaries or associated companies of the Company ("Eligible Participants").

The total number of shares of the Company ("Share(s)") which may be issued in respect of all options and awards to be granted under the Share Award Scheme and any other schemes of the Company shall not exceed 10% of all issued Shares as at the Amendment Date ("Scheme Mandate Limit"). Accordingly, the Scheme Mandate Limit shall be 101,225,700 Shares (excluding the share awards and/or options lapsed under the share award schemes and/or share option schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time, including the Share Option Scheme (as defined below) and the Share Award Scheme ("Share Incentive Schemes")), representing approximately 10% of the total issued share capital of the Company as at the date of this annual report.

The maximum number of Shares issued and to be issued in respect of all grants made under any Share Incentive Schemes (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any Share Incentive Schemes) to a grantee in the 12-month period up to and including the date of grant of the relevant awards shall not exceed 1% of the total number of Shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

37. SHARE BASED PAYMENTS (continued)

(i) Share award scheme (continued)

Subject to the terms of the Share Award Scheme and during the Share Award Scheme Period, the board ("Board") of directors of the Company may, from time to time, at its absolute discretion select any Eligible Participant for participation in the Share Award Scheme as a grantee, and grant such number of awards to any grantee at such consideration and in such number and on and subject to such terms and conditions as it may at its absolute discretion determine. The grant price under the Share Award Scheme shall be determined by the Company with reference to other cases of listed companies, taking into account factors such as the implementation effect of the Company's historical share-based incentive scheme, the trend of the Share price in recent years and the actual situation of the Company. The pricing shall comprehensively consider the effectiveness of the Share Award Scheme and the impact of the Company's expenses, and will not have a negative impact on the Company's operation, reflecting the actual incentive needs of the Company and is reasonable.

A total of 8,320,000 shares of the Company were awarded under the Original Share Award Scheme prior to the year ended 31 March 2025. No share awards were granted by the Company during the years ended 31 March 2025 and 2024. The total number of awards available for grant under the Share Award Scheme and any other schemes of the Company as at 1 April 2024 and 31 March 2025, and up to the date of this annual report was 101,225,700 Shares, representing approximately 10% of the total issued Shares as at the date of this annual report.

(ii) Share option scheme

A share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed by the shareholders of the Company on 23 March 2017. The purpose of the Share Option Scheme is to provide incentives and to recognise and acknowledge the contributions which the participants have made or may make to the Group.

The Share Option Scheme will expire on the 10th anniversary since the date of adoption, being 22 March 2027. Under Share Option Scheme, the directors of the Company may at their discretion grant options to the following participants of the Company, its subsidiaries and any company in which the Group holds any equity interest, to subscribe for shares in the Company:

(i) any director, employee, officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any entity in which the Company or any subsidiary holds any interest ("Invested Entity");

(ii) any discretionary trust or the discretionary objects of which include any director, employee, officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity; and

(iii) any corporation wholly-owned by any person mentioned in clause (i) above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

37. SHARE BASED PAYMENTS (continued)

(ii) Share option scheme (continued)

Following the amendments to Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Company can only grant options to such eligible participants which are permitted under the Listing Rules.

Options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be approved by the independent non-executive directors (excluding any independent non-executive directors who is a grantee of the options).

Options granted to a substantial shareholder of the Company or an independent non-executive director, or any of their respective associates, under the Share Option Scheme and any other share option schemes of the Company would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period in aggregate in excess of 0.1% of the Company's issued share capital and with an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK$5 million must obtain prior approval from the shareholders of the Company.

Options granted must be taken up within 21 days of the date of offer of the grant upon payment of HK$1 per each grant of options. The exercise period of the options granted under the Share Option Scheme shall be determined by the directors of the Company when such options are granted, provided that such period shall not end later than 10 years from the date of grant.

The subscription price is determined by the directors of the Company and will not be lower than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets on the date of the offer of the grant, and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant, and (iii) the nominal value of a Company's share.

At 31 March 2025, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 5,500,000 (2024: 12,309,000) representing 0.55% (2024: 1.23%) of the shares of the Company in issue at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

37. SHARE BASED PAYMENTS (continued)

(ii) Share option scheme (continued)

The following table shows details and movements of the Company's share options granted under the Share Option Scheme held by employees during the years ended 31 March 2025 and 2024:

Grantees	Date of grant	Exercise price HK$	Exercisable period (note (iii))	As at 1 April 2023	Exercised during the year (note (iv))	Lapsed during the year	As at 31 March 2024	Lapsed during the year	Cancelled/ forfeited during the year	As at 31 March 2025	Exercisable at 31 March 2025	Exercisable at 31 March 2024
Employees of the Group (note (v))	7 July 2017	0.65 (note (i))	7 July 2018 to 6 July 2025	4,484,000	(492,000)	(1,280,000)	2,712,000	(1,650,000)	(1,062,000)	–	–	2,712,000
Employees of the Group (note (v))	21 April 2021	0.582 (note (ii))	21 April 2022 to 22 March 2027	12,064,000	(27,000)	(2,440,000)	9,597,000	(307,000)	(3,790,000)	5,500,000	5,500,000	6,699,000
				16,548,000	(519,000)	(3,720,000)	12,309,000	(1,957,000)	(4,852,000)	5,500,000	5,500,000	9,411,000

Notes:

(i) The closing price per share immediately before 7 July 2017 (the date on which the share options were granted) was HK$0.63.

(ii) The closing price per share immediately before 21 April 2021 (the date on which the share options were granted) was HK$0.58.

(iii) Share options granted under the Share Option Scheme on 7 July 2017 and 21 April 2021 shall vest in the grantees in accordance with the timetable below (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	**Percentage of share options to vest**
First anniversary of the date of grant	40% of the total number of share options granted
Second anniversary of the date of grant	30% of the total number of share options granted
Third anniversary of the date of grant	30% of the total number of share options granted

The share options under Share Option Scheme on 7 July 2017 are valid for a period of five years commencing from the Vesting Date. The share options under Share Option Scheme on 21 April 2021 are valid for a period from the Vesting Date to 22 March 2027.

(iv) The share options have been exercised during the year ended 31 Mach 2024 as disclosed in note 30. The weighted average share price immediately before the dates of exercise is HK$0.76.

(v) Such employees are working under continuous employment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

37. SHARE BASED PAYMENTS (continued)

(ii) Share option scheme (continued)

Share options granted on 21 April 2021

Fair value of share options determined at the date granted is expensed over the vesting date. During the year ended 31 March 2024, the Group recognised the total expense of HK$316,000 in relation to share options granted by the Company on 21 April 2021 with a corresponding adjustment recognised in the Group's share option reserve. During the year ended 31 March 2024, out of these expenses, expenses of approximately HK$181,000 are related to equity-settled share-based expense to Mr. Raymond Liu.

Share options granted on 7 July 2017

During the years ended 31 March 2025 and 2024, no expense has been recognised as the fair value of share options granted on 7 July 2017 has been fully expensed off in prior years.

For further details of the fair value of the share options granted on 21 April 2021 and 7 July 2017, please refer to the annual report of the Company for the year ended 31 March 2023.

38. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

Save as disclosed elsewhere in the consolidated financial statements, the following assets of the Group were pledged to banks to secure the bank borrowings granted to the Group at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
Owned properties in Singapore	–	27,700
Owned properties in Hong Kong	27,006	27,591
Deposits and prepayments for life insurance contracts	15,139	14,797
	42,145	70,088

Restrictions on assets

In addition, lease liabilities of approximately HK$26,184,000 (2024: HK$36,153,000) are recognised with related right-of-use assets of approximately HK$21,526,000 (2024: HK$32,259,000) as at 31 March 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ registration/ establishment	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest attributable to the Group as at 31 March 2025	2024	Principal activities
Axion Global Asset Management Limited*	Hong Kong	HK$23,000,000	–	60%	Provision of asset management services
Axion Global Digits Technology (Hong Kong) Limited	Hong Kong	HK$1	100%	100%	Technology innovation
Axion Global Financial Group Limited ("AGFG")*	BVI	US$15,500	–	60%	Investment holding
Axion Global Innovation Centre Limited	Hong Kong	HK$1	100%	100%	Research and development
Axion Global Investment Limited	BVI	US$1	100%	100%	Investment holding
Edvance Technology (HK)	Hong Kong	HK$100,000	100%	100%	Distribution of cybersecurity products and provision of cybersecurity services
Edvance Technology (China) Limited (note)	The PRC	RMB2,000,000	100%	100%	Distribution of cybersecurity products and provision of cybersecurity services

* These subsidiaries were disposed of by the Group during the year ended 31 March 2025. For details, please refer to Note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration/ establishment	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest attributable to the Group as at 31 March 2025	2024	Principal activities
Edvance Technology (Macau) Limited	Macau	Macau Pataca 25,000	100%	100%	Distribution of cybersecurity products and provision of cybersecurity services
Edvance Technology (Singapore) Pte Limited	Singapore	SG$100,000	100%	100%	Distribution of cybersecurity products and provision of cybersecurity services
Edvance Property Investment (Hong Kong) Limited	Hong Kong	HK$1	100%	100%	Investment holding
ESH (Hong Kong) Limited	Hong Kong	HK$1	100%	100%	Provision of cybersecurity services
Green Radar (Hong Kong) Limited	Hong Kong	HK$100,000	100%	100%	Provision of cybersecurity services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration/ establishment	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest attributable to the Group as at 31 March 2025	2024	Principal activities
Green Radar (SG) Pte Limited	Singapore	SG$100,000	100%	100%	Provision of cybersecurity services
Maldun Security Limited	Hong Kong	HK$100,000	100%	100%	Provision of technology services
Wepro180 (Hong Kong) Limited	Hong Kong	HK$1	100%	100%	Provision of online marketing and multimedia production services

Note: Edvance Technology (China) Limited was established in the PRC in the form of wholly foreign-owned enterprise.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Except for the operations for those subsidiaries' incorporated in BVI are carried out principally in Hong Kong, all other subsidiaries' operations are carried out in the place of incorporation.

None of the subsidiaries had issued any debt securities at the end of the year and during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

40. DISPOSAL OF A SUBSIDIARY

On 26 April 2024, Edvance Financial Holdings Limited, a direct wholly-owned subsidiary of the Company, Jaguar Investment Limited, a non-controlling shareholder of AGFG and Mr. Liu Yui Ting Raymond, an executive director, a chief executive officer and a controlling shareholder of the Company, (the "Vendors") entered into the sale and purchase agreement with the purchasers who are independent third parties of the Group (the "Purchasers") pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the entire issued share capital of AGFG, an indirectly non-wholly-owned subsidiary of the Company at the total cash consideration of HK$6,445,000, in which HK$3,867,000 was attributable to the Group. The disposal had been completed on the same day. After considering the net assets disposed of HK$6,378,000 and non-controlling interests of HK$2,511,000, no gain or loss arise from the disposal of AGFG.

The principal activities of AGFG's subsidiary is provision of asset management services.

	As at 26 April 2024 HK$'000
Analysis of assets and liabilities over which control was lost:	
Property and equipment	76
Intangible assets	2,631
Other receivables	707
Cash and cash equivalents	3,841
Other payables and accruals	(256)
Lease liabilities	(186)
Deferred tax liabilities	(435)
	6,378
Consideration received:	
Cash received	3,867
Total consideration received	3,867
Net cash inflow arising on disposal:	
Cash consideration	3,867
Less: cash and cash equivalents disposed of	(3,841)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2025 HK$'000	2024 HK$'000
Non-current assets		
Investments in subsidiaries	1	1
Amounts due from subsidiaries	110,439	109,174
	110,440	109,175
Current assets		
Financial assets at FVTPL	4,383	–
Amount due from a subsidiary	98,385	88,368
Prepayment and other receivables	682	2,695
Bank balances and cash	527	439
	103,977	91,502
Current liabilities		
Other payables and accruals	3,560	4,511
Amounts due to subsidiaries	97,330	90,834
	100,890	95,345
Net current assets (liabilities)	3,087	(3,843)
Total assets less current liabilities	113,527	105,332
Capital and reserves		
Share capital (note 30)	10,042	10,042
Reserves	103,485	95,290
Total equity	113,527	105,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Reserves of the Company

	Share premium HK$'000	**Share option reserve** HK$'000	**Accumulated profits** HK$'000	**Total** HK$'000
At 1 April 2023	71,000	4,526	13,247	88,773
Profit and total comprehensive income for the year	–	–	8,915	8,915
Transfer to accumulated profits upon forfeiture of share options	–	(572)	572	–
Issue of shares upon exercise of share options	428	(97)	–	331
Recognition of share-based payment expenses	–	316	–	316
Repurchase and cancellation of shares	(3,045)	–	–	(3,045)
At 31 March 2024	68,383	4,173	22,734	95,290
Profit and total comprehensive income for the year	–	–	8,195	8,195
Transfer to accumulated profits upon forfeiture of share options	–	(2,525)	2,525	–
At 31 March 2025	68,383	1,648	33,454	103,485