KFM KINGDOM

KFM KINGDOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability) (HKEx Stock Code: 3816)

Our Goals are
Far and High
We cultivate for
Tomorrow

www.kingdom.com.hk

2025 Annual Report

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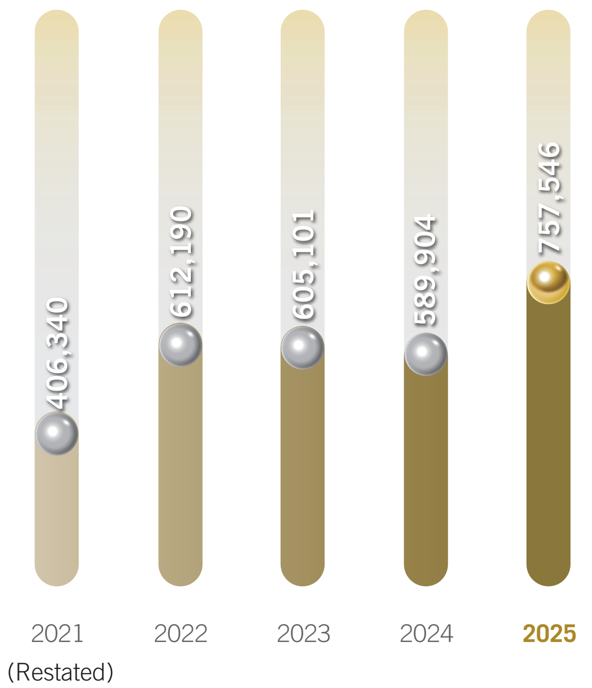
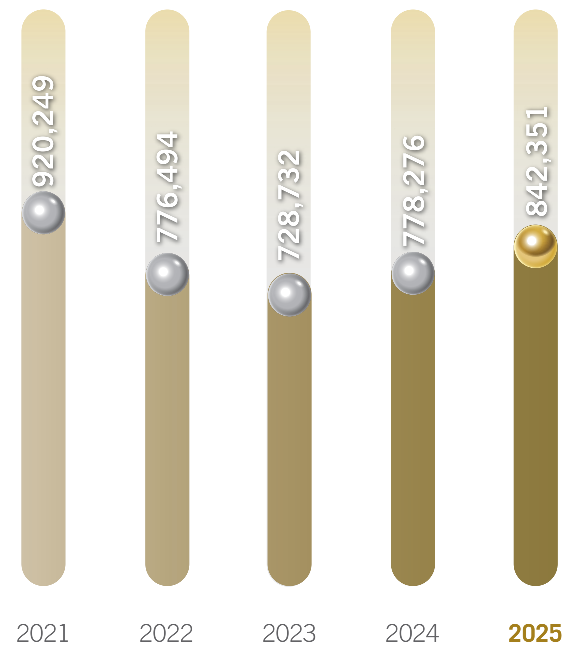
This annual report is printed on environmental paper

Financial Highlights

REVENUE
Year ended 31 March (HK$'000)



TOTAL ASSETS
As of 31 March (HK$'000)



Corporate Information

EXECUTIVE DIRECTORS
Mr. Sun Kwok Wah Peter
(Chairman and Chief Executive Officer)
Mr. Wong Chi Kwok

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE
Mr. Wan Kam To (Chairman)
Ms. Cheng Yuan Ting Cana
(appointed on 20 August 2024)
Mr. Chan Ming Sun Jonathan
(appointed on 20 August 2024)
Ms. Zhao Yue (retired on 20 August 2024)
Mr. Shen Zheqing (retired on 20 August 2024)

REMUNERATION COMMITTEE
Mr. Chan Ming Sun Jonathan (Chairman)
(appointed as Chairman on 20 August 2024)
Mr. Wan Kam To
Ms. Cheng Yuan Ting Cana
(appointed on 20 August 2024)
Ms. Zhao Yue (Chairman) (retired on 20 August 2024)
Mr. Shen Zheqing (retired on 20 August 2024)

NOMINATION COMMITTEE
Mr. Sun Kwok Wah Peter (Chairman)
Mr. Wan Kam To
Ms. Cheng Yuan Ting Cana
(appointed on 20 August 2024)
Mr. Chan Ming Sun Jonathan
(appointed on 20 August 2024)
Ms. Zhao Yue (retired on 20 August 2024)
Mr. Shen Zheqing (retired on 20 August 2024)

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Workshop C, 31/F
TML Tower, 3 Hoi Shing Road, Tsuen Wan
New Territories, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC
881 South Jinshan Road, Gaoxin District, Suzhou
Jiangsu Province, the PRC

REGISTERED OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

COMPANY SECRETARY
Mr. Kwok For Chi

AUTHORISED REPRESENTATIVES
Mr. Sun Kwok Wah Peter
Mr. Kwok For Chi

LEGAL ADVISERS AS TO HONG KONG LAW
Chiu & Partners

AUDITOR
SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS
DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation
Limited

CAYMAN ISLAND SHARE REGISTRAR AND TRANSFER OFFICE
Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
No. 16 Harcourt Road
Hong Kong

WEBSITE
www.kingdom.com.hk

STOCK CODE
3816

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of KFM Kingdom Holdings Limited (the "**Company**"), I would like to present the operating and financial information of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2025 (the "**Year**").

FINANCIAL PERFORMANCE

During the Year, the revenue of the Group increased by approximately 28.4% to approximately HK$757.5 million from approximately HK$589.9 million of the same period last year. The increase was mainly due to the increase in the revenue derived from the customers engaged in the network and data storage industry as a result of increasing demands of global development in artificial intelligence. In addition, the increase in revenue was partially offset by the decrease in revenue derived from the office automation industry and the consumer electronic industry.

During the Year, the gross profit margin of the Group was approximately 18.1%, as compared to approximately 18.2% in the corresponding period last year.

In respect of overall performance, the Group recorded a net profit of approximately HK$38.0 million for the Year, as compared to a net profit of approximately HK$23.1 million for the year ended 31 March 2024. The increase in net profit for the Year was mainly attributable to an increase in revenue and gross profit.

OUTLOOK

The global economy faces heightened uncertainty due to the US's high-tariff policy and unpredictable geopolitical tensions, which may further disrupt supply chains and trade patterns. As deglobalization, inflation, interest rate volatility and currency fluctuations posing additional threats, our customers are restructuring their supply chains to mitigate the risk. To align with this trend, the Group plans to expand its Malaysia production base, offering alternative supply chain solutions outside China while attracting new customers.

Amid global economic risks from geopolitical tensions and trade conflicts, the Group will continuously strengthen existing customer ties, diversify its client base, and pursue sustainable growth to ensure resilience and stakeholder value.

ACKNOWLEDGEMENT

The steady development of the Group is owed to the enormous trust and support of our shareholders, investors and business partners, dedicated services of Directors, as well as the loyalty of our employees. I hereby express my sincere gratitude to them.

Sun Kwok Wah Peter
Chairman
Hong Kong

27 June 2025

Business Review

BUSINESS REVIEW

For the year ended 31 March 2025 (the "**Year**"), global geopolitical environment tensions due to the Russia-Ukraine conflict and crisis on Middle East region were both in a stalemate situation, which were aggravating risks on business environment. Furthermore, as affected by high interest rates and rising energy costs, the global economy was in difficulty. The weak market demand in Europe and the United States of America (the "**US**") slowed down the pace of global economy recovery. On the other hand, the continued trade disputes between the People's Republic of China ("**PRC**") and the US as well as between the PRC and European countries have caused exports in the PRC to be under pressure.

During the Year, the Group recorded a revenue of approximately HK$757.5 million, with an increase by approximately HK$167.6 million or 28.4% as compared to a revenue of approximately HK$589.9 million during the corresponding period last year. The increase was mainly due to the increase in the revenue derived from the customers which engaged in the network and data storage industry as a result from increased demands of global development in artificial intelligence. On the other hand, the increase in revenue was partially offset by the decrease in revenue derived from the office automation industry and the consumer electronic industry.

The gross profit of the Group increased by approximately HK$30.0 million or 28.0% from approximately HK$107.3 million during the corresponding period last year to approximately HK$137.3 million during the Year. The increase of gross profit was mainly due to the increase in revenue derived from the customers which engaged in the network and data storage industry during the Year. In respect of the overall gross profit margin of the Group that slightly decreased from approximately 18.2% during the corresponding period last year to approximately 18.1% during the Year.

The Group recorded an increase in general and administrative expenses from approximately HK$83.7 million in the corresponding period last year to approximately HK$98.6 million during the Year. The increase was mainly due to the increase in the operating costs from Malaysia production base and Suzhou plant during the Year.

As such, the Group recorded a net profit of approximately HK$38.0 million during the Year, as compared with a net profit of approximately HK$23.1 million during the corresponding period last year. The increase in net profit was mainly attributable to the increase in revenue and gross profit.

OUTLOOK AND STRATEGY

The outlook of global economy is fraught with uncertainties due to the high tariff rate policy recently launched by US government, while geopolitical tensions have also become unpredictable. Such tariff policy could further disrupt global supply chains and international trading patterns. Facing geopolitical uncertainties and variables in international trade, enterprises are accelerating the restructuring of supply chains to strengthen risk mitigation capabilities. Looking forward, the global economy may also be threatened by deglobalisation, global inflation, variability of interest rate and fluctuation in currency exchange.

In the coming year, owing to the China-US trade dispute, risks of deglobalisation and disruption on the global supply chains are increasing. In order to keep in line with the trend of customers restructuring their supply chains and manage the uncertainty brought by the US tariff, the Group plans to expand and increase the investment in its overseas production base in Malaysia, so as to provide flexibility to existing customers with supply chain solutions locating outside of the PRC, and to capitalise on the opportunity to actively explore more new customers.

Furthermore, the persistent geopolitical conflicts in Ukraine and Middle East regions, and the China-US trade dispute may sustain a period of time. It is expected that the global economy may become weaker and a potential global economy recession may occur. In order to cope with these challenges, the Group will put more efforts in maintaining good relationships with existing customers of the Group. The Group has also been striving to explore more new customers to broaden its customer base. Last but not least, the Group will continue to look for new, long term and sustainable business opportunities to enhance the Group's performance, with the aim to creating better value for its customers, shareholders and investors.

Financial Review

Revenue

During the Year, the Group recorded a revenue of approximately HK$757.5 million, with an increase by approximately HK$167.6 million or 28.4% as compared to a revenue of approximately HK$589.9 million during the corresponding period last year. The increase was mainly due to the increase in the revenue derived from the customers which engaged in the network and data storage industry as a result from increased demands of global development in artificial intelligence. On the other hand, the increase in revenue was partially offset by the decrease in revenue derived from the office automation industry and the consumer electronic industry.

Geographically, South East Asia, the People's Republic of China ("**PRC**"), Europe and North America continued to be the major markets of the Group's products. Sales to such areas accounted for approximately 66.1%, 23.5%, 6.1% and 3.2% of the Group's revenue for the Year, respectively. Details of a breakdown of revenue generated by different geographical locations are set out in Note 7 to the consolidated financial statements.

Cost of sales

Cost of sales primarily comprises the direct costs associated with the manufacturing of the Group's products. It consists mainly of direct materials, direct labour, processing fee and other direct overheads. Set out below is the breakdown of the Group's cost of sales:

	2025		2024	
	HK$'000	**%**	HK$'000	%
Direct materials	**487,532**	**78.6**	310,441	64.3
Direct labour	**96,356**	**15.5**	82,141	17.0
Processing fee	**30,542**	**4.9**	22,421	4.7
Changes in inventory	**(30,144)**	**(4.8)**	26,133	5.4
Other direct overheads	**35,981**	**5.8**	41,505	8.6
	620,267	**100.0**	482,641	100.0

During the Year, cost of sales of the Group increased by approximately HK$137.6 million or 28.5% as compared to the same of the corresponding period last year. The increase was primarily due to increase in revenue.

The percentage of cost of sales to the total revenue during the Year was approximately 81.9%, representing a slight increase of approximately 0.1%, as compared to approximately 81.8% in the corresponding period last year.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately HK$30.0 million or 28.0% from approximately HK$107.3 million during the corresponding period last year to approximately HK$137.3 million during the Year. The increase of gross profit was mainly due to the increase in revenue derived from the customers which engaged in the network and data storage industry during the Year. The overall gross profit margin of the Group slightly decreased from approximately 18.2% during the corresponding period last year to approximately 18.1% during the Year.

Other gains, net

During the Year, the Group recorded other gains, net which amounted to approximately HK$11.3 million. In the corresponding period last year, the Group recorded other gains, net of approximately HK$12.0 million. The Group recorded a slight decrease in other gains, net during the Year mainly due to a decrease in gain on derecognition of right-of-use assets and related lease liabilities upon the acquisition of companies which own plants in Suzhou, the PRC in the corresponding period last year. The decrease in other gains, net was partially offset by an increase in net exchange gain upon the volatility of RMB and an increase in government subsidy during the Year.

Distribution and selling expenses

Distribution and selling expenses represented the expenses incurred for the promotion and selling of the Group's products. It mainly comprises, among others, salaries and related costs for the sales and marketing staff, travelling and transportation costs, and marketing expenses. Distribution and selling expenses slightly increased by approximately HK$0.4 million from approximately HK$6.7 million for the year ended 31 March 2024 to approximately HK$7.1 million for the Year.

General and administrative expenses

General and administrative expenses comprise primarily salaries and related costs for key management, the Group's finance and administration staff, depreciation and professional costs incurred by the Group. The general and administrative expenses of the Group increased from approximately HK$83.7 million for the corresponding period last year to approximately HK$98.6 million for the Year. The increase was mainly due to the increase in the operating costs from Malaysia production base and Suzhou plant during the Year.

Finance costs

The Group's finance costs represented interest expenses on finance lease and bank borrowings. During the Year, the Group's finance costs was approximately HK$2.1 million, as compared to approximately HK$6.0 million for the corresponding period last year. The decrease in finance costs was mainly due to a decrease in average balances of lease liabilities as compared to corresponding period last year.

Income tax expenses

The Group's income tax expenses amounted to approximately HK$6.4 million for the Year, while the Group's income tax expenses for the corresponding period last year amounted to approximately HK$9.5 million. The details are set out in the note 13 to the consolidated financial statements.

Profit attributable to owners of the Company

For the Year, profit attributable to owners of the Company amounted to approximately HK$36.3 million, as compared with the profit attributable to owners of the Company of approximately HK$23.2 million for the corresponding period last year. The increase in profit attributable to owners was mainly attributable to the increase in revenue and gross profit.

Liquidity, Financial and Capital Resources

Financial resources and liquidity

The Group's current assets comprise mainly cash and cash equivalents, trade receivables, prepayments, deposits and other receivables and inventories. As at 31 March 2025 and 31 March 2024, the Group's total current assets amounted to approximately HK$508.4 million and HK$431.3 million respectively, which represented approximately 60.4% and 55.4% of the Group's total assets as at 31 March 2025 and 2024, respectively.

Capital structure

The Group's capital structure is summarised as follows:

	2025 **HK$'000**	2024 HK$'000
Bank borrowings	**75,600**	49,500
Total debts	**75,600**	49,500
Shareholders' equity	**623,649**	602,798
Gearing ratio — Total debts to shareholders' equity ratio#	**12.1%**	8.2%

Total debts to shareholders' equity ratio is calculated based on total debts divided by shareholders' equity at the end of the respective year.

For the Year, the Group generally financed its operation primarily with internal generated cash flows and bank borrowings.

As at 31 March 2025, the Group's bank borrowings were denominated in Renminbi. The capital structure of the Group consists of equity attributable to the equity holders of the Company (comprising issued share capital and reserves) and bank borrowings. The Directors will review the capital structure regularly. As part of such review, the Directors consider the cost of capital and the optimal use of debt and equity so as to maximise the return to owners.

Capital expenditure

During the Year, the Group acquired plant and machinery of approximately HK$9.0 million, as compared to the year ended 31 March 2024 of approximately HK$37.7 million.

The Group financed its capital expenditure through cash flows generated from operating activities, finance leases and bank borrowings.

Charges on the Group's assets

As at 31 March 2025 and 2024, no bank borrowing of the Group was secured by assets of the Group.

Foreign currency exposure

Each individual group entity has its own functional currency. Foreign exchange risk to each individual group entity arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group operates mainly in Hong Kong, the PRC and Malaysia. The Group's Hong Kong entities are exposed to foreign exchange risk arising from Renminbi and Malaysian ringgit, while the Group's PRC and Malaysia entities are exposed to foreign exchange risk arising from the United States dollars.

The Group has been managing its foreign exchange risk by closely monitoring the movement of the foreign currency rates.

Capital commitments

Details of the Group's capital commitments as at 31 March 2025 are set out in note 28 to this consolidated financial statements.

Contingent liabilities

As at 31 March 2025, the Group had no material contingent liabilities.

Future plans for material investments and capital assets

Save as those disclosed in this annual report, the Group currently has no other plan for material investments and capital assets.

Subsequent event

Save as disclosed in the announcements of the Company dated 28 April 2025, the Group has no material subsequent events up to the date of this consolidated financial statements.

Employees and Remuneration Policy

As at 31 March 2025, the Group had a total number of 1,209 full-time employees (2024: 946). The Group determined the remuneration packages of all employees based on factors including individual qualifications, contribution to the Group, performance and years of experience of the respective staff.

The Group provides on-going training to the Group's staff in order to enhance their technical skills and product knowledge and to provide them with updates with regard to industry quality and work safety.

The Group maintains good relationships with the Group's employees. The Group did not have any labour strikes or other labour disturbances that would have interfered with the Group's operations during the Year.

As required by the PRC and Malaysia regulations, the Group participates in the social insurance schemes operated by the relevant local government authorities.

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report for the year ended 31 March 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is always committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

Save as disclosed below under the paragraph headed "Chairman and chief executive officer" below, the Board is of the view that the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the year ended 31 March 2025.

THE BOARD OF DIRECTORS

Responsibilities

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems. The authority and responsibilities for the day-to-day management and operations of the Group is delegated by the Board to the senior management. The Board is well balanced with Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company.

The Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities.

Board Composition

The Board currently comprises five members, consisting of two executive Directors and three independent non-executive Directors. The biographical details of the Board members are set out on pages 43 to 45 of this Annual Report. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Board independence

Pursuant to code provision B.1.4 of the CG Code, the Board established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) independent non-executive Directors are encouraged to actively participate in the Board meetings; (ii) the number of independent non-executive Directors must comply with the requirement under the Listing Rules; and (iii) the independent non-executive Directors shall devote sufficient time to discharge their duties as a Director. Furthermore, the Directors may access external independent professional advice to assist their performance of duties at the expense of the Company. The Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

Throughout the year, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional accounting qualifications and financial management expertise, and the independent non-executive Directors represented at least one-third of the Board.

The Company has received, from each of the existing independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent in accordance with the Listing Rules.

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Policy**") which sets out the approach to achieve and maintain diversity on the Board in order to enhance the quality of its performance.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender.

The nomination committee of the Board will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption and review the Policy that may be required.

The following measurable objectives have been set for implementing the Board Diversity Policy:

1. ensuring that there is no limitation on gender on selection of Directors and there shall be at least one female member on the Board;

2. inclusion of candidates for Board members with working experience in other industries; and

3. inclusion of candidates for Board members with knowledge and skills in different aspects. As at the date of this annual report, the above objectives have been achieved.

In terms of gender diversity, the Board is a mixed-gender board with female representation brought by Ms. Cheng Yuan Ting Cana, an independent non-executive Director. The Board recognises the importance and benefits of gender diversity at Board level and shall continue to take initiatives to identify suitable female candidates for board succession planning and enhancement of gender diversity in the Board.

At present, the Nomination Committee considers that an appropriate balance of gender diversity of the Board is maintained. The Nomination Committee will monitor the Group's business needs and consider further appointment of female directors as appropriate.

As at 31 March 2025, the Group had 852 male employees (2024: 690 male employees) and 357 female employees (2024: 256 female employees) and the male-to-female ratio in the workforce, including the senior management, was approximately 2.4:1 (2024: 2.7:1), which is regarded by the Board as satisfactory and in line with the industry which the Group operates its businesses in.

The Nomination Committee monitors and reviews the effectiveness and progress of the Policy annually. The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time, such that there is a pipeline of female senior management and potential successors to the Board in the future.

Appointments, Re-election and Removal of Directors

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing from 22 September 2012. After the expiry of the current term, the term of service shall be renewed and extended automatically by one year and on the expiry of every successive period of one year thereafter, unless either party has given at least three months' written notice of non-renewal before the expiry of the then existing terms. Mr. Wan Kam To, an independent non-executive Director, has been appointed for an initial term of two years commencing from 22 September 2012 renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term appointment, whereas each of Ms. Cheng Yuan Ting Cana and Mr. Chan Ming Sun Jonathan, also an independent non-executive Director, has entered into an appointment letter with the Company without a specific fixed term commencing from 20 August 2024. Each of Ms. Cheng and Mr. Chan obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 6 August 2024. Each of them has confirmed that she/he understood her/his obligations as a director of the Company.

According to the articles of association of the Company, at every annual general meeting of the Company ("**AGM**"), one-third of the Directors (or if their number is not three or a multiple of three, then the number nearest to but not less than one third) will retire by rotation provided that every Director shall be subject to retirement at least once every three years. Directors to retire in every year will be those who have been the longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

The articles of association of the Company also provides that any Director appointed by the Board to fill a casual vacancy in Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Chairman and chief executive officer

Under CG Code C.2.1, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.

Currently, Mr. Peter Sun serves as both the chief executive officer of the Company and the Chairman of the Board. Although such practice deviates from code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both the Chairman of the Board and the chief executive officer in the same person has the benefit of ensuring consistent leadership to advance long-term strategy, and allowing for further deepening the monetization capabilities and optimizing operating efficiency. In particular, Mr. Peter Sun, being a founder of the Group and the chief executive officer of the Company, is familiar with the Company's business operation and has superior knowledge and experience of the Company's business.

In addition, the Board considers that the balance of power and authority for the present arrangement has not been impaired and this structure has enabled the Company to make and implement decisions promptly and effectively, given that (i) decisions to be made by the Board require approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among others, that he/she acts for the benefits and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consisting of two executive Directors and three independent non-executive Directors and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussions at both the Board and senior management levels.

Therefore, the Board considers that the deviation from the code provision of C.2.1 of the CG Code is appropriate in such circumstances. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time.

Directors' continuous training and development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Directors are committed to complying with the CG Code C.1.4 on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received during the Year to the Company.

According to the records provided by the Directors, a summary of training received by the Directors during the Year is as follows:

Name of Directors	Type of continuous professional development programmes
Executive Directors	
Mr. Sun Kwok Wah Peter	A, B
Mr. Wong Chi Kwok	A, B
Independent non-executive Directors	
Mr. Wan Kam To	A, B
Ms. Cheng Yuan Ting Cana (appointed on 20 August 2024)	A, B
Mr. Chan Ming Sun Jonathan (appointed on 20 August 2024)	A, B
Ms. Zhao Yue (retired on 20 August 2024)	A, B
Mr. Shen Zheqing (retired on 20 August 2024)	A, B

Notes:

A: attending training/seminars

B: reading newspapers, journals, seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements

Board and general meetings and attendance

During the Year, the Board met regularly to review the financial and operating performance of the Company and to discuss future strategy. Directors may participate either in person or through electronic means of communications. The chairman of the Board also met with the independent non-executive Directors without the presence of executive Directors.

For the Year, the Company adopted the practice of holding board meetings regularly for at least four times a year in approximately quarterly intervals. At least 14 days' notice is given to all Directors for all regular board meetings and all Directors are given the opportunity to include matters for discussion in the agenda. The agenda and board papers for each meeting are sent to all Directors at least three days in advance of every regular board meeting. All minutes of the board meetings are kept by the company secretary and are available to all Directors for inspection.

At the board meetings, the Board reviewed significant matters including, among others, the Company's annual consolidated financial statements and interim consolidated financial information, proposals for final and interim dividends (if any), annual and interim reports, approved material capital expenditure and other corporate actions of the Group.

During the Year, the Company has convened four Board meetings and one general meeting. The attendance record for each of the Directors at the board meetings and general meeting are set out below:

	Number of attendance	
Name of Directors	**Board meetings**	**General meeting**
Executive Directors		
Mr. Sun Kwok Wah Peter	4/4	1/1
Mr. Wong Chi Kwok	4/4	1/1
Independent non-executive Directors		
Mr. Wan Kam To	4/4	1/1
Ms. Cheng Yuan Ting Cana (appointed on 20 August 2024)	3/4	0/1
Mr. Chan Ming Sun Jonathan (appointed on 20 August 2024)	3/4	0/1
Ms. Zhao Yue (retired on 20 August 2024)	1/4	1/1
Mr. Shen Zheqing (retired on 20 August 2024)	1/4	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions by the Directors on terms equivalent to the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

The Board confirmed that, having made specific enquiry, the Directors have complied in full with the required standards as set out in the Model Code and its code of conduct during the Year and up to 27 June 2025, the date of this Annual Report.

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following board committees to oversee the particular aspects of the Group's affairs. Each of these committees comprises independent non-executive Directors who are being invited to join as members.

Audit committee

The Company established an audit committee on 22 September 2012 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee of the Company are mainly to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and provide advice in respect of financial reporting and oversee the internal control procedures and risk management of the Company. The full terms of reference are available on the Company's website (www.kingdom.com.hk) and the Stock Exchange's website.

The audit committee currently consists of three independent non-executive Directors, namely Mr. Wan Kam To, Ms. Cheng Yuan Ting Cana and Mr. Chan Ming Sun Jonathan. The chairman of the audit committee is Mr. Wan Kam To, who has appropriate professional qualifications and experience in accounting matters.

The composition of the audit committee during the Year as well as the meeting attendance of the committee members is as follows:

Membership and attendance of members

Members	Attendance/ Number of meetings
Independent non-executive Directors	
Mr. Wan Kam To (Chairman)	2/2
Ms. Cheng Yuan Ting Cana (appointed on 20 August 2024)	1/2
Mr. Chan Ming Sun Jonathan (appointed on 20 August 2024)	1/2
Ms. Zhao Yue (retired on 20 August 2024)	1/2
Mr. Shen Zheqing (retired on 20 August 2024)	1/2

The audit committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2024, and interim condensed consolidated financial statements for the six months ended 30 September 2024. The audit committee has discussed the financial information with the management and the external and internal auditors of the Company during the year before submission to the Board for approval and the Group's risk management with the risk management personnels.

Nomination committee

The Company established a nomination committee on 22 September 2012 with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the nomination committee of the Company include reviewing the structure, size, and composition of the Board, assessing the independence of independent non-executive Directors, and making recommendations to the Board on matters relating to the appointment of Directors. The full terms of reference are available on the Company's website (www.kingdom.com.hk) and the Stock Exchange's website.

The nomination committee currently comprises three independent non-executive Directors and one executive Director. The nomination committee is chaired by the chairman of the Board.

The composition of the nomination committee during the Year as well as the meeting attendance of the committee members is as follows:

Membership and attendance of members

Members	Attendance/ Number of meeting
Executive Director	
Mr. Sun Kwok Wah Peter (Chairman)	1/1
Independent non-executive Directors	
Mr. Wan Kam To	1/1
Ms. Cheng Yuan Ting Cana (appointed on 20 August 2024)	0/1
Mr. Chan Ming Sun Jonathan (appointed on 20 August 2024)	0/1
Ms. Zhao Yue (retired on 20 August 2024)	1/1
Mr. Shen Zheqing (retired on 20 August 2024)	1/1

One meeting was held during the Year in which the nomination committee reviewed the structure, size and composition of the Board and its committees, reviewed the board diversity policy and its measurable objectives, reviewed and make recommendations to the Board adoption of the nomination policy, reviewed the background and experiences of the Board members and evaluated the contributions of the Board members to the Group and made recommendations to the Board on the nomination and re-appointment of Directors, and assessed the independence of independent non-executive Directors.

Remuneration committee

The Company established a remuneration committee on 22 September 2012 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary functions of the remuneration committee of the Company are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, to make recommendations to the board on the remuneration packages of individual executive directors and senior management, review performance based remuneration, ensure none of the Directors determine their own remuneration and review and approve matters relating to share schemes under Chapter 17 of the Listing Rules. The full terms of reference are available on the Company's website (www.kingdom.com.hk) and the Stock Exchange's website.

The remuneration committee currently comprises three independent non-executive Directors. The chairman of the remuneration committee is Mr. Chan Ming Sun Jonathan, an independent non-executive Director.

The composition of the remuneration committee during the Year as well as the meeting attendance of the committee members is as follows:

Membership and attendance of members

Members	Attendance/ Number of meetings
Independent non-executive Directors	
Mr. Chan Ming Sun Jonathan (Chairman) (appointed as Chairman on 20 August 2024)	0/1
Mr. Wan Kam To	1/1
Ms. Cheng Yuan Ting Cana (appointed on 20 August 2024)	0/1
Ms. Zhao Yue (Chairman) (retired on 20 August 2024)	1/1
Mr. Shen Zheqing (retired on 20 August 2024)	1/1

One meeting was held during the Year in which the remuneration committee reviewed the remuneration policies and approved the salaries and bonuses of the executive Directors and senior management. No Director took part in any discussion about his/her own remuneration. The remuneration committee has communicated with the chairman of the Board about proposals relating to the remuneration packages of other Directors and senior management.

Details of the Directors' emoluments and retirement benefits and remuneration payable to members of senior management are disclosed in the notes 12 and 29(d) to the consolidated financial statements respectively.

Nomination policy

The Board has adopted a nomination policy (the "**Nomination Policy**") during the Year. A summary of the Nomination Policy is disclosed below:

1. *Objective*

   The nomination policy aims to set out the relevant selection criteria and nomination procedures to help the nomination committee and the Board to ensure that the Board has a balance of skills, experience and diversity of perspective appropriate to the requirement of the Group's businesses.

2. *Selection criteria*

   The selection criteria specified in the Nomination Policy include:

   — commitment of available time and ability to devote sufficient time and attention to the affairs of the Company;

   — reputation for integrity;

   — accomplishment and experience in the relevant industry(ies);

   — effectiveness in carrying out the responsibilities of the Board; and

   — diversity in all its aspects as set out in the board diversity policy of the Company.

   These factors are for reference only, and not meant to be exhaustive and decisive. The nomination committee has the discretion to nominate any person, as it considers appropriate.

3. *Nomination procedures*

   (i) For filling a casual vacancy, the nomination committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the nomination committee shall make nominations to the Board for its consideration and recommendation.

   (ii) Until the publication of circular to the shareholders of the Company (the "**Shareholders**"), the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

   (iii) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from the Shareholders, a circular will be sent to the Shareholders. The circular will set out the lodgment period for the Shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to the Shareholders.

   (iv) A candidate is allowed to withdraw his or her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

   The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

4. *Review of the Nomination Policy*

The nomination committee of the Board will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy. The nomination committee of the Board will discuss any revisions that may be required.

Corporate Governance Functions

During the Year, the Board is also responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- 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 the relevant legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

FINANCIAL REPORTING AND AUDIT

Directors' responsibility for financial statements

The Directors acknowledge their responsibility for preparation of the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the year end date and of the Group's results and cash flows for the financial year then ended. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision D.1.1 of the CG Code, management would provide such explanation and information to the Board in order to enable the Board to make an informed assessment of the financial and other information put before the Board for approval. As at the date of this report, the Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. The consolidated financial statements for the year ended 31 March 2025 are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

The responsibilities of SHINEWING (HK) CPA Limited, the Company's external auditor, on the Group's consolidated financial statements are set out in the section headed "Independent Auditor's Report" in this Annual Report.

Auditor's Remuneration

For the year ended 31 March 2025, the Group's external auditor and its affiliated firm provided the following services to the Group:

	HK$'000
Audit services	980
Non-annual audit services	
— Interim review services	270
— Taxation (Note)	74
Total	1,324

Note: Services performed by an affiliated firm of SHINEWING (HK) CPA Limited

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has in place an internal control system which enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The Group adopts a risk management system which manages the risk associated with its business and operations, and the system enables the Group to identify, evaluate and manage significant risks.

The Board is responsible for overseeing the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The risk management and internal audit departments of the Company play a major role in monitoring the risk management and internal control systems of the Group and report directly to the Board. They have full access to review all aspects of the Group's activities, risk management and internal controls. The internal audit of the Group conducted an independent review of the risk management and internal control systems of the Group on a regular basis from time to time in order to maintain high standards of corporate governance. The review covers material controls and risk management process to ensure that the systems in place are adequate and effective. The internal audit review plan has been approved by the audit committee.

The Board reviews the adequacy and effectiveness of the Group's risk management and internal control systems. Several areas have been considered during such reviews, which include but not limited to (i) the changes in the nature and extent of significant risks since the last review, and the Group's ability to respond to changes in its business and the external environment; and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems. These reviews also cover the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's internal audit, risk management and financial reporting functions. For the year ended 31 March 2025, the Board considered such systems effective and adequate throughout the year.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of the relevant obligations under the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**") and the Listing Rules. In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures, which include the access of information being restricted to a limited number of employees on a need-to-know basis, to ensure that proper safeguards exist to prevent possible mishandling of inside information within the Group.

SHAREHOLDERS' RIGHT

Convening of extraordinary general meeting ("EGM") on requisition by shareholders

In accordance with Article 64 of the articles of association of the Company, any one or more shareholders ("**Requisitionist(s)**") 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 shall have the right, by written notice to the Board or the company secretary of the Company by mail at Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong, to require an EGM to be called by the Directors for the transaction of any business specified in such requisition. Such EGM shall be held within two months after the deposit of such requisition. If the Directors fail to proceed to convene such meeting within twenty-one (21) days of such deposit, 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 Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company:

The Company Secretary
KFM Kingdom Holdings Limited
Email: comsec@kingdom.com.hk
Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong

The company secretary of the Company shall forward the shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to answer the shareholders' questions.

Procedures for putting forward proposals at general meetings by shareholders

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her/its proposal ("**Proposal**") with his/her/its detailed contact information at the Company's principal place of business at Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the shareholders of consideration of the Proposal raised by the shareholder concerned at the general meeting varies according to the nature of the Proposal as follow:

(a) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires an ordinary resolution or a special resolution of the Company in an annual general meeting of the Company;

(b) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of a special resolution of the Company in an extraordinary general meeting of the Company; and

(c) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of an ordinary resolution of the Company in an extraordinary general meeting of the Company.

COMMUNICATION WITH SHAREHOLDERS

The management endeavours to maintain effective communications with the shareholders and potential investors of the Company.

The Company meets the shareholders at the annual general meeting, publishes interim and annual reports on the Company's website (www.kingdom.com.hk) and the Stock Exchange's website, and releases press releases on the Company's website to keep the shareholders and potential investors abreast of the Group's business and development.

The Board reviewed the implementation and effectiveness of the above shareholders' communication policy during the year ended 31 March 2025 and concluded that it was effective.

CONSTITUTIONAL DOCUMENTS

During the Year, there was no change in the Company's constitutional documents.

Environmental, Social and Governance Report

ABOUT THE REPORT

This Environmental, Social and Governance Report (the "**Report**") allows stakeholders to have better understandings about the progress and direction of the Group's sustainable development. Through this Report, stakeholders including shareholders, employees, customers, suppliers, creditors, regulators and the general public will be given a channel to review the performance of the Group in terms of environmental, social and governance (the "**ESG**") aspects.

SCOPE OF THE REPORT

The Report covers the plants of the Group located in Suzhou of the People's Republic of China (the "**PRC**") and in Malaysia. The plants are principally engaged in the manufacturing of precision metal (referred to as "**Business Units**"). The Report covers the financial year ended 31 March 2025 and discloses the Group's corporate social responsibility managing approach and performance.

BOARD STATEMENT

The Group's sustainable development strategy contains different issues include integrating environmental considerations into business, strengthening staffs' ability, caring community, improving corporate social responsibility performance, enhancing the transparency and so on. The Group devotes effort to mitigate the environment and natural resource impacts from production processes, and strives to balance the advantages between environment, market and society. In terms of employee's development, we insist on treating all employees equally, so as to develop the future with employees together.

In response to the worldwide tendency of sustainable development, the Group has been satisfying the stakeholders' demands continuously under the changing environmental management requirements. The Group's principle of corporate social responsibility is to strengthen the environmental and social management and to promote the value of sustainable development to the stakeholders. For the ESG managing strategy, the management reports to the Board regularly for the managing performance of the ESG related issues and risks as well as the monitor of sustainability and corporate social responsibility matters, and review the existing policies to meet the Group's social and development needs. The Board supervises the ESG relevant objectives and progress in order to maximize returns to the Group.

The Group has established review procedures to guarantee the presented materials in the Report are accurate and reliable. The ESG report has been reviewed and approved by the Board after discussion with the relevant management of the Group regarding the effectiveness of the corporate social responsibility system. Looking forward to the future challenges, we will continue to improve the ESG controls and deepen the management of sustainable development.

REPORTING PRINCIPLES

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules, which is prepared on the basis of four reporting principles of Materiality, Quantitative, Balance and Consistency. To allow stakeholders to have better understandings about the performance of the Group in terms of environmental, social and governance aspects, this Report complies with the "comply or explain" requirement to disclose the environmental key performance indicators (the "**KPIs**").

Reporting principles	Definition	Response
Materiality	Focusing on environmental, social and governance issues which have significant impact on the Group and stakeholders.	The Group has conducted a materiality analysis in identified important environmental, social and governance issues based on factors such as the nature of the Group's business and the expectations of stakeholders.
Quantitative	The data of key performance indicators should be measurable and comparable when appropriate.	The key performance indicators for the ESG components of the Group are derived from the statistics of the relevant departments. In order to ensure the accuracy of the environmental KPIs, the Group has performed carbon assessment with standards of the Reporting Guidance on Environmental KPIs issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").
Balance	The Group shall objectively and realistically report the performance of the year in respect of the environmental, social and governance aspects.	In the process of preparing the Report, the Group focuses on the elaboration of environmental, social and governance outcomes, and describes the difficulties encountered and response plans.
Consistency	Consistent disclosure and statistical method shall be adopted for the disclosure of the report, in order to make the key performance indicators comparable and understand corporate performance.	The same statistical method as in prior years has been adopted in this Report. Please refer to the each section of this report for the annual comparative statistical data.

MATERIALITY ASSESSMENT

In order to identify the materiality of environmental, social and governance issues to formulate an appropriate management strategies and determine the direction of this Report, the management has conducted a relevant materiality assessment. The materiality assessment considered our operation reviews and communication of stakeholders. Based on the materiality assessment, the material ESG issues for the Group are shown as follows:

Material issues	Corresponding sections
A. Environmental	
— Greenhouse gas emission	Emissions, climate change
— Climate change	Emissions, climate change
— Effective use of resources	Emissions, use of resources
B. Social	
— Occupational health and safety	Health and safety, development and training
— Prevention of child and forced labours	Basic Information of working environment, labour standards
— Customer satisfaction	Customer needs
— Products safety and health	Product responsibility
— Quality assurance and product responsibility	Supply chain management, product responsibility
— Data security and protecting intellectual property	Intellectual property protection

ENVIRONMENTAL PROTECTION

Emissions

Business Units complies with the following laws promulgated by the Government of the PRC on waste gas, sewage emission and noise pollution:

— Law of the PRC on the prevention and control of atmospheric pollution

— Water pollution prevention and control law of the PRC

— Law of the PRC on prevention and control of pollution from environmental noise

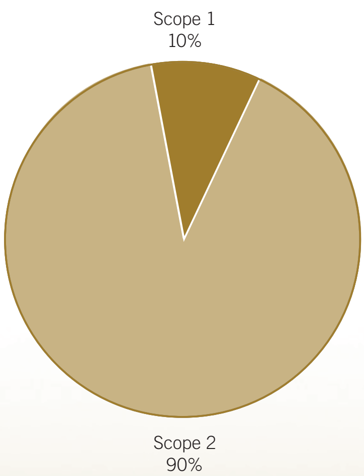
It is the Group's policy to comply with the relevant laws and regulations which have a direct impact on the business and operation of the Business Units. To maintain an environmental friendly production environment, the pollutants discharged have been closely monitored by the Business Units. In 1998, we obtained the first International Certification of Environmental Management System (ISO 14001). The certificate reflects our effectiveness in environmental controls and it is renewed regularly. For the year ended 31 March 2025, the results of environmental detecting reports of Business Units reflected that the waste emissions generated by our production processes were under good control and abided by the relevant rules and regulations of the PRC.

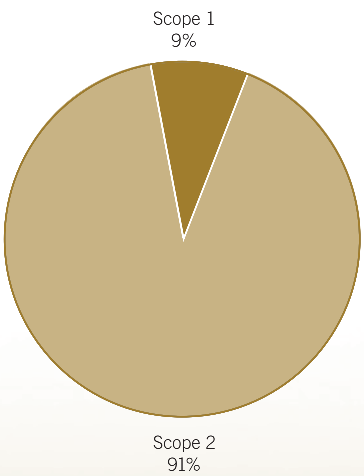
The overall emission of carbon dioxide by Business Units for the year ended 31 March 2025 was approximately 4,869 tonnes, representing a decrease of approximately 298 tonnes or 5.8% from approximately 5,167 tonnes for the corresponding period last year. Most of carbon dioxide emission was generated by our main energy consumption of electricity. The decrease in carbon dioxide emission was mainly due to the decrease in China's carbon dioxide emission factor in electricity during the Year.

Business Units is engaged in precision metal processing and assembly business and primarily generate carbon dioxide by consuming electricity, which is energy indirect greenhouse gas emission (Scope 2) during the production process. The consumption of natural gas, gasoline and diesel oil is direct greenhouse gas emission (Scope 1) that was much less than the energy indirect greenhouse gas emission. The proportion of carbon dioxide emission by scopes for the years ended 31 March 2025 and 2024 were as follows:

Year ended 31 March 2025 **Year ended 31 March 2024**

Carbon dioxide emission by scopes





Business Units has implemented various measures to save the energy consumed during the production process and thereby reduce the emission of greenhouse gas. Solar board and intelligent energy saving on-off switches were introduced to Business Units. Besides, the waste disposal was implemented in compliance with International Certification of Environmental Management System (ISO 14001). For future environmental improvement, we aim to continuously reduce the emission of greenhouse gas and improve the efficiency of using electricity and water resources. In order to achieve the objective, we will maximise the effectiveness of using resources by encouraging employees to reduce the use of resources and replacing inefficient equipment.

For the year ended 31 March 2025, in order to improve the greenhouse gas emission system of the Group, a Business Unit in Suzhou was the first Business Unit achieved the International Certificate for Greenhouse Gas Verification (ISO 14064). The management will continuously improve the greenhouse gas emission system to fulfill the stakeholders' requirement.

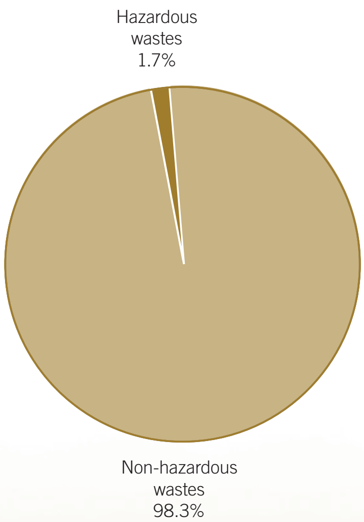
To properly handle non-hazardous and hazardous wastes generated from our production process, Business Units has well established procedures to prevent the occurrence of the adverse impact to the environment. Under the procedures of wastes management and the aim of continuous wastes reduction, all wastes are systemically classified, stored in separate warehouses, and disposed of or recycled to the companies which are authorised by the PRC government. In order to minimise the material wastage, we will continuously improve the production processes and enhance the use of reusable materials during the production.

For the year ended 31 March 2025, the non-hazardous wastes, including metals, wooden boxes, plastics and non-chemical wastes, being disposed of amounted to approximately 1,903 tonnes (2024: approximately 1,479 tonnes) and the hazardous wastes, including electronic items and chemical wastes, being disposed of amounted to approximately 33 tonnes (2024: approximately 24 tonnes).

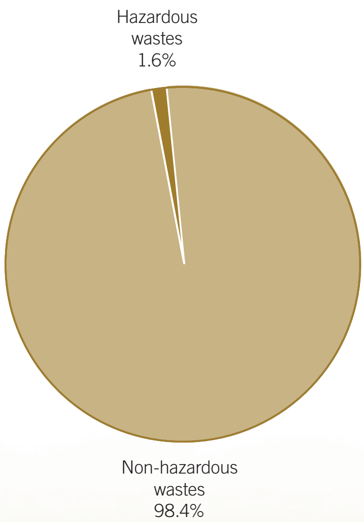
The proportion of non-hazardous wastes and hazardous wastes for the years ended 31 March 2025 and 2024 were as follows:

Wastes disposal

Year ended 31 March 2025



Year ended 31 March 2024



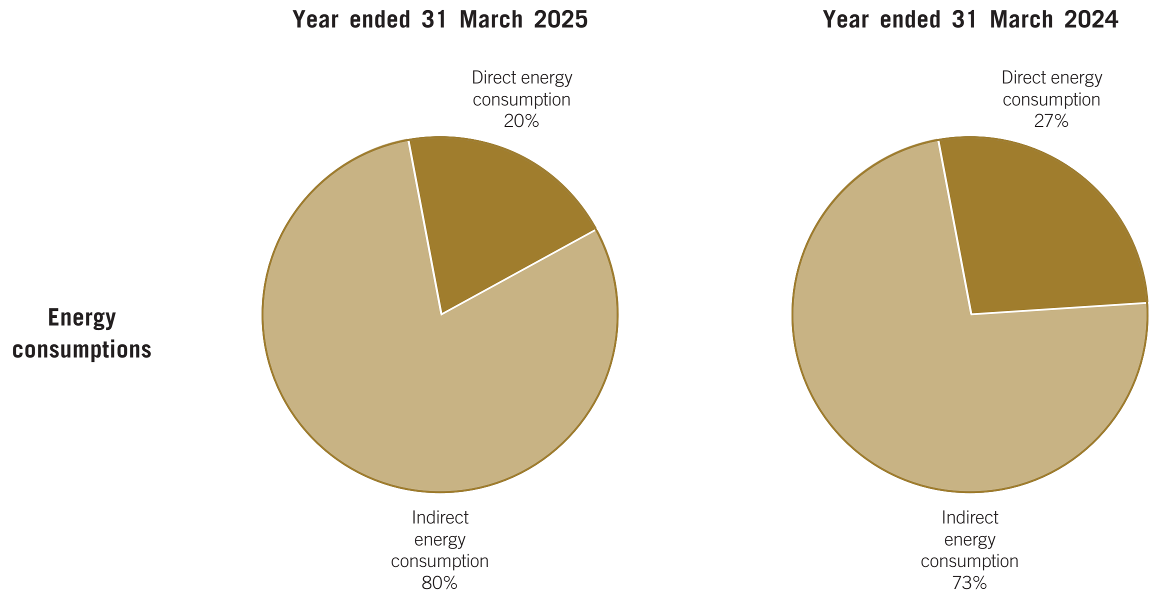
Use of Resources

Business Units stresses high commitment in energy and water resources saving. Resources reduction was implemented in compliance with International Certification of Environmental Management System (ISO 14001). Production processes are evaluated periodically on the efficiency of energy consumption. As mentioned in the emission section above, certain devices were installed for energy saving purpose and we adhere to the principles of maximisation of the utilisation rate per energy consumed.

The consumption of electricity resource (Indirect energy consumption) by Business Units increased by approximately 1.51 million kilowatt per hour or 25.9% from approximately 5.83 million kilowatt per hour for the year ended 31 March 2024 to approximately 7.34 million kilowatt per hour for the year ended 31 March 2025. The increase in consumption of electricity resource was mainly due to the increase in revenue as a result in an increase in consumption of electricity resource for the Group during the Year.

In respect of direct energy consumption including natural gas, gasoline and diesel oil by Business Units, it decreased by approximately 0.39 million kilowatt per hour or 17.6% from approximately 2.21 million kilowatt per hour for the year ended 31 March 2024 to approximately 1.82 million kilowatt per hour for the year ended 31 March 2025. The decrease in the direct energy consumption was mainly due to a decrease in consumption of natural gas for the production during the Year.

The proportion of indirect energy consumption and direct energy consumption for the years ended 31 March 2025 and 2024 were as follows:



For the overall consumption of water resource by Business Units, it increased by approximately 8.3 thousand tonnes or 31.9% from approximately 26.0 thousand tonnes for the year ended 31 March 2024 to approximately 34.3 thousand tonnes for the year ended 31 March 2025. The increase in consumption of water resource was mainly due to the increase in revenue as a result in an increase in consumption of water resource for the Group during the Year. In order to reduce the consumption of water resource, management will enhance employees' training and resources control to save water resource. During the year ended 31 March 2025, the Group did not have any issue in sourcing water that is fit for purpose.

The finished goods packaging usually uses a lot of paper. In order to save packaging paper, Business Units has designed procedures to reduce paper for finished goods packaging by using recyclable packaging material. Business Units provides an option to customers to use recyclable material for new production orders. The recyclable packaging material including recycled cartons and plastic boxes that are recollected from customers back to our factories after the delivery of finished goods, and then all boxes will be re-used for next production orders.

The total use of packaging material by Business Units increased by approximately 533 tonnes or 65.6% from approximately 812 tonnes for the year ended 31 March 2024 to approximately 1,345 tonnes for the year ended 31 March 2025. The increase in total use of packaging material was mainly due to the increase in revenue as a result in an increase in use of packaging material for the Group during the Year. In respect of the rate of usage of recyclable packaging material, it was approximately 32% on the sale of total products for the year ended 31 March 2025, representing an increase of approximately 6% from approximately 26% for the corresponding period last year. The increase in rate of usage of recyclable packaging material was mainly due to our encouragement to the customers for using recyclable packaging materials in new orders during the Year. According to the Group's policy, we will continuously encourage customers to use recyclable packaging material for appropriate production orders.

The Environment and Natural Resources

The Group is aware of certain natural resources are used in production processes, such as water and paper for product packaging that may have impact to environment. To minimise the environmental impact and reduce resource consumption as stipulated in the Group's policies, a set of environmental controls and measures has been implemented. The controls include replacing the energy-inefficient electrical equipment, employees' training on saving resources, reducing the use of paper by double sided printing and wastes separation for recycling. Eventually, a large amount of metal, paper and plastic have been reduced, reused or recycled by Business Units.

Climate Change

In 2020, the PRC government announced that it would strive to achieve carbon neutrality by 2060, which demonstrates the PRC Government's emphasis on climate change control. The Group has examined the risks and opportunities brought from climate change and improved the environmental management during the operation. Besides, as mentioned in the emissions section above, we have obtained the International Certification of Environmental Management System (ISO 14001) and it is renewed regularly. The certificate reflects that we have a set of environmental protection system, policies and guidelines in place to facilitate the measures of environmental management and climate change mitigation.

In respect of climate change, extreme weather such as high temperature, storm and heavy rains are likely to become more frequent in the future. In order to mitigate the climate risks resulting from extreme weather, we have used most of our plant's roof to install many solar boards to reduce greenhouse gas emission through less consumption of electricity resource from production. In addition, the Group is considering that existing equipment which are using petrochemical energy may be replaced by those using electric energy, if the equipment exceed their useful life. For example, when a gasoline vehicle is broken and out of its useful life, this vehicle may be replaced by electric vehicle or hybrid electric vehicle.

In the future, the Group will continue to review the current policies, consider new climate issues that have a significant impact to the Group, and more comprehensively and effectively deal with the relevant risks and opportunities brought by various environmental problem.

WORKING ENVIRONMENT

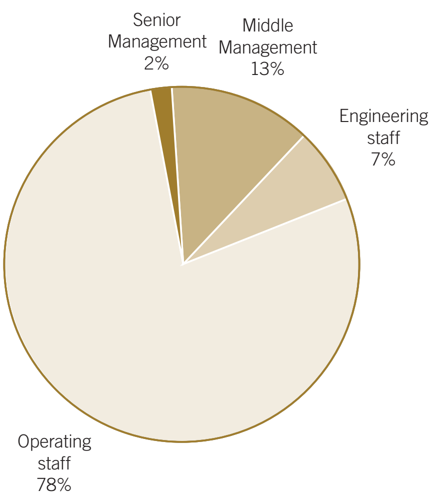
Basic Information

As at 31 March 2025, the Group employed a total of 1,209 employees (2024: 946 employees). The Group persists in the principle of fair and equal opportunities regardless of age, gender, marital status, ethnicity, nationality, religion or disability on recruitment, and always treats staff as the most important asset and appoints them according to their ability and suitability. The Group complied with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The remuneration policy is determined with regard to the employees' qualification, experience and performance on their jobs, and with reference to the current market situation.

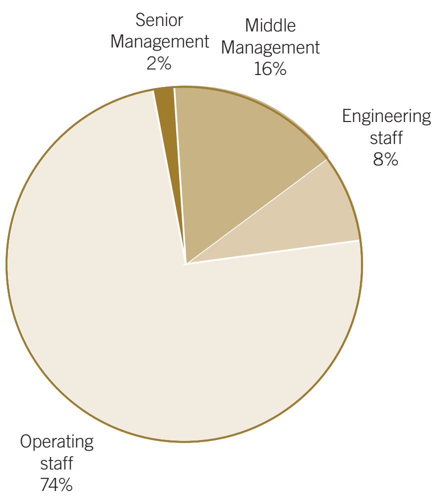
The proportion of employee by categories as at 31 March 2025 and 2024 were set out below:

Employees' rate by categories

As at 31 March 2025



As at 31 March 2024

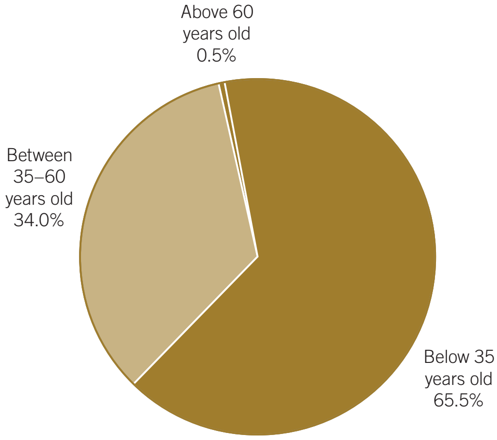


An employee representative union had been established to protect employees' rights and interests. Members of the union represent employees' interests and represent them to discuss with management on matters in relation to the improvement of employees' welfare. In order to motivate the employees to make continuous improvement in their individual performance and contribution, Business Units continues to enhance the human resource management and improve the appraisal system.

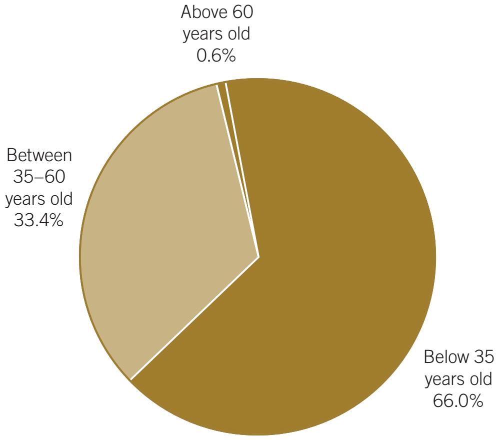
The employees' rate by age group as at 31 March 2025 and 2024 were set out below:

Employees' rate by age group

As at 31 March 2025



As at 31 March 2024



Health and Safety

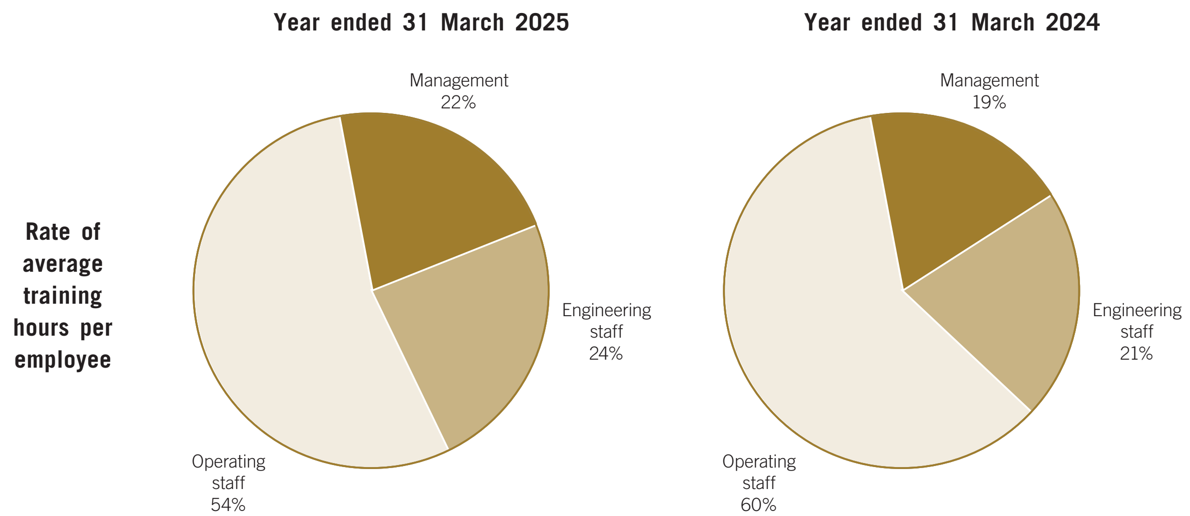
Employees' health and safety are important to the Group. The Group complied with relevant laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and protection of employees from occupational hazards. A set of policies have been adopted to protect employees that include factory environment safety management and control, occupational disease prevention management, and management of occupational health and safety monitoring. Some policies have cited the requirements from the relevant laws and regulations of the PRC.

To enhance the employees' awareness of health and safety manners, the Group has determined an objective to maintain zero significant casualty event. In order to achieve this objective, Business Units made efforts to promote employees' health and safety conditions and launched a series of regular training activities to ensure that the employees understand the relevant laws and regulations. Several specific trainings are provided to employees in risky working positions and help them to properly use the protective equipment and methods. For the years ended 31 March 2025, 2024 and 2023, Business Units sustained zero fatality due to work-related accident. The health and safety controls will be continuously reviewed and maintained by the management.

Development and Training

Business Units operates in a highly competitive market. In response to the competition, we have implemented a comprehensive training system for employees to ensure our long term competitiveness. The objective of the training is to enhance the employees' knowledge and skills so as to achieve the Group's mission. The training courses for employees cover a wide range of working areas such as regulations and policies regarding the jobs, management and controls in the manufacturing industry, product quality, working safety and so on.

The proportion of average training hours per employee for the years ended 31 March 2025 and 2024 were as follows:



In response to enhance the employees' competitiveness, we aim to achieve a higher training coverage rate to employees if they are willing to be trained. In order to achieve the objective, we will continually improve the development and training system, encourage employees to perform self-studying, and search for some training workshops in specialised areas which are provided by external training institutions.

Labour Standards

Business Units follows the Group's policies to maintain a high standard on the labour working conditions. All employees working in Business Units must be over 18 years old, and they should follow the free-will principle if they work on overtime duties. Steps were taken to prevent child and forced labour which include policy to require human resource department to check candidates' resident identity document before recruitment interview, random on-site inspection and so on. In case child and/or forced labour is identified, it will be directly reported to the relevant management for further action. For the years ended 31 March 2025 and 2024, the Group has complied with relevant laws and regulations relating to preventing child and forced labour and no child labour was employed by Business Units. The management will closely and regularly monitor the employment practices and relevant control procedures to avoid any child labour in Business Units.

OPERATING PRACTICES

Customer needs

In response to the needs and requirements of customers, we have achieved the International Quality Certifications of The Quality Management System (ISO 9001) since 1995 and the certificate is renewed regularly. Our production employees are familiar with the provisions, and strive for compliance with specific requirements during the production process. In order to fulfill the customer requirements, if it has producing difficulty to affect the quality of products during the production, our engineer will directly consult customers to improve our product quality. Furthermore, we have been regularly performing customer satisfaction research to understand customer's needs and their expectation to the product quality.

Supply Chain Management

Supply chain management links to the product quality control system, and therefore Business Units implemented strict controls to select suppliers. Our policies require our suppliers to pass a high level scrutiny procedure mandatorily before they become our qualified suppliers. Based on the scrutiny procedure, suppliers are subject to the assessments and onsite audits on their product quality, environmental friendliness as well as suitability and quality consistency tests conducted by our specialised department. After the suppliers pass the audits and assessments, they are enrolled into the "List of Qualified Suppliers" and Business Units only places purchasing orders to the suppliers on the said list. It would be of higher chance for the suppliers to be included into the "List of Qualified Suppliers" if they achieved the International Quality Certification of The Quality Management System (ISO 9001) or the International Certification of Environmental Management System (ISO 14001). All our suppliers that are engaged during the year ended 31 March 2025 are enrolled into the "List of Qualified Suppliers".

In addition, the suppliers on the "List of Qualified Suppliers" are subject to yearly performance assessment for managing risks including environmental and social areas from the supply chain. The assessment includes review on the supplier's production quality and integrity, social responsibility, market price comparison and other considerations. The suppliers may be required to carry out some improvements if the assessment result is unqualified. Furthermore, if the suppliers do not meet our requirements after their improvements, they may be eliminated from the "List of Qualified Suppliers".

Product Responsibility

According to ISO 9001, the production lines have established a sound quality testing and detecting system. The products rejection rate has remained at a relatively low level and the products are in compliance with relevant health and safety regulations. Besides, Business Units applied the strict quality controls over the production process. The controls include making monitoring plans on production procedures, setting production process parameters and product testing parameters, and preparing test working guidance for specific products. Apart from on-site testing, the high grade testing instruments in the measuring office are also used to analyse product defects. All testing instruments are regularly calibrated by the measuring office or external calibration institutions.

For the improvement of product quality, in case the management receives a feedback on product quality from customers, we will immediately communicate with relevant customer to resolve the quality problem. If necessary, a technician will be arranged to conduct further on-site investigation in the customer's warehouse. Accordingly, all returned products are taken to necessary defect measurements for our further improvement. For the years ended 31 March 2025 and 2024, all products have been returned from customers were in relation to insignificant quality defect and without any significant issue in relation to the safety and health.

Intellectual Property Protection

As a responsible company, the Group treats intellectual property rights as important assets. The Group's policy requires employees to carefully handle business confidential information. We have provided training to employees to ensure that they understand and comply with the guidelines on intellectual property protection. The labour contract has clearly stipulated that employees shall abide by the principle of business secrets. The Group may require individual personnel to sign confidentiality commitments on specific matters subject to circumstances.

Furthermore, the Group does not allow any leakage of confidential information. If an employee is found to be leaking business secrets, the Group will immediately terminate his or her labour contract, and reserve the right to pursue the economic and legal liabilities of the parties concerned. At the same time, the joint liability of other relevant personnel shall be investigated. In the supplier contract, the Group requires mutual respect on each other's intellectual property rights and joint compliance with relevant laws and regulations. In the future, the Group will regularly review the policy of intellectual property protection to ensure that the information of the Group, customers and suppliers is appropriately protected.

In addition, data protection and privacy are very important to the Group. We have implemented information technology policy and measures for data protection. The measures include setting variety levels of password as the first line of defense against unauthorised access, physical control such as computer servers locked in a server room, technical safeguards such as regular update firewall and antivirus software, daily data backup and so on. The Group will regularly update information technology managing technique to reduce the relevant risks from data protection and privacy.

ANTI-CORRUPTION

For the purpose of facilitating a working environment with integrity, the Group has implemented a strict internal control policy and will continue to improve the internal control system with an aim to strengthen the internal supervision and anti-corruption system in the Group.

The main regulations of the anti-corruption management are as follows:

1. All employees are prohibited from giving and accepting of bribes, the acceptance of valuables, the embezzlement of funds, extortion, fraud, and money laundering;

2. Travel and entertainment with definite business purposes shall apply the principle of thrifty and necessity. Excessive claim of travel expenses, incompliant dining expenses and reception of unrelated persons at Business Units' expenses are not allowed; and

3. A whistle-blowing system has been implemented in Business Units. All employees are allowed to make direct contact to senior management through the whistle-blowing system for any reason in regard to the operation of Business Units.

In order to maintain a higher level of ethic to employees, the Group has provided anti-corruption training to directors and employees to ensure that their integrity is kept in an acceptable level. The internal control division has been reviewing the Group's policies to confirm that the Group has an honest system. In the long run, the Group will regularly provide anti-corruption training to employees to maintain a high ethic level.

For the years ended 31 March 2025 and 2024, the Group complied with laws and regulations relating to bribery, extortion, fraud and money laundering, and there were no legal cases regarding corrupt practices which were brought against the Group or its employees. The management applied sound controls to the anti-corruption and maintained a clean working environment with integrity in Business Units.

COMMUNITY INVESTMENT

Contribution to Society

Business Units has been playing a positive role in taking social responsibilities and promoting a harmonious social development to communities that include the areas of education, environmental concerns, labour needs, health, culture and sports as important directions for our long-term development of society contribution.

The management and employees of Business Units have been taking their own initiatives in helping, supporting and participating the activities of local community and neighbour. For the year ended 31 March 2025, the Group performed the followings:

1. Business Unit in Suzhou has been employing disabled residents as our employees;

2. An employee of Business Unit in Suzhou provided training in an activity for the topic of "Model of Labour" which was held by Associated Unions (Communities of Fengqiao and Muqiao) of Suzhou in April 2024;

3. Business Unit in Suzhou has organized employees to join with a Shanghai customer's employees together to participate a soccer game in Shanghai in May 2024; and

4. Business Unit in Suzhou has obtained an Outstanding Contribution Award which issued by Fengqiao Chamber of Commerce of New District and Huqiu District in Suzhou in December 2024.

The Group will continue to identify new opportunities in promoting sustainability through its business operations, as well as to strengthen our partnership with charities and to nurture a culture of giving within the community.

SUMMARY OF KEY PERFORMANCE INDICATORS

The following environmental and social performance data are prepared in accordance with Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange:

Data for environment:

Environmental KPIs#	Unit	2025	2024
Total greenhouse gas emission	Tonnes (CO_2e)	**4,869**	5,167
Scope 1 — Direct emissions	Tonnes (CO_2e)	**499**	461
Scope 2 — Energy indirect emissions	Tonnes (CO_2e)	**4,370**	4,706
Intensity of total greenhouse gas emissions (By revenue)	kg (CO_2e)/HK$ thousand	**6.43**	8.76
Total non-hazardous waste produced	Tonnes	**1,903**	1,479
Intensity of non-hazardous waste produced (By revenue)	kg/HK$ thousand	**2.51**	2.51
Total hazardous waste produced	Tonnes	**33**	24
Intensity of hazardous waste produced (By revenue)	kg/HK$ thousand	**0.04**	0.04
Total energy consumption	kWh	**9,157,288**	8,033,496
Direct energy consumption	kWh	**1,817,387**	2,207,107
Intensity of direct energy consumption (By revenue)	kWh/HK$ thousand	**2.40**	3.74
Indirect energy consumption	kWh	**7,339,901**	5,826,389
Intensity of indirect energy consumption (By revenue)	kWh/HK$ thousand	**9.69**	9.88
Water consumption	Tonnes	**34,314**	26,004
Intensity of water consumption (By revenue)	kg/HK$ thousand	**45.30**	44.08
Total packaging material used	Tonnes	**1,345**	812
Intensity of total packaging material used (By revenue)	kg/HK$ thousand	**1.78**	1.38

The amounts of air pollutant emission for Sulphur Oxides ("**SOx**"), Nitrogen Oxides ("**NOx**") and Particulate Matter ("**PM**") were insignificant during the Year. The Group will disclose the relevant data if the amounts of emission become significant in the future.

Data for employment:

Employment KPIs	Unit	2025	2024
Employee profile			
Total workforce	No. of people	**1,209**	946
Total workforce by gender:			
Male	No. of people	**852**	690
Female	No. of people	**357**	256
Total workforce by employment type:			
Full time	No. of people	**1,209**	946
Part time	No. of people	**0**	0
Total workforce by employee category:			
Senior management	No. of people	**29**	24
Middle management	No. of people	**156**	147
Engineer	No. of people	**85**	78
General staff	No. of people	**939**	697
Total workforce by age group:			
Below 35	No. of people	**792**	624
35–60	No. of people	**411**	316
Over 60	No. of people	**6**	6
Total workforce by geographical region:			
Suzhou	No. of people	**1,090**	937
Malaysia	No. of people	**110**	—
Hong Kong	No. of people	**9**	9

Employment KPIs	Unit	2025	2024
Employee turnover			
Employee turnover rate	Percentage (%)	**14.2**	14.4
Employee turnover rate by gender:			
Male	Percentage (%)	**15.8**	14.9
Female	Percentage (%)	**10.1**	12.9
Employee turnover rate by age group:			
Below 35	Percentage (%)	**18.3**	17.8
35–60	Percentage (%)	**6.4**	7.8
Over 60	Percentage (%)	**1.4**	1.4
Employee turnover rate by geographical region:			
Suzhou	Percentage (%)	**15.0**	14.5
Malaysia	Percentage (%)	**1.6**	—
Hong Kong	Percentage (%)	**0**	0
Occupational Health and Safety			
No. of leave days due to work injuries	No. of days	**199**	107
Development and training			
Total employees trained	No. of trained people	**18,213**	16,013
Employees trained rate by gender:			
Male	Percentage (%)	**86.2**	84.1
Female	Percentage (%)	**13.8**	15.9
Employees trained rate by employee category:			
Senior and middle management	Percentage (%)	**7.1**	6.5
Engineer	Percentage (%)	**2.8**	2.5
General staff	Percentage (%)	**90.1**	91.0
Average training hours per employee by gender:			
Male	Hours	**26**	27
Female	Hours	**11**	14
Average training hours per employee by employee category:			
Senior and middle management	Hours	**10**	9
Engineer	Hours	**11**	10
General staff	Hours	**25**	29

Data for operating practices:

Operating practice KPIs	Unit	2025	2024
Supply Chain Management			
Number of suppliers by geographical region:			
Suzhou	No. of suppliers	**709**	754
Malaysia	No. of suppliers	**130**	—
Product Responsibility			
Percentage of total products sold subject to recalls for safety and health reasons*	Percentage (%)	**0**	0
No. of products and service related complaints received	No. of complaints	**3,920**	1,630
Community Investment			
Cash donation	HK$	**0**	0

* All products have been returned from customers were in relation to insignificant quality defect and without any significant issue in relation to the safety and health.

CONTENT INDEX TO THE ESG REPORT

KPIs	HKEX ESG Reporting Guide Requirements	Pages
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	25–26
A1.1	The types of emissions and the respective emissions data.	25–26, 35
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	25, 35
A1.3	Total hazardous waste produced and, where appropriate, intensity.	26, 35
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	26, 35
A1.5	Description of emissions target(s) set and steps taken to achieve them.	26
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	26
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	27–28
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	27, 35
A2.2	Water consumption in total and intensity.	27, 35
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	26
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	26–27
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	28, 35

KPIs	HKEX ESG Reporting Guide Requirements	Pages
A3 The Environment and Natural Resources		
General Disclosure	Policies for minimising the issuers' significant impact on the environment and natural resources.	28
A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	28
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	28
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	28
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	29–30
B1.1	Total workforce by gender, employment type, age group and geographical region.	36
B1.2	Employee turnover rate by gender, age group and geographical region.	37
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	30
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	30
B2.2	Lost days due to work injury.	37
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	30

KPIs	HKEX ESG Reporting Guide Requirements	Pages
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	31
B3.1	The percentage of employees trained by gender and employee category.	37
B3.2	The average training hours completed per employee by gender and employee category.	31, 37
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	31
B4.1	Description of measures to review employment practices to avoid child and forced labour.	31
B4.2	Description of steps taken to eliminate such practices when discovered.	31
Operating Practices		
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	32
B5.1	Number of suppliers by geographical region.	38
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	32
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	32
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	32

KPIs	HKEX ESG Reporting Guide Requirements	Pages
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	32–33
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	32, 38
B6.2	Number of products and service related complaints received and how they are dealt with.	32, 38
B6.3	Description of practices relating to observing and protecting intellectual property rights.	33
B6.4	Description of quality assurance process and recall procedures.	32
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	33
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	33
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	33
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	33
B7.3	Description of anti-corruption training provided to directors and staff.	33
Community		
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	34
B8.1	Focus areas of contribution.	34
B8.2	Resources contributed to the focus area.	38

Biographies of Directors

EXECUTIVE DIRECTORS

Mr. Sun Kwok Wah Peter (孫國華), aged 65, one of the founders at the Group, was appointed as an executive Director and the chief executive officer on 13 July 2011 and 3 February 2016 respectively. He is also a director of certain subsidiaries of the Group. Mr. Sun Kwok Wah Peter has more than 25 years of experience in the metal stamping industry. Since 1981, he has participated in his family business in metal kitchenware manufacturing in Hong Kong. He developed his expertise in metal stamping when he first started his metal stamping factory in the name of Kingdom Industrial Company in Kwai Chung in 1987. In 1989, he established Kingdom Fine Metal Limited and established Shenzhen Shunan Kingdom Contract Processing Factory in 1990. He is responsible for the overall strategic planning and partnership development as well as international key customer relations of the Group. Mr. Sun is also the sole director of KIG Real Estate Holdings Limited, the controlling shareholder of the Company.

Mr. Sun Kwok Wah Peter was awarded for his achievements in the industry. He was given the Young Industrialist Awards of Hong Kong by the Federation of Hong Kong Industries in 1999. In 2001, he was awarded as 優秀青年企業家 (Shenzhen Excellent Young Entrepreneurs) by 共青團深圳市委員會 (Communist Youth Shenzhen Committee), 深圳市青年企業家聯合會 (Shenzhen Young Entrepreneurs' Joint Association), 深圳市青年聯合會 (Shenzhen Youth Joint Association), 深圳特區報社 (Shenzhen Special Zone Press Office) and 深圳電視台 (Shenzhen Television) as well as Directors of the Year Awards by the Hong Kong Institute of Directors. In 2002, he received the Bauhinia Cup Outstanding Entrepreneur Award by the Hong Kong Polytechnic University. In 2006, he was awarded the Medal of Honour by the Hong Kong SAR Government.

Mr. Sun Kwok Wah Peter serves numerous positions in various governmental bodies. He has been a member of both Shenzhen Nanshan District Standing Committee of the Chinese People's Political Consultative Conference (the "**CPPCC**") from 2006 to 2016 and Anhui Provincial Committee of CPPCC from 2003 to 2022, respectively. He has also been the vice chairman of Shenzhen Association of Enterprises with Foreign Investment since 2005. He was the vice-president of Shenzhen Nanshan Foreign Enterprise's Chamber of Commerce between 2005 and 2012 and was appointed as the president in February 2012. He has been a member of Hong Kong CPPCC (Provincial) Members Association Limited since 2006.

Mr. Sun Kwok Wah Peter is an active member in different social organisations as well. He is an Honorary President and Standing Committee Member of the Hong Kong Young Industrialists Council Foundation Limited. Apart from that, he is involved in charitable organisations by being the founding chairman of Hong Kong Blind Sports Federation Limited, the Honorary Patron of The Asian Foundation for the Prevention of Blindness.

Mr. Sun Kwok Wah Peter holds an MBA degree from the Business School of the European University. In January 2002, Mr. Sun Kwok Wah Peter was awarded associateship (metal industry) by the Professional Validation Council of Hong Kong Industries. He was also appointed as the honorary professor of the 深圳大學工程技術學院 (College of Engineering and Technology of Shenzhen University) in December 2002. Mr. Sun Kwok Wah Peter was conferred as a University Fellow by The Hong Kong Polytechnic University in January 2014.

Mr. Wong Chi Kwok (黃志國), aged 73, was appointed as an executive Director on 22 September 2012. He is also a director of certain subsidiaries of the Group. He is responsible for advising the Board on strategic planning, partnership development and merger and acquisition strategies, but will not involve in day-to-day management of the Group.

He has over 40 years of experience in the sales, marketing and overall operational management of the printed circuit board manufacturing industry. From 1977 to 1996, he worked in HT (China) Limited and was responsible for setting up the operation of HT Circuits Limited ("**HT Circuits**") in Hong Kong in 1981. He was the general manager of HT Circuits from 1981 to June 1986 and was subsequently promoted as the managing director in July 1986, being responsible for its business planning, finance management and daily operation.

In 1995, HT (China) Limited decided to exit the Hong Kong market and Mr. Wong Chi Kwok then became the major shareholder of HT Circuits after the management buy-out. Mr. Wong Chi Kwok is currently a director of HT Electronic and Technology (Tianjin) Co., Ltd. (永捷電子科技(天津)股份有限公司), a company whose shares have been listed on NEEQ subsequently delisted on 12 December 2022 (NEEQ: 836607).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wan Kam To MH (尹錦滔), aged 72, was appointed as our independent non-executive director in September 2012. Mr. Wan graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in 1975. He was a partner of PricewaterhouseCoopers where he worked for over 30 years and accumulated extensive experience in auditing, finance advisory and management. He is currently a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and has been appointed as the non-executive director of the Accounting and Financial Reporting Council with effect from 1 October 2019.

Mr. Wan Kam To is also currently an independent non-executive director of (i) Fairwood Holdings Limited (stock code: 52) which is listed on the Stock Exchange; and (ii) Haitong International Securities Group Limited which was previously listed on the Stock Exchange under stock code 665 and was privatised on 11 January 2024.

Mr. Wan had served as an independent non-executive director of China Resources Land Limited (stock code: 1109) from 3 March 2009 to 1 July 2023 and A-Living Smart City Services Co., Limited (stock code: 3319) from 21 August 2017 to 20 July 2023. He was an independent executive director of China World Trade Centre Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600007) from 23 November 2016 to 21 November 2022.

Mr. Chan Ming Sun Jonathan (陳銘燊), aged 52, has over 20 years of experience in direct investment, management of private equity fund for investing in Chinese enterprises. Mr. Chan is currently the investment manager of Sprint Asset Management Limited. Between April 2003 and December 2014, Mr. Chan was an associate director of Go-To-Asia Investment Limited. Between July 2000 and August 2001, he was an investment manager with Softbank China Venture Investments Limited. Between April 1995 and June 2000, he worked in audit and corporate finance department at Ernst & Young in Hong Kong.

Mr. Chan obtained a Bachelor of Commerce degree in Accounting and Information Systems from the University of New South Wales, Australia in June 1995. He is also a member of Certified Practicing Accountants, Australia since February 1995, a fellow of Hong Kong Institute of Certified Public Accountants (FCPA) since January 1999, and a fellow of The Hong Kong Institute of Directors since June 2013.

While Mr. Chan worked in Softbank China Venture Investments Limited, he was responsible for making investments in highly potential businesses at early stage and also actively working with the portfolio companies to support them through multiple rounds of follow-on funding. The successful track record includes Dangdang.com, Trip.com, NetEase and Mindray Medical Equipment. Now, those portfolio companies are well-known and have great achievement in their business scopes.

Moreover, Mr. Chan is managing Hungary State Special Debt Fund since 2013, which is designated by the Hungarian Government under the Investment Immigration Program and it is the only authorized Fund in the region of China. The total fund size of about EUR1.5 billion and assisted around 5,000 families to obtain permanent residency in Hungary.

In addition, Mr. Chan was an independent non-executive director of each of Fujian Nuoqi Co., Ltd. (stock code: 1353, whose shares were delisted from the Main Board of the Stock Exchange with effect from 8 February 2021) from April 2017 to February 2021, Grand Peace Group Holdings Limited (stock code: 8108, whose shares were delisted from GEM of the Stock Exchange with effect from 27 August 2021) from March 2021 to August 2021 and Up Energy Development Group Limited (stock code: 307, whose shares were delisted from the Main Board of the Stock Exchange with effect from 5 January 2022) from April 2017 to January 2022. Mr. Chan has been an independent non-executive director of Hao Tian International Construction Investment Group Limited (Stock code: 1341) since July 2021, China Dredging Environment Protection Holdings Limited (Stock code: 871) since November 2012, Aceso Life Science Group Limited (Stock code: 474) since March 2012 and Changhong Jiahua Holdings Limited (Stock code: 3991) since February 2007. The securities of the above companies are listed on the Main Board of the Hong Kong Stock Exchange.

Ms. Cheng Yuan Ting Cana (鄭沅庭), previously known as Cheng Shui Yee (鄭瑞儀), aged 55, is currently a consultant of Messrs. A Lee & Partners, Solicitors. She has over 20 years of experience in the legal industry. Ms. Cheng admitted as a Solicitor with Hong Kong High Court in 2000 and appointed as Civil Celebrant of Marriages (Hong Kong) in 2007. Ms. Cheng graduated from City University of Hong Kong with a Bachelor of Arts (Honours) in Public and Social Administration in November 1993, obtained Common Professional Examination Certificate in Laws from Hong Kong University in September 1994 and obtained Postgraduate Certificate in Laws from City University of Hong Kong in August 1998.

Report of the Directors

The Board submits herewith its report and the audited consolidated financial statements of the Group for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries (together, the "**Group**") are principally engaged in the manufacturing and sales of precision metal stamping products. Details of the principal activities of the Company's subsidiaries are set out in note 32 to the consolidated financial statements.

An analysis of the Group's revenue and operating results by business segments for the year ended 31 March 2025 is set out in note 7 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business and its outlook are set out in the Chairman's Statement on page 4, and Business Review section on pages 5 to 9 of this Annual Report. Certain financial information are provided in the section of Five Year Financial Summary on pages 119 to 120 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Group regards caring and contributing to the community as an important element in the Group's strategy to achieve sustainable development. The Group places importance in the social well-being in the course of conducting its business and takes part in community and charitable activities. The details of the corporate social responsibility can be found in the chapter of Environmental, Social and Governance Report on pages 22 to 42.

PRINCIPAL FINANCIAL RISKS

The Group is exposed to a variety of financial risks including foreign exchange risk, interest risk, credit risk and liquidity risk. Details of the aforesaid key risks are set out in note 5 to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the Mainland China while the Company itself is listed on the Stock Exchange. To the best of the Directors' knowledge, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group in the Mainland China and Hong Kong. During the year ended 31 March 2025, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENT POLICIES

The Group is committed to promoting an environmentally-friendly corporation and strives to minimise our environmental impact by saving electricity in the way of switching off idle lightings and electrical appliances and encouraging recycle of office supplies and double-sided printing. The Group's factory in the Mainland China are operated in strict compliance with the relevant environment regulations and rules and possess all necessary permission and approval from the relevant Chinese regulators.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Customers

The Group is committed to offer a high-quality products to the customers. It values the opinions and feedback of all customers through various means and channels, including the usage of telephone, direct mail and after-sale return visit. In addition, the Group continues to proactively manage customer relations, expand its customer base and enhance customers' loyalty.

Suppliers

The Group establishes working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The Group's requirements and standards are well-communicated to suppliers before placing orders in order to ensure the deliverance of high-quality raw materials. All key suppliers have a close and long term relationship with the Group.

RESULTS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 61.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK1.3 cents (2024: HK0.8 cents) per share for the year ended 31 March 2025 which will be payable to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company (the "**Register of Members**") on Thursday, 28 August 2025 subject to the Shareholders' approval in the annual general meeting of the Company to be held on Thursday, 21 August 2025 (the "**AGM**").

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") during the current year. A summary of the Dividend Policy is disclosed as below.

The Board takes into account the following factors when considering the declaration and payment of dividends:

— the requirements of the Company's constitutional documents;

— the solvency requirements of the Companies Act of the Cayman Islands;

— there being sufficient amount of retained profits and share premium of the Company for the dividend payment;

— any financial covenants and other restrictions that exist with respect to certain of the Company's financing arrangements and other agreements by which the Company is bound from time to time;

— the earnings, financial position, results of operation, expansion plans, working capital requirements, and anticipated cash needs of the Company and its subsidiaries;

— the payment by subsidiaries of cash dividends to the Company; and

— other factors which the Board may deem appropriate.

The form and frequency of dividend declaration and payment shall be at the sole and absolute discretion of the Board. In measuring the Company's performance against the target dividend payout ratio in relation to a financial year, the Board shall seek to maintain consistency from year to year by smoothing the effect of any variation in free cash flows that may be due to one off gains or losses in individual years. The Board will review the Dividend Policy, as appropriate, to ensure the compliance of the Dividend Policy and discuss and approve any revision as and when appropriate.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in plant and equipment during the year ended 31 March 2025 are set out in note 16 to the consolidated financial statements.

BORROWINGS AND FINANCE COSTS

Particulars of borrowings of the Group as at 31 March 2025 is set out in note 26 to the consolidated financial statements. Finance costs of the Group are set out in note 9 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 22 to the consolidated financial statements.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 64 and note 31(ii) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company's reserves available for distribution to shareholders amounted to approximately HK$248.3 million, comprising retained profits of approximately HK$222.2 million and share premium of approximately HK$26.1 million. Under the Cayman Islands Law, a company may not pay a dividend, or make a distribution out of share premium account unless immediately following the date on which the payment is proposed to be made, the company is able to pay its debts as they fall due in the ordinary course of business.

RETIREMENT BENEFITS SCHEMES

Details of retirement benefits schemes of the Group are set out in note 11 to the consolidated financial statements.

DONATIONS

No donation made by the Group during the year ended 31 March 2025 (2024: nil).

FINANCIAL SUMMARY

A summary of the results and total assets and liabilities of the Group for the last five financial years is set out on pages 119 to 120.

DIRECTORS

The Directors during the year ended 31 March 2025 and up to the date of this report were:

Executive Directors:

Mr. Sun Kwok Wah Peter (Chairman and CEO)
Mr. Wong Chi Kwok

Independent non-executive Directors:

Mr. Wan Kam To
Ms. Cheng Yuan Ting Cana (appointed on 20 August 2024)
Mr. Chan Ming Sun Jonathan (appointed on 20 August 2024)
Ms. Zhao Yue (retired on 20 August 2024)
Mr. Shen Zheqing (retired on 20 August 2024)

At the AGM held on 20 August 2024, Mr. Wong Chi Kwok was re-elected as Director, while Ms. Zhao Yue and Mr. Shen Sheqing retired. Ms. Cheng Yuan Ting Cana and Mr. Chan Ming Sun Jonathan were appointed as new Directors.

In accordance with the Company's articles of association, Mr. Sun Kwok Wah Peter and Mr. Wan Kam To shall retire from office and, being eligible, offer themselves for re-election at the forthcoming AGM.

In addition, the Board has assessed the independence of Mr. Wan Kam To, who has been independent non-executive Director of the Company for more than nine years and considers that he continues to be independent, notwithstanding the length of his tenure, as he satisfied all the criteria for independence as set out in rule 3.13 of the Listing Rules. The re-election of Mr. Wan Kam To as an independent non-executive Director will be subject to a separate resolution to be approved by shareholders at the forthcoming annual general meeting.

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Biographical details of Directors are set out on pages 43 to 45.

UPDATES ON DIRECTORS' INFORMATION

Upon specific enquiry by the Company and following confirmation from the Directors, save as set out below, there is no change in the information required to be disclosed pursuant to Rule 13.51(b) of the Listing Rules:

Ms. Cheng Yuan Ting Cana transitioned from her role as consultant of Messrs. M. K. Lam & Co., Solicitors to consultant of Messrs. A Lee & Partners, Solicitors.

INDEPENDENCE CONFIRMATION

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent in accordance with the Listing Rules.

DIRECTORS' REMUNERATION

The remuneration of the Directors is determined with reference to the Director's duties, responsibilities, performance and the results of the Group. Details of the remuneration of the Directors are set out in note 12 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2025.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for a term of three years commencing from 22 September 2012 until terminated by not less than three months' notice in writing served by either party. After the expiry of the current term, the term of service shall be renewed and extended automatically by one year and on the expiry of every successive period of one year thereafter, unless either party has given at least three months' written notice of non-renewal before the expiry of the then existing terms.

Mr. Wan Kam To, an independent non-executive Director, has been appointed for an initial term of two years commencing from 22 September 2012 renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company expiring at the end of the initial term or at any thereafter.

Each of Ms. Cheng Yuan Ting Cana and Mr. Chan Ming Sun Jonathan, independent non-executive Directors, has entered into an appointment letter with the Company without a specific fixed term. All letters of appointment commenced from 20 August 2024.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2025. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company, or a controlling shareholder of the Company or any of its subsidiaries, had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2025.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2025 was the Company, its holding company or any of its subsidiaries a party to any arrangements 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2025 and up to the date of this report, none of the Directors are considered to have direct or indirect interests in businesses which compete or are likely to compete with businesses of the Group pursuant to the Listing Rules.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 23 August 2022, which was amended on 23 August 2023. Under the Share Option Scheme, the eligible participants may be granted share options pursuant to the Share Option Scheme. The following is a summary of the principal terms of the Share Option Scheme.

(a) Purpose

The purpose of the Share Option Scheme are to (i) enable the Company to grant share options to the eligible participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote sustainable development of the Group; and (iii) align the interest of the grantees with those of the Shareholders to promote long-term financial and business performance of the Company.

(b) Eligible participants

The eligible participants include any employees (whether full-time or part-time, including any executive director but excluding any independent non-executive director) of the Company or any of its subsidiaries (including persons who are granted options or awards under the Share Option Scheme as an inducement to enter into employment contracts with these companies).

(c) Maximum number of shares

The maximum number of shares which may be allotted and issued in respect of all options and awards to be granted under the Share Option Scheme and any other share option scheme and/or share award scheme of the Company (if any) shall not in aggregate exceed 10% of the number of shares in issue (i.e. a maximum of 60,000,000 shares) at the date of approval of the Share Option Scheme, provided that:

(i) the maximum number of shares may be refreshed, with the approval of the shareholders in a general meeting, up to a maximum of 10% of the issued share capital of the Company at the date of such shareholders' approval, for the purpose of calculating the refreshed scheme mandate limit, options or awards lapsed in accordance with the terms of the Share Option Scheme and any other share scheme of the Company will not be regarded as utilised; and

(ii) the Company may obtain a separate approval from the Company's shareholders in a general meeting to permit the granting of share options under the Share Option Scheme beyond the scheme mandate limit or, if applicable, the refreshed limit referred above to eligible participants specifically identified by the Company before shareholders' approval is sought. The number and terms of share options to be granted to such participant must be fixed before shareholders' approval.

(d) Maximum entitlement of each eligible participant

Unless approved by the shareholders in a general meeting (with the relevant eligible participant and his/her close associates abstaining from voting), no eligible participant shall be granted an share option if the total number of shares issued and to be issued upon exercise of the share options and awards granted and to be granted to such eligible participant in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of the Company for the time being.

An offer of the grant of an option to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

Where any grant of share options to an independent non-executive Director or a substantial shareholder, or any of his/her/its respective associates, would result in the shares issued and to be issued upon exercise of all share options and awards granted (excluding any share options and awards lapsed in accordance with the terms of the Share Option Scheme or the relevant share scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of shares in issue, such further grant of share options or awards must be approved by the shareholders in general meeting. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(e) Vesting period of share options granted under the Share Option Scheme

The vesting period in respect of share options granted to any eligible participant shall not shorter than 12 months from the date of acceptance of the offer, provided that where the eligible participant is (a) an employee participant who is a Director or a member of the senior management specifically identified by the Company, the remuneration committee shall, or (b) an employee participant who is not a Director nor a member of the senior management specifically identified by the Company, the Directors shall have the authority to determine a shorter vesting period in the circumstances set out in the Share Option Scheme. The option period of an share option may not end later than ten years from the date on which an offer is offered to an eligible participant of the relevant share option, subject to the provisions for early termination thereof.

(f) Acceptance of an offer of share options

A share option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the share options duly signed by the grantee, together with a remittance in favour of the Company of HK$1 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date (which shall not be later than 21 days from the date of offer). To the extent that the offer to grant a share option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(g) Performance target and clawback mechanism

Save specific performance target(s) and clawback mechanism may be attached to any share option being granted to any grantee under the Share Option Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries, no performance target(s) should be attached to any share option being granted to any grantees under the Share Option Scheme.

(h) Subscription price

The subscription price in respect of any share option shall be a price determined by the Board and notified to an eligible participant (subject to any adjustments made pursuant to the terms and conditions of the Share Option Scheme) which must not be less than the highest of:

(i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; and

(ii) the average of the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant.

(i) Ranking of shares

The shares to be allotted and issued upon the exercise of a share option will be subject to all the provisions of the articles of association for the time being in force and will rank pari passu in all respects with the then existing fully paid shares in issue on the date on which the share option is duly exercised.

The shares to be allotted upon the exercise of a share option will not carry voting rights until completion of the registration of the grantee (such other person nominated by the grantee) as the holder thereof.

(j) Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 23 August 2022 (being the date of adoption of the Share Option Scheme), after which no further options shall be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Share options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme. As at the date of this annual report, the Share Option Scheme had a remaining life of approximately seven years.

During the year ended 31 March 2025, no share option was granted, exercised, cancelled, lapsed or outstanding under the Share Option Scheme. As at the date of this annual report, the total number of share available for issue upon exercise of the share options to be granted under the Share Option Scheme was 60,000,000, representing 10% of the issued share capital of the Company. The number of share options available for grant under the mandate of the Share Option Scheme was 60,000,000 as at both 1 April 2024 and 31 March 2025.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2025, the interests and/or short positions of the Directors or chief executive of the Company in the shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken under such provisions of the SFO), and/or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules.

Name of Director	Name of group member/associated corporation	Capacity/Nature of Interest	Number and class of securities (note 1)	Approximate shareholding percentage
Mr. Sun Kwok Wah, Peter ("**Peter Sun**")	Company	Interest of controlled corporation	449,999,012 Shares (L) (note 2)	75.00%
Peter Sun	KIG Real Estate Holdings Limited ("**KREH**")	Beneficial owner	4,490 shares	42.11%

Notes:

1. The letter "L" denotes our Directors' long position in the shares of our Company or the relevant associated corporation.

2. These shares were held by KREH, which is owned as to 42.11% by Mr. Sun Kwok Wah Peter. Therefore, Peter Sun is deemed to be interested in the shares held by KREH under the SFO.

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

As at 31 March 2025, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Name of group member/associated corporation	Capacity/Nature of Interest	Number and class of securities (Note 1)	Approximate shareholding percentage
KREH	Company	Beneficial owner	449,999,012 Shares (L) (Note 2)	75%
Ms. Kwok Wing Yi	Company	Interest of spouse	449,999,012 Shares (L) (Note 2)	75%

Notes:

1. The letter "L" denotes the corporation/person's long position in our Shares.

2. These shares were held by KREH, which is owned as to 42.11% by Peter Sun. Ms. Kwok Wing Yi is the spouse of Peter Sun and is therefore deemed to be interested in the shares held by Peter Sun under the SFO.

RELATED PARTY TRANSACTIONS

The related party transactions as set out in note 29 to the consolidated financial statements entered into by the Group during the Year did not either fall within the definition of "connected transaction" or "continuing connected transaction", or were treated as de minimis transactions under Rule 14A.76 of the Listing Rules. The Company confirms that it has complied with the applicable requirements under Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year. The Company did not hold any treasury shares during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's article of association or the laws in the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holdings in the Shares.

EMOLUMENT POLICY

The emoluments of the Directors are decided by the Remuneration Committee having regard to the market rates, workload and responsibilities and general economic situation.

EQUITY-LINKED AGREEMENTS

Save for the share option plan as set out above in the section of "Share Option Scheme", no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result the Company issuing shares were entered into by the Company during the year ended 31 March 2025, or subsisted at the end of the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this report as required by the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers, respectively during the year is as follows:

Percentage of the Group's total

Sales	
The largest customer	38.3%
Five largest customers in aggregate	90.0%
Purchases	
The largest supplier	17.9%
Five largest suppliers in aggregate	49.1%

To the best of the Directors' knowledge and belief, none of the Directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interests in the five largest customers or suppliers at any time during the year ended 31 March 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' right to attend and vote at the annual general meeting of the Company to be held on Thursday, 21 August 2025 (the "**AGM**"), the register of members of the Company will be closed from Monday, 18 August 2025 to Thursday, 21 August 2025, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 August 2025.

Subject to the Shareholders' approval of the recommended final dividend at the AGM, the final dividend will be payable on or about Monday, 15 September 2025. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Wednesday, 27 August 2025 to Thursday, 28 August 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2025, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 26 August 2025.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 10 to 21.

AUDIT COMMITTEE

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2025.

AUDITOR

There was no change in auditor of the Company during the past eight years.

The consolidated financial statements for the Year have been audited by SHINEWING (HK) CPA Limited. SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution will be submitted to the forthcoming AGM to re-appoint SHINEWING (HK) CPA Limited as the auditor of the Company.

On behalf of the Board
KFM Kingdom Holdings Limited

Sun Kwok Wah Peter
Chairman

Hong Kong, 27 June 2025

Independent Auditor's Report

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

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

TO THE SHAREHOLDERS OF KFM KINGDOM HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of KFM Kingdom Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 61 to 118, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Provision of expected credit loss (the "ECL") for trade receivables

Refer to note 19 to the consolidated financial statements and the accounting policies on pages 78 to 81.

The key audit matter	How the matter was addressed in our audit
We have identified provision of the ECL for trade receivables as a key audit matter because the carrying amount of trade receivables of approximately HK$180,153,000 is significant to the consolidated financial statements and the provision of ECL involves significant judgements and estimates. No provision of ECL has been recognised for the year ended 31 March 2025. Independent valuer was engaged by the management for the valuation of ECL as at the reporting date. The valuation requires significant judgements and estimates made by the management since the calculation of the provision rates involves selection of forward-looking information.	Our procedures in relation to impairment assessment of trade receivables included: • Testing the integrity of information used by management to develop the provision matrix, including trade receivables aging analysis as at 31 March 2025, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices and other supporting documents; and • Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 March 2025, including the reasonableness of management's grouping of the debtors into different categories in the provision matrix, and the basis of estimated loss rates applied for each category in the provision matrix (with reference to historical default rates and forward-looking information).

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded 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 OF THE COMPANY 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 issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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 of the Company.

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

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

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

We communicate with 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.

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 this independent auditor's report is Mr. Lau Kai Wong.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623

Hong Kong
27 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	**757,546**	589,904
Cost of sales		**(620,267)**	(482,641)
Gross profit		**137,279**	107,263
Other gains, net	8	**11,308**	12,031
Distribution and selling expenses		**(7,106)**	(6,668)
General and administrative expenses		**(98,639)**	(83,741)
Finance income	9	**3,716**	9,773
Finance costs	9	**(2,122)**	(6,015)
Profit before tax	10	**44,436**	32,643
Income tax expenses	13	**(6,439)**	(9,496)
Profit for the year		**37,997**	23,147
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(7,726)**	(5,467)
Total comprehensive income for the year		**30,271**	17,680
Profit/(loss) for the year attributable to:			
— Owner of the Company		**36,329**	23,238
— Non-controlling interests		**1,668**	(91)
		37,997	23,147
Total comprehensive income attributable to:			
— Owners of the Company		**28,629**	17,437
— Non-controlling interests		**1,642**	243
		30,271	17,680
EARNINGS PER SHARE	14		
— Basic and diluted (HK cents)		**6.05**	3.87

Consolidated Statement of Financial Position

At 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**242,775**	256,146
Right-of-use assets	17	**89,168**	89,082
Prepayments and deposits	20	**1,980**	1,737
Total non-current assets		**333,923**	346,965
Current assets			
Inventories	18	**146,061**	102,855
Trade receivables	19	**180,153**	145,017
Prepayments, deposits and other receivables	20	**29,710**	23,186
Income tax recoverable		**—**	778
Time deposits with maturity over three months	21	**43,000**	48,000
Cash and cash equivalents	21	**109,504**	111,475
Total current assets		**508,428**	431,311
Total assets		**842,351**	778,276
EQUITY			
Capital and reserves			
Share capital	22	**60,000**	60,000
Share premium	22	**26,135**	26,135
Reserves	23	**468,249**	444,420
		554,384	530,555
Non-controlling interests		**69,265**	72,243
Total equity		**623,649**	602,798
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	**5,292**	3,949
Deferred income tax liabilities	24	**2,093**	3,531
Total non-current liabilities		**7,385**	7,480

	Notes	2025 HK$'000	2024 HK$'000
Current liabilities			
Trade and other payables	25	**128,235**	113,907
Lease liabilities	17	**5,705**	4,589
Bank borrowings	26	**75,600**	49,500
Income tax liabilities		**1,777**	2
Total current liabilities		**211,317**	167,998
Total liabilities		**218,702**	175,478
Total equity and liabilities		**842,351**	778,276
Net current assets		**297,111**	263,313
Total assets less current liabilities		**631,034**	610,278

The consolidated financial statements on pages 61 to 118 were approved and authorised for issue by the board of directors on 27 June 2025 and are signed on its behalf by:

Sun Kwok Wah Peter Director	**Wong Chi Kwok** 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	Capital reserve HK$'000 (note 23(a))	Statutory reserve HK$'000 (note 23(b))	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2023	60,000	26,135	1	38,288	9,027	379,667	513,118	—	513,118
Profit/(loss) for the year	—	—	—	—	—	23,238	23,238	(91)	23,147
Other comprehensive (expense)/ income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	(5,801)	—	(5,801)	334	(5,467)
Total comprehensive (expense)/ income for the year	—	—	—	—	(5,801)	23,238	17,437	243	17,680
Transfer of retained profits to statutory reserve	—	—	—	5,754	—	(5,754)	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	72,000	72,000
Balance at 31 March 2024	60,000	26,135	1	44,042	3,226	397,151	530,555	72,243	602,798

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium HK$'000**	**Capital reserve HK$'000 (note 23(a))**	**Statutory reserve HK$'000 (note 23(b))**	**Exchange reserve HK$'000**	**Retained profits HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total equity HK$'000**
Balance at 1 April 2024	**60,000**	**26,135**	**1**	**44,042**	**3,226**	**397,151**	**530,555**	**72,243**	**602,798**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**36,329**	**36,329**	**1,668**	**37,997**
Other comprehensive expense for the year:									
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**—**	**(7,700)**	**—**	**(7,700)**	**(26)**	**(7,726)**
Total comprehensive (expense)/ income for the year	**—**	**—**	**—**	**—**	**(7,700)**	**36,329**	**28,629**	**1,642**	**30,271**
Dividend paid	**—**	**—**	**—**	**—**	**—**	**(4,800)**	**(4,800)**	**—**	**(4,800)**
Transfer of retained profits to statutory reserve	**—**	**—**	**—**	**3,114**	**—**	**(3,114)**	**—**	**—**	**—**
Dividend paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,620)**	**(4,620)**
Balance at 31 March 2025	**60,000**	**26,135**	**1**	**47,156**	**(4,474)**	**425,566**	**554,384**	**69,265**	**623,649**

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**44,436**	32,643
Adjustments for:		
Depreciation of property, plant and equipment	**20,996**	10,988
Depreciation of right-of-use assets	**7,223**	18,094
Write-down of inventories	**1,007**	391
Loss on disposal of property, plant and equipment	**46**	785
Gain on derecognition of right-of-use assets and lease liabilities	**—**	(9,854)
Finance income	**(3,716)**	(9,773)
Finance costs	**2,122**	6,015
Government subsidies	**(445)**	(236)
Operating cash flows before movements in working capital	**71,669**	49,053
(Increase)/decrease in inventories	**(47,467)**	22,438
Increase in trade receivables	**(37,584)**	(36,850)
Increase in prepayments, deposits and other receivables	**(19,035)**	(172)
Increase in trade and other payables	**13,298**	1,959
Net cash (used in)/generated from operations	**(19,119)**	36,428
Income tax paid	**(6,102)**	(8,448)
Income tax refunded	**778**	746
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(24,443)**	28,726
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	**210**	298
Purchase of property, plant and equipment	**(8,731)**	(25,503)
Addition of right-of-use assets	**—**	(396)
Net cash outflow from acquisition	**—**	(166,652)
Transaction costs from acquisition	**—**	(1,942)
Repayment from an independent third party	**10,000**	21,000
Placement of time deposits with maturity over three months	**(43,000)**	(234,419)
Withdrawal of time deposits with maturity over three months	**48,000**	383,160
Interest received	**5,124**	11,671
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**11,603**	(12,783)

	2025 HK$'000	2024 HK$'000
FINANCING ACTIVITIES		
New bank borrowings raised	**118,800**	77,067
Repayment of bank borrowings	**(91,800)**	(56,760)
Receipts from government subsidies	**445**	236
Repayment of lease liabilities	**(5,284)**	(15,124)
Dividend paid to owners of the Company	**(4,800)**	—
Dividend paid to non-controlling interests	**(4,620)**	—
Interest paid	**(2,122)**	(6,015)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**10,619**	(596)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(2,221)**	15,347
CASH AND CASH EQUIVALENTS AT 1 APRIL	**111,475**	96,803
Effect of foreign exchange rate changes	**250**	(675)
CASH AND CASH EQUIVALENTS AT 31 MARCH	**109,504**	111,475

1. GENERAL INFORMATION

KFM Kingdom Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 13 July 2011 as an exempted company with limited liability under the Companies Act., Cap. 22 (Act. 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 October 2012. The immediate holding company and controlling shareholder of the Company is KIG Real Estate Holdings Limited ("**KREH**"), a company incorporated in the BVI. The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the Company's annual report.

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in the manufacturing and sales of precision metal stamping products. Details of the Company's subsidiaries are set out in note 32.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"). Other than those subsidiaries established in the People's Republic of China (the "**PRC**") and Malaysia whose functional currency is RMB and Malaysia ringgit respectively, the functional currency of the Company is Hong Kong dollars.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

Except as described below, the application of the new and amendments to HKFRS Accounting Standards in the current year has had no material effects on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

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

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

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

Upon adoption of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The application of the amendments has no material impact on the classification of the Group's liabilities.

New and Amendments to HKFRS Accounting Standards issued but not yet effective

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

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

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

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

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

New and Amendments to HKFRS Accounting Standard issued but not yet effective (Continued)

HKFRS 18 — Presentation and Disclosure in Financial Statements

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

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

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors of the Company are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

The consolidated financial statements have been prepared on the historical cost basis.

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

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

The material accounting policies are set out below.

Basis of consolidation

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

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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

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

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Business combinations or asset acquisition

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Revenue from contracts with customers

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

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

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

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

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes sales related taxes.

Sales of goods

Revenue from sale of high precision metal products is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of products).

Leasing

Definition of a lease

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

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

Lease payments included in the measurement of the lease liability comprise fixed lease payments.

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

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

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

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

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Lease modification

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

3. 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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and 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 exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

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

Any specific borrowing remains outstanding after the related asset is ready for its intended use or sale is included in the general pool for calculation capitalisation rate on general borrowings.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

Research and development expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Employee benefits

Short-term and other long-term employee benefits

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

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Retirement benefits costs

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

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

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

Deferred income 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 income 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.

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

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

Current and deferred income 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 income tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred income tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

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

Ownership interests in leasehold land and buildings

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method.

Buildings	Remaining period of the lease or the useful life of the building, whichever is shorter
Leasehold improvements	5 years or the remaining period of the lease, whichever is shorter
Plant and machinery	10 years
Motor vehicles	5 to 10 years
Furniture and office equipment	5 to 10 years

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.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less incremental costs and other cost necessary to sell inventories.

Cash and cash equivalents

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

Financial instruments

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

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

Financial assets

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

All recognised financial assets are subsequently measured in their entirety at amortised cost. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and effective interest method

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

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

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. 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. If, in subsequent reporting periods, 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.

Interest income is recognised in profit or loss and is included in the “Finance income” line item (note 9).

Impairment of financial assets

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset 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.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

Definition of default

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

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset 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 that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 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 where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Derecognition of financial liabilities

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Impairment losses on property, plant and equipment and right-of-use assets

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

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 CGUs. 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 CGUs. An impairment loss is recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment losses on property, plant and equipment and right-of-use assets (Continued)

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

Fair value measurement

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

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

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

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

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

Depreciation and useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of these assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to changes in market conditions.

Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

As at 31 March 2025, there is no revision of the estimated useful lives, residual values and the related depreciation charges of the property, plant and equipment with carrying amount of approximately HK$242,775,000 (2024: HK$256,146,000).

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

At the end of the reporting period, the Group's management reviews the carrying amounts of the Group's property, plant and equipment and right-of-use assets of approximately HK$242,775,000 and HK$89,168,000 respectively (2024: HK$256,146,000 and HK$89,082,000) and identified if there is any indication for possible impairment. If any such indication exists, the recoverable amount of the CGUs in which the assets belonged, which is determined based on the higher of fair value less cost of disposal and value-in-use, is estimated in order to determine the extent of the impairment loss. No impairment loss of property, plant and equipment and right-of-use assets have been recognised for the years ended 31 March 2025 and 2024.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less incremental costs and other cost necessary to sell inventories. These incremental costs and other cost necessary to sell inventories are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in consumer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimations at the end of each reporting period.

As at 31 March 2025, the carrying amount of inventories of approximately HK$146,061,000 (2024: HK$102,855,000), net of accumulated provision of write-down of approximately HK$3,889,000 (2024: HK$2,882,000). No reversal of write-down of inventories has been recognised to the profit or loss for the years ended 31 March 2025 and 2024. Write-down of inventories of approximately HK$1,007,000 (2024: HK$391,000) was recognised for the year ended 31 March 2025.

Provision of ECL for trade receivables

The Group uses a provision matrix to calculate the ECL for trade receivables as at 31 March 2025. The provision rates are based on days past due through groupings of various debtors that have similar loss patterns. The provision matrix is initially by reference to past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group will calibrate the matrix to adjust the historical experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking information are considered. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Provision of ECL for trade receivables (Continued)

As at 31 March 2025, the carrying amount of trade receivables is approximately HK$180,153,000 (2024: HK$145,017,000). No provision for ECL for trade receivables has been recognised for the years ended 31 March 2025 and 2024.

Income taxes

As at 31 March 2025, no deferred income tax asset has been recognised on the un-utilised tax losses of approximately HK$84,957,000 (2024: HK$95,080,000) due to the unpredictability of future profit streams. The realisability of the deferred income tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred income tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place. Further details are contained in note 24.

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Financial assets at amortised cost	**334,747**	317,512
Financial liabilities		
Financial liabilities at amortised cost	**202,994**	152,353

The Group's major financial instruments include trade receivables, deposits and other receivables, time deposits with maturity over three months, cash and cash equivalents, bank borrowings and trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 86% of the Group's sales is denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 100% of costs is denominated in the group entity's respective functional currency.

5. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk factors (Continued)

(i) Currency risk (Continued)

Each individual group entity has its own functional currency. Currency risk to each individual group entity arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group operates mainly in Hong Kong, the People's Republic of China (the "**PRC**") and Malaysia. The Group is mainly exposed to currency risk arising from United States dollars ("**US$**").

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

	Assets		Liabilities	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**219,600**	188,429	**14,134**	14,226

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates.

As at 31 March 2025, if the functional currencies of the Group's entities had strengthened/weakened by 5% (2024: 5%) against US$, with all other variables held constant, the profit before tax of the Group for the year ended 31 March 2025 would increase/decrease by approximately HK$8,732,000 (2024: increase/decrease by HK$7,404,000), respectively, mainly as a result of foreign exchange gain/loss on translation of US$ denominated financial assets and liabilities.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to bank deposits and other receivable from an independent third party. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's exposure to cash flow Interest rates is mainly attributable to its variable rate bank borrowings and bank balances. The Group's variable interest rate assets and liabilities as at 31 March 2025 and 2024, are as follows:

	2025	2024
	HK$'000	HK$'000
Bank balances	**4,256**	20,305
Variable interest rate borrowings	**(75,600)**	(49,500)
	(71,344)	(29,195)

5. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate risk (Continued)

Other than bank deposits and other receivable from an independent third party, the Group does not have significant interest-bearing assets or liabilities. The Group's exposure to cash flow interest rate risk associated with the effects of fluctuations in the prevailing levels of the market interest rates on its cash flows is not deemed to be substantial in the view of management based on the nature of the assets and liabilities.

As at 31 March 2025, if the interest rates had been 50 basis points (2024: 50 basis points) higher/lower, with all other variables held constant, the net effect on the profit before tax of the Group for the year would have been HK$357,000 lower/higher (2024: HK$146,000 lower/higher).

(iii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from trade and other receivables and deposits, time deposits with maturity over three months and cash and cash equivalents. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. The credit risk is monitored on an ongoing basis with reference to the financial position of the debtors, past experience and other factors.

The Group has policies in place to ensure that the sales of products are made to customers with appropriate credit histories and the Group performs regular credit evaluations of its major customers.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The credit risk on liquid funds is limited because the counterparties are banks in Hong Kong with high credit ratings assigned by international credit-rating agencies or authorised banks in the PRC with high credit ratings.

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by the management uses the Group's own days past due to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

5. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

The Group's exposure to credit risk (Continued)

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

Category	Description	Basis for recognising ECL Trade receivables	Basis for recognising ECL Other financial assets
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	Lifetime ECL (simplified approach)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL — not credit impaired	Lifetime ECL — not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL — credit impaired	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

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

For the year ended 31 March 2025

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000	Net carrying amount HK$'000
Trade receivables	**Performing**	**Lifetime ECL (simplified approach)**	**180,153**	**180,153**
Deposits and other receivables	**Performing**	**12-month ECL**	**2,090**	**2,090**
Time deposits with maturity over three months	**Performing**	**12-month ECL**	**43,000**	**43,000**
Cash and cash equivalents	**Performing**	**12-month ECL**	**109,504**	**109,504**

5. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

The Group's exposure to credit risk (Continued)

For the year ended 31 March 2024

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000	Net carrying amount HK$'000
Trade receivables	Performing	Lifetime ECL (simplified approach)	145,017	145,017
Deposits and other receivables	Performing	12-month ECL	13,020	13,020
Time deposits with maturity over three months	Performing	12-month ECL	48,000	48,000
Cash and cash equivalents	Performing	12-month ECL	111,475	111,475

The Group has concentration of credit risk as 66% (2024: 71%) and 87% (2024: 88%) of the total trade receivables as at 31 March 2025 was due from the Group's largest customer and the five largest customers respectively. No significant collectability issues have been identified in the past.

None of the Group's financial assets are secured by collateral or other credit enhancements.

(iv) Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial 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 curve at the end of the reporting period.

5. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying Amount HK$'000
At 31 March 2025					
Trade and other payables	**127,394**	—	—	**127,394**	**127,394**
Bank borrowings	**76,621**	—	—	**76,621**	**75,600**
	204,015	—	—	**204,015**	**202,994**
Lease liabilities	**6,210**	**3,725**	**1,823**	**11,758**	**10,997**
At 31 March 2024					
Trade and other payables	102,853	—	—	102,853	102,853
Bank borrowings	50,292	—	—	50,292	49,500
	153,145	—	—	153,145	152,353
Lease liabilities	4,984	2,278	1,918	9,180	8,538

(b) Capital risk management

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

The Group monitors capital on the basis of the debt-to-asset ratio. The ratio is calculated as total debt divided by total assets. Total debt is calculated as interest-bearing borrowings and lease liabilities.

	2025 HK$'000	2024 HK$'000
Total debt	**86,597**	58,038
Total assets	**842,351**	778,276
Debt-to-asset ratio	**10%**	7%

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(c) Fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate to their fair values due to their short-term maturities.

6. REVENUE

Revenue represents sales of high precision metal products to external parties exclude sales related taxes. Revenue from contracts with customers within the scope of HKFRS 15 are recognised at a point in time.

As at 31 March 2025 and 2024, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

The chief operating decision-makers ("**CODM**") are identified as the executive directors and senior management of the Group.

The CODM have assessed the nature of the Group's businesses and determined the Group's operating and reporting segments based on its manufacturing process.

During the years ended 31 March 2025 and 2024, the Group operates in one business unit based on its products, and has only one reportable segment which is manufacturing and sale of precision metal products involving metal stamping, computer numerical control, sheet metal processing and products assembling.

As such, no segmental analysis has been presented. The Group conducts its principal operation in Mainland China and Malaysia. Management monitors the operating results of its business unit for the purpose of making decisions about resources allocation and performance assessment.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

Geographic information

Set out below was the disaggregation of the Group's revenue from contracts with customers:

	2025 **HK$'000**	2024 HK$'000
Geographical region		
South East Asia	**500,376**	295,408
The PRC	**178,355**	184,070
Europe	**46,359**	72,982
North America	**24,156**	24,374
Others	**8,300**	13,070
Total	**757,546**	589,904

7. SEGMENT INFORMATION (Continued)

Geographic information (Continued)

The non-current assets, other than deposits and other receivables, of the Group as at 31 March 2025 and 2024 are as follows:

	2025 HK$'000	2024 HK$'000
The PRC	**297,665**	317,900
South East Asia	**30,051**	23,696
Hong Kong	**5,389**	5,073
	333,105	346,669

Information about major customers

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

	2025 HK$'000	2024 HK$'000
Customer A	**290,507**	349,582
Customer B	**237,361**	N/A*
Customer C	**99,459**	88,261

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. OTHER GAINS, NET

	2025 HK$'000	2024 HK$'000
Loss on disposal of property, plant and equipment	**(46)**	(785)
Exchange gains, net	**10,460**	2,597
Gain on derecognition of right-of-use assets and related lease liabilities (notes 17(i) and (ii))	**—**	9,854
Government subsidies (note)	**445**	236
Others	**449**	129
	11,308	12,031

Note: The amounts represented the government subsidies with no unfulfilled conditions or contingencies and recognised as other gains upon receipts during the years ended 31 March 2025 and 2024.

9. FINANCE INCOME AND FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Finance income		
Interest income on bank balances and deposits	**3,358**	7,962
Interest income on other receivable	**358**	1,811
	3,716	9,773
Finance costs		
Interest expense on bank borrowings	**1,575**	911
Interest expense on lease liabilities (note 17(iii))	**547**	5,104
	2,122	6,015

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2025 HK$'000	2024 HK$'000
Staff costs		
Directors' emoluments (note 12)	**6,128**	6,268
Other staff:		
— salaries and other allowances	**132,598**	112,769
— retirement benefits scheme contributions (excluding directors)	**3,544**	2,924
	142,270	121,961
Auditor's remuneration		
— audit services	**980**	950
— non-audit services	**270**	270
Cost of inventories sold (note (a))	**619,260**	482,250
Depreciation of property, plant and equipment	**20,996**	10,988
Depreciation of right-of-use assets	**7,223**	18,094
Research and development expenses (note (b))	**18,330**	18,873

Notes:

(a) Included in cost of sales was write-down of inventories of approximately HK$1,007,000 (2024: HK$391,000) during the year ended 31 March 2025.

(b) Included in research and development expenses was staff cost of approximately HK$12,180,000 (2024: HK$10,975,000) which has been included in staff costs disclosure above.

11. EMPLOYEE BENEFITS EXPENSE

	2025 HK$'000	2024 HK$'000
Short-term employee benefits (note (a))	**138,708**	119,019
Retirement benefits schemes contributions (note (b))	**3,562**	2,942
Total employee benefits expense (including directors)	**142,270**	121,961

Notes:

(a) Short-term employee benefits represent salary, wages and bonus paid to employees of the Group, insurance premium paid to the insurance agent for staff insurance schemes and other social security insurance paid in the PRC.

(b) (i) Hong Kong

Subsidiaries in Hong Kong operate a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees. The assets of the MPF Scheme are held separately from those of the subsidiaries in an independent administered fund. The subsidiaries' employer contributions vest fully with the employees when contributed into the MPF Scheme.

(ii) The PRC, other than Hong Kong

The employees in the Group who work in the PRC are required to participate in pension schemes operated by the local governments. The Group is required to contribute 5% to 8% (2024: 5% to 8%) of their payroll costs to the schemes. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the pension schemes.

Forfeited contributions in respect of unvested benefits of employees leaving the Group's employment cannot be used to reduce ongoing contributions.

(c) Five highest paid individuals

The five individual whose emoluments were the highest in the Group for the year include one (2024: one) director whose emoluments are reflected in the analysis shown in note 12. The emoluments payable to the remaining four (2024: four) individuals during the year ended 31 March 2025 are as follows:

	2025 HK$'000	2024 HK$'000
Short-term employee benefits	**5,541**	9,593
Retirement benefits schemes contributions	**171**	120
	5,712	9,713

11. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

(c) Five highest paid individuals (Continued)

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	Number of individuals 2025	2024
HK$500,001 to HK$1,000,000	**2**	1
HK$1,500,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$2,500,000	**1**	—
HK$5,500,001 to HK$6,000,000	**—**	1
	4	4

For the year ended 31 March 2025, no remuneration were paid by the Group (2024: nil) to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and no arrangement under which any of the five highest paid individuals waived or agreed to waive any of the remuneration.

12. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND THE LISTING RULES)

(a) Directors' and chief executive's emoluments

The remunerations paid or payable of each to the 7 (2024: 6) directors, including the chief executive, were as follows:

For the year ended 31 March 2025

	Executive directors		Independent non-executive directors					
	Sun Kwok Wah, Peter ("Mr. Sun") HK$'000	Wong Chi Kwok ("Mr. Wong") HK$'000	Wan Kam To HK$'000	Zhao Yue (note i) HK$'000	Shen Zheqing (note i) HK$'000	Chan Ming Sun Jonathan (note ii) HK$'000	Cheng Yuan Ting Cana (note ii) HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings:								
Fees	—	300	500	63	63	92	92	1,110
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings:								
Salaries	5,000	—	—	—	—	—	—	5,000
Retirement benefits schemes contributions	18	—	—	—	—	—	—	18
Total emoluments	5,018	300	500	63	63	92	92	6,128

12. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND THE LISTING RULES) (Continued)

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

For the year ended 31 March 2024

	Executive directors		Non-executive director	Independent non-executive directors			
	Sun Kwok Wah, Peter ("Mr. Sun")	Wong Chi Kwok ("Mr. Wong")	Zhang Haifeng (note iii)	Wan Kam To	Zhao Yue	Shen Zheqing	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings:							
Fees	—	300	150	500	150	150	1,250
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings:							
Salaries	5,000	—	—	—	—	—	5,000
Retirement benefits schemes contributions	18	—	—	—	—	—	18
Total emoluments	5,018	300	150	500	150	150	6,268

Note (i): Retired on 20 August 2024

Note (ii): Appointed on 20 August 2024

Note (iii): Resigned on 2 March 2024

Mr. Sun was the chief executive of the Company for years ended 31 March 2025 and 2024.

(b) Directors' termination benefits

No termination benefits was provided to or receivable by any director during the year as compensation for the early termination of appointment (2024: nil).

(c) Waiver of emoluments

No directors waived or agreed to waive any emoluments during the years ended 31 March 2025 and 2024.

(d) Inducement to join or upon joining the Group

No emoluments have been paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 March 2025 and 2024.

13. INCOME TAX EXPENSES

	2025 HK$'000	2024 HK$'000
Current income tax		
— The PRC	**4,712**	6,137
— Withholding tax	**3,165**	—
	7,877	6,137
Deferred income tax (note 24)	**(1,438)**	3,359
	6,439	9,496

Income tax of the Group's entities has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the entities operate.

Below are the major tax jurisdictions that the Group operates in for the years ended 31 March 2025 and 2024.

(a) Hong Kong profits tax

No provision for Hong Kong Profits Tax was made for the years ended 31 March 2025 and 2024 as there were no assessable profits generated during the years ended 31 March 2025 and 2024.

(b) The PRC enterprise income tax (the "PRC EIT")

The PRC EIT is provided on the assessable income of the Company's PRC subsidiary, adjusted for items which are not taxable or deductible for the PRC EIT purpose. The statutory PRC EIT tax rate for the year ended 31 March 2025 is provided at the rate of 25% (2024: 25%).

A PRC subsidiary was recognised by the PRC government as "High and New Technology Enterprise" and was eligible to a preferential tax rate of 15% for a period of three calendar years.

(c) PRC dividend withholding tax

According to the Law of the PRC EIT, starting from 1 January 2008, a PRC dividend withholding tax of 10% will be levied on the immediate holding company outside the PRC when the PRC subsidiary declare dividend out of profits earned after 1 January 2008. During the year ended 31 March 2025, a lower 5% (2024: 5%) PRC dividend withholding tax rate was adopted since the immediate holding company of the PRC subsidiary is incorporated in Hong Kong and fulfil certain requirements under the tax treaty arrangements between the PRC and Hong Kong.

13. INCOME TAX EXPENSES (Continued)

The income tax expenses on the Group's profit before tax differ from the theoretical amount that would arise using the tax rate applicable to profits of the entities, as follows:

	2025 HK$'000	2024 HK$'000
Profit before tax	**44,436**	32,643
Tax calculated at the domestic income tax rate of the respective entities	**7,831**	3,677
Tax effect of income not taxable for tax purpose	**(410)**	(3,081)
Tax effect of expenses not deductible for tax purpose	**1,490**	2,477
Tax effect of super deduction on research and development expense	**(2,749)**	(2,831)
Deferred income tax charged in respect of withholding income tax on undistributed profits	**1,730**	3,384
Tax losses utilised for which no deferred income tax asset was recognised	**(2,338)**	—
Tax losses for which no deferred income tax asset was recognised	**885**	5,870
Income tax expenses	**6,439**	9,496

14. EARNINGS PER SHARE

Basic and diluted earnings per share

	2025	2024
Profit attributable to owners of the Company (HK$'000)	**36,329**	23,238
Weighted average number of shares in issue ('000)	**600,000**	600,000
Basic and diluted earnings per share (HK cents per share)	**6.05**	3.87

Basic earnings per share for the years ended 31 March 2025 and 2024 is calculated by dividing the profit attributable to owners of the Company by 600,000,000 ordinary shares in issue during the years ended 31 March 2025 and 2024.

Diluted earnings per share is the same as basic earnings per share as the Company had no potential ordinary share in issue during the years ended 31 March 2025 and 2024.

15. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend of HK1.3 cents per share in respect of the year ended 31 March 2025 has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

During the reporting period, the Board proposed a final dividend of HK0.8 cents per share in respect of the year ended 31 March 2024. The final dividend was declared in August 2024 and the final dividend of HK$4,800,000 for the year ended 31 March 2024 was paid in September 2024.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture and office equipment HK$'000	Construction-in-progress/ machineries under installation HK$'000	Total HK$'000
Year ended 31 March 2024							
Opening net book amount	—	421	34,987	1,799	4,331	8,133	49,671
Additions	—	4,146	29,790	242	2,548	983	37,709
Acquired on acquisition of subsidiaries (note 27)	175,569	—	—	—	—	—	175,569
Transaction costs capitalised	7,734	—	—	—	—	—	7,734
Disposals	—	—	(644)	—	(187)	(252)	(1,083)
Transfers	—	—	6,232	—	—	(6,232)	—
Depreciation	(1,796)	(1,781)	(5,956)	(531)	(924)	—	(10,988)
Exchange differences	(67)	(94)	(1,845)	(13)	(162)	(285)	(2,466)
Closing net book amount	181,440	2,692	62,564	1,497	5,606	2,347	256,146
At 31 March 2024							
Cost	183,236	17,030	134,971	3,563	13,842	2,347	354,989
Accumulated depreciation	(1,796)	(14,338)	(72,407)	(2,066)	(8,236)	—	(98,843)
Net book amount	181,440	2,692	62,564	1,497	5,606	2,347	256,146
Year ended 31 March 2025							
Opening net book amount	**181,440**	**2,692**	**62,564**	**1,497**	**5,606**	**2,347**	**256,146**
Additions	**—**	**1,380**	**4,323**	**682**	**1,914**	**711**	**9,010**
Disposals	**—**	**—**	**(33)**	**(60)**	**(163)**	**—**	**(256)**
Transfers	**—**	**—**	**1,709**	**—**	**—**	**(1,709)**	**—**
Depreciation	**(10,709)**	**(925)**	**(7,526)**	**(635)**	**(1,201)**	**—**	**(20,996)**
Exchange differences	**(1,930)**	**187**	**672**	**22**	**(45)**	**(35)**	**(1,129)**
Closing net book amount	**168,801**	**3,334**	**61,709**	**1,506**	**6,111**	**1,314**	**242,775**
At 31 March 2025							
Cost	**181,220**	**18,376**	**140,132**	**3,668**	**15,319**	**1,314**	**360,029**
Accumulated depreciation	**(12,419)**	**(15,042)**	**(78,423)**	**(2,162)**	**(9,208)**	**—**	**(117,254)**
Net book amount	**168,801**	**3,334**	**61,709**	**1,506**	**6,111**	**1,314**	**242,775**

17. LEASES

(i) Right-of-use assets

	Land use rights HK$'000	Motor vehicles HK$'000	Buildings HK$'000	Total HK$'000
Year ended 31 March 2024				
Opening net book amount	—	—	84,501	84,501
Additions	—	2,146	4,701	6,847
Acquired on acquisition of subsidiaries (note 27)	77,106	—	—	77,106
Transaction costs capitalised	3,397	—	—	3,397
Lease modification	—	—	1,987	1,987
Depreciation	(343)	(354)	(17,397)	(18,094)
Derecognition	—	—	(66,761)	(66,761)
Exchange differences	213	—	(114)	99
Closing net book amount	80,373	1,792	6,917	89,082
At 31 March 2024				
Cost	80,716	2,146	16,273	99,135
Accumulated depreciation	(343)	(354)	(9,356)	(10,053)
Net book amount	80,373	1,792	6,917	89,082
Year ended 31 March 2025				
Opening net book amount	**80,373**	**1,792**	**6,917**	**89,082**
Additions	**—**	**1,435**	**4,289**	**5,724**
Lease modification	**—**	**—**	**1,991**	**1,991**
Depreciation	**(2,050)**	**(623)**	**(4,550)**	**(7,223)**
Exchange differences	**(419)**	**—**	**13**	**(406)**
Closing net book amount	**77,904**	**2,604**	**8,660**	**89,168**
At 31 March 2025				
Cost	**80,289**	**3,581**	**22,761**	**106,631**
Accumulated depreciation	**(2,385)**	**(977)**	**(14,101)**	**(17,463)**
Net book amount	**77,904**	**2,604**	**8,660**	**89,168**

17. LEASES (Continued)

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

Right-of-use assets of approximately HK$77,904,000 (2024: HK$80,373,000) represents land use rights located in the PRC.

The Group has lease arrangements for office premises, factories, carparks and a motor vehicle of approximately HK$1,888,000, HK$6,669,000, HK$103,000 and HK$2,604,000 (2024: office premises, factories, carparks and a motor vehicle of approximately HK$1,885,000, HK$4,930,000, HK$102,000 and HK$1,792,000), respectively. The lease terms are generally ranged from one to six years (2024: one to six years). The lease term for land is 50 years (2024: 50 years).

Additions to the right-of-use assets for the year ended 31 March 2025 amounted to approximately HK$4,289,000, due to new leases of factory (2024: HK$4,701,000 due to new lease of factory).

During the year ended 31 March 2025, the Group entered into a finance lease arrangement in respect of a motor vehicle with capital value of approximately HK$1,435,000 (2024: HK$2,146,000) at the commencement of the lease.

Modification to the right-of-use assets for the year ended 31 March 2025 amounted to approximately HK$1,991,000, due to renewal of lease of office premises and carparks (2024: HK$1,987,000).

During the year ended 31 March 2024, upon completion of the acquisition of subsidiaries as further detailed in Note 27, the factories, which were previously leased by the acquired subsidiary, to the Group, became owner-occupied properties. Accordingly, the corresponding right-of-use assets of approximately HK$66,761,000 in relation to the factories were derecognised.

(ii) Lease liabilities

	2025 **HK$'000**	2024 HK$'000
Non-current	**5,292**	3,949
Current	**5,705**	4,589
	10,997	8,538

17. LEASES (Continued)

(ii) Lease liabilities (Continued)

Amounts payable under lease liabilities:

	2025 HK$'000	2024 HK$'000
Within one year	**5,705**	4,589
After one year but within two years	**3,517**	2,088
After two years but within five years	**1,775**	1,861
	10,997	8,538
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(5,705)**	(4,589)
Amount due for settlement after 12 months	**5,292**	3,949

During the year ended 31 March 2025, the Group entered into new lease agreements in respect of factory and a motor vehicle and recognised lease liabilities of approximately HK$4,289,000 and HK$1,435,000 (2024: new lease agreements in respect of factory and a motor vehicle and recognised lease liabilities of approximately HK$4,701,000 and HK$1,750,000 respectively).

Modification to the lease liabilities for the year ended 31 March 2025 amounted to approximately HK$1,991,000, due to renewal of lease of office premises and carparks (2024: HK$1,987,000).

During the year ended 31 March 2024, upon completion of the acquisition of subsidiaries as further detailed in Note 27, the factories, which were previously leased by the acquired subsidiary, to the Group, became owner-occupied properties. Accordingly, the corresponding lease liabilities of approximately HK$76,615,000 in relation to the factories were derecognised.

(iii) Amount recognised in profit or loss

	2025 HK$'000	2024 HK$'000
Depreciation of right-of-use assets	**7,223**	18,094
Interest expense on lease liabilities	**547**	5,104
Expense relating to short-term leases	**209**	701

(iv) Other

During the year ended 31 March 2025, the total cash outflow for leases amounted to HK$6,040,000 (2024: HK$20,929,000).

Restrictions or covenants on leases

As at 31 March 2025, lease liabilities of approximately HK$10,997,000 are recognised with related right-of-use assets of approximately HK$11,264,000 (2024: lease liabilities of approximately HK$8,538,000 and related right-of-use assets of approximately HK$8,709,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	**67,226**	54,163
Work in progress	**16,966**	11,087
Finished goods	**61,869**	37,605
	146,061	102,855

As at 31 March 2025, the carrying amount of inventories of approximately HK$146,061,000 (2024: HK$102,855,000), has been net of accumulated provision of write-down of approximately HK$3,889,000 (2024: HK$2,882,000). A write-down of inventories to their net realisable values of approximately HK$1,007,000 (2024: HK$391,000) was recognised for the year ended 31 March 2025. The amount has been included in the cost of sales in the consolidated statement of profit or loss and other comprehensive income.

19. TRADE RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables (note a)		
— third parties	**180,153**	145,017

At as 1 April 2023, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK$110,847,000.

The Group did not hold any collaterals over these balances.

Note:

(a) The Group normally grants credit periods of 30 to 120 days (2024: 30 to 120 days). The following is an ageing analysis of trade receivables presented based on the date of delivery, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2025 HK$'000	2024 HK$'000
Up to 3 months	**157,465**	139,265
3 to 6 months	**21,788**	3,797
6 months to 1 year	**859**	1,541
1 year to 2 years	**41**	414
	180,153	145,017

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

19. TRADE RECEIVABLES (Continued)

Note: (Continued)

(a) (Continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The lifetime ECL for trade receivables was based on the ageing of customers as follows:

For the year ended 31 March 2025	Range of expected loss rate	Carrying amount HK$'000
Current to 1 month past due	0.13% to 0.31%	**128,107**
1 month to 3 months past due	0.35% to 0.91%	**51,145**
More than 3 months past due	15.98%	**901**
		180,153

For the year ended 31 March 2024	Range of expected loss rate	Carrying amount HK$'000
Current to 1 month past due	0.08% to 0.20%	132,533
1 month to 3 months past due	0.15% to 0.68%	10,529
More than 3 months past due	5.16%	1,955
		145,017

The changes in range of expected loss rate were mainly due to the change of macro-economic and the recession in the consumer electronics industry.

For the years ended 31 March 2025 and 2024, no ECL was recognised as the directors of the Company considered that the amount involved was immaterial.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Non-current assets		
Prepayments and deposits	**1,980**	1,737
Current assets		
Prepayments, deposits and other receivables	**29,710**	13,186
Other receivable from an independent third party (note b)	**—**	10,000
	29,710	23,186
	31,690	24,923
Less: allowance for impairment losses (note a)	**—**	—
	31,690	24,923

The Group did not hold any collaterals over these balances.

Notes:

(a) The Group recognised lifetime ECL and 12-month ECL for other receivables based on individually significant customers as follows:

For the year ended 31 March 2025

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Deposits and other receivables — Performing	*	**2,090**	**—**	**2,090**

For the year ended 31 March 2024

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Deposits and other receivables — Performing	*	13,020	—	13,020

*: The balances had low risk of default or did not have significant increase in credit risk since initial recognition. The directors of the Company considered that the ECL was immaterial.

(b) The balance represented amount due from KRP BVI, a former subsidiary of the Group, and was unsecured, carrying interest at 5.25% per annum and repayable within three years from 20 December 2021. The balance have been fully repaid during current year.

21. CASH AND CASH EQUIVALENTS/TIME DEPOSITS WITH MATURITY OVER THREE MONTHS

	2025 HK$'000	2024 HK$'000
Cash and bank balances	**109,504**	111,475
Bank deposits	**43,000**	48,000
	152,504	159,475
Less:		
Time deposits with maturity over three months (note (ii))	**(43,000)**	(48,000)
Cash and cash equivalents (note (i))	**109,504**	111,475

Notes:

(i) Cash and cash equivalents comprise bank balances at market rates which ranged from 0.2% to 0.9% for the year ended 31 March 2025 (2024: bank balances at market rates which ranged from 0.2% to 0.88% per annum and short-term bank deposits at market interest rate at 4.10% per annum with a maturity date of 3 months).

(ii) As at 31 March 2025, time deposits carry interest rate at market interest rate at 3.10% per annum with an original maturity of 6 months (2024: 4.20% per annum with an original maturity of 12 months).

(iii) As at 31 March 2025, the Group's cash and cash equivalents included balances of approximately HK$34,937,000 (2024: HK$44,558,000), which were bank balances in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Details of impairment assessment of bank balances and bank deposits are set out in note 5.

22. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital HK$'000	Share premium HK$'000	Total HK$'000
Ordinary share of HK$0.1 each				
Authorised				
At 1 April 2023, 31 March 2024 and 31 March 2025	4,500,000,000	450,000		
Issued and fully paid				
At 1 April 2023, 31 March 2024 and 31 March 2025	600,000,000	60,000	26,135	86,135

23. RESERVES

(a) Capital reserve

During the year ended 31 March 2012, as part of the re-organisation, KFM Group Limited ("**KFM BVI**") acquired 100% of the issued share capital of Kingdom Fine Metal Limited ("**KFM HK**") on 11 October 2011 and KFM-HK acquired the issued share capital of 49% and 10% of Kingdom (Reliance) Precision Parts Manufactory Limited ("**KRP HK**") and Kingdom Precision Product Limited ("**KPP HK**") on 29 November 2011 and 29 December 2011 respectively, by allotting shares of KFM BVI to each of the respective companies' then shareholders and gained 100% control of the companies. The subscription of new shares of KFM BVI was accounted for by the Group using merger method and approximately HK$3,545,000 was recognised in capital reserve which mainly represented 100%, 49% and 10% of the aggregated issued share capital of KFM HK, KRP HK and KPP HK respectively.

On 13 September 2012, the Company acquired the entire equity interest in KFM BVI by (a) issuing and allotting 999,999 new shares of the Company to Kingdom International Group Limited ("**KIG**"), credited as fully paid; and (b) crediting as fully paid at par the one nil-paid share which was then registered in the name of KIG. As result of the subscription of new shares of the Company, approximately HK$100,000 was debit to capital reserve.

During the year ended 31 March 2020, entire equity interest in KFM HK was disposed and resulting a debit of approximately HK$1,087,000 to the capital reserve.

During the year ended 31 March 2022, entire equity interest in KRP BVI was disposed and resulting a debit of approximately HK$2,357,000 to the capital reserve.

(b) Statutory reserve

In accordance with the PRC laws and regulations, the PRC subsidiaries are required to transfer not less than 10% of their net profit as stated in the financial statements prepared under PRC accounting regulations to statutory reserves before the corresponding PRC subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reaches 50% of the corresponding subsidiaries' registered capital. In addition, the PRC subsidiaries may make further contribution to the statutory reserve using its post-tax profits in accordance with resolutions of the shareholders of the PRC subsidiaries of the Company.

The statutory reserve shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval of the corresponding subsidiaries' shareholders in general meetings, the subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to the existing owners in proportion to the existing ownership structure.

24. DEFERRED INCOME TAX

The analysis of deferred income tax liabilities after set off certain deferred tax assets against deferred tax liabilities of the same authority, is as follows:

	2025 HK$'000	2024 HK$'000
Deferred income tax liabilities	**(2,093)**	(3,531)

The followings are the major deferred income tax assets (liabilities) recognised and movement thereon during the current and prior years:

	Lease liabilities HK$'000	Right-of-use assets HK$'000	Undistributable profits from subsidiaries HK$'000 (note)	Total HK$'000
At 1 April 2023	12,144	(12,144)	(172)	(172)
(Charged) credited to profit or loss (note 13)	(11,472)	11,497	(3,384)	(3,359)
At 31 March 2024 and 1 April 2024	**672**	**(647)**	**(3,556)**	**(3,531)**
(Charged) credited to profit or loss (note 13)	**(240)**	**243**	**1,435**	**1,438**
At 31 March 2025	**432**	**(404)**	**(2,121)**	**(2,093)**

Note: Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred income tax has been provided for in the consolidated financial statements in respect of temporary taxable difference attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$42,425,000 (2024: HK$71,132,000) as the Group considered the temporary differences will be reversed in the foreseeable future upon declaration of dividends of subsidiaries.

As at 31 March 2025, the Group did not recognise deferred income tax assets of approximately HK$14,586,000 (2024: HK$16,605,000) due to the unpredictability of future profit stream in respect of tax losses amounting to approximately HK$84,957,000 (2024: HK$95,080,000). Included in unrecognised tax losses of approximately HK$84,957,000 (2024: HK$95,080,000), no losses (2024: HK$5,641,000) can be carried forward for five years from the year in which the respective loss arose and losses of approximately HK$7,580,000 (2024: HK$5,830,000) can be carried forward for seven years from the year in which the respective loss arose. Other losses of approximately HK$77,377,000 (2024: HK$83,609,000) can be carried forward indefinitely.

25. TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables (note (a))	**113,990**	87,248
Accruals and other payables (note (b))	**14,245**	26,659
	128,235	113,907

Notes:

(a) The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2025 HK$'000	2024 HK$'000
Up to 3 months	**113,848**	87,056
3 to 6 months	**4**	9
6 months to 1 year	**69**	9
1 year to 2 years	**69**	174
	113,990	87,248

The average credit period on purchases of goods is from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

(b) Included in the Group's accruals and other payables as at 31 March 2025 was accrued directors' emoluments of approximately HK$67,000 (2024: HK$79,000).

26. BANK BORROWINGS

	2025 HK$'000	2024 HK$'000
Unsecured bank borrowings	**75,600**	49,500

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2025 HK$'000	2024 HK$'000
Within one year	**75,600**	49,500

The Group has variable-rate borrowings denominated in RMB at floating rates calculated based on the Loan Prime Rate ("**LPR**").

26. BANK BORROWINGS (Continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2025	2024
Effective interest rate:		
Variable-rate borrowings	**2.55% to 2.80%**	2.65% to 3.20%

As at 31 March 2025, the Group's banking borrowings with carrying amount of HK$27,500,000 (2024: HK$27,500,000) are subject to the fulfilment of covenants relating to certain of the Group's financial ratios including debt asset ratio not higher than 60% (2024: 60%) and current ratio not less than 1.0 (2024: 1.0). If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 5. As at 31 March 2025 and 2024, none of the covenants relating to drawn down facilities had been breached.

27. ACQUISITION OF SUBSIDIARIES

During the year ended 31 March 2024, the Group acquired 70% of the issued share capital of Kingdom Precision Science and Technology Holding Limited ("**KPST BVI**") for a cash consideration of HK$168,000,000. The identifiable assets of KPST BVI and its subsidiaries are mainly properties, plant and equipment and right-of-use assets. The Group elected to apply the optional concentration test in accordance with HKFRS 3 Business Combinations. The acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (properties, plant and equipment and right-of-use assets).

	HK$'000
Property, plant and equipment	175,569
Right-of-use assets	77,106
Prepayments, deposits and other receivables	335
Income tax recoverable	554
Cash and cash equivalents	1,348
Other payables and accruals	(7,609)
Bank borrowings	(7,303)
Non-controlling interests	(72,000)
Total identifiable net assets acquired	168,000
Satisfied by:	
Cash consideration	168,000

Net cash outflow arising on acquisition:

	HK$'000
Cash consideration	168,000
Less: cash and cash equivalent acquired	(1,348)
Net cash outflow on acquisition	166,652

28. COMMITMENTS

Capital commitments

	2025 HK$'000	2024 HK$'000
Authorised or contracted but not provided for:		
— Plant and machinery	**1,324**	296
— Leasehold improvements	**—**	51
	1,324	347

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Apart from as disclosed elsewhere in the consolidated financial statements, the Group had the following related parties and related party transactions.

(a) Name and relationship with related parties

Name	Relationship
KREH	Note (i)
Golden Express Capital Investment Limited ("**GECI**")	A subsidiary of KREH
Kingdom Precision Science and Technology (Suzhou) Company Limited ("**KPST Suzhou**")* (金德精密科技(蘇州)有限公司)	Note (ii)

* The English name is for identification purpose only

Notes:

(i) During the year ended 31 March 2023 prior to 5 February 2024, KREH is a related company in which Mr. Sun and Mr. Wong, the executive directors of the Company, have beneficial interests. On 5 February 2024, KREH acquired approximately 75% of the issued share capital of the Company from Massive Force Limited and became the immediate holding company and controlling shareholder of the Company.

(ii) During the year ended 31 March 2023 prior to 5 February 2024, KPST Suzhou is a subsidiary of KREH. On 5 February 2024, the Group acquired 70% of the issued share capital of KPST BVI. Accordingly, KPST Suzhou, a subsidiary of KPST BVI, became indirectly partially-owned subsidiary of the Company.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Material related party transactions

During the year, the Group had the following material transactions with related parties, which were entered into at terms mutually agreed by respective parties.

	2025 HK$'000	2024 HK$'000
Finance costs — interest expense on lease liabilities:		
KPST Suzhou (note)	—	4,841
GECI	**63**	31
Lease payments:		
KPST Suzhou (note)	—	16,626
GECI	**2,050**	2,050

Note: As KPST Suzhou became a subsidiary of the Group since 5 February 2024, the relevant transaction amounts are disclosed up to the date on which it ceased as a related party of the Group.

(c) Balances with related companies

	2025 HK$'000	2024 HK$'000
Lease liabilities		
GECI	**(1,991)**	(1,987)

In 2024, the Group entered into three one-year leases in respect of one office premises and two carparks with GECI respectively. The amount of rents payable by the Group under these leases is approximately HK$171,000 per month in total. In 2025, the Group renewed the leases with same term. As at 31 March 2025, the carrying amount of such lease liabilities is HK$1,991,000 (2024: HK$1,987,000). During the year ended 31 March 2025, the Group made lease payments of approximately HK$2,050,000 (2024: HK$2,050,000) to GECI.

(d) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	2025 HK$'000	2024 HK$'000
Short-term employee benefits	**8,502**	11,827
Retirement benefits schemes contributions	**36**	36
	8,538	11,863

30. 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 consolidated statement of cash flows as cash flows from financing activities.

For the year ended 31 March 2025

	1 April 2024 HK$'000	Financing cash flows HK$'000	Non-cash changes: New lease arrangements (note 17(ii)) HK$'000	Non-cash changes: Lease modification (note 17(ii)) HK$'000	Non-cash changes: Finance costs incurred HK$'000	Non-cash changes: Exchange differences HK$'000	31 March 2025 HK$'000
Lease liabilities	**8,538**	**(5,284)**	**5,724**	**1,991**	**—**	**28**	**10,997**
Interest payable	**—**	**(2,122)**	**—**	**—**	**2,122**	**—**	**—**
Bank borrowings	**49,500**	**27,000**	**—**	**—**	**—**	**(900)**	**75,600**
	58,038	**19,594**	**5,724**	**1,991**	**2,122**	**(872)**	**86,597**

For the year ended 31 March 2024

	1 April 2023 HK$'000	Financing cash flows HK$'000	Non-cash changes: Derecognition upon completion of acquisition of subsidiaries (note 17(ii)) HK$'000	Non-cash changes: New lease arrangements (note 17(ii)) HK$'000	Non-cash changes: Lease modification (note 17(ii)) HK$'000	Non-cash changes: Finance lease arrangement (note 17(ii)) HK$'000	Non-cash changes: Additions upon the acquisition of subsidiaries (note 27) HK$'000	Non-cash changes: Finance costs incurred HK$'000	Non-cash changes: Exchange differences HK$'000	31 March 2024 HK$'000
Lease liabilities	91,955	(15,124)	(76,615)	4,701	1,987	1,750	—	—	(116)	8,538
Interest payable	—	(6,015)	—	—	—	—	—	6,015	—	—
Bank borrowings	22,686	20,307	—	—	—	—	7,303	—	(796)	49,500
	114,641	(832)	(76,615)	4,701	1,987	1,750	7,303	6,015	(912)	58,038

31. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK$'000	2024 HK$'000
ASSETS			
Non-current asset			
Investment in subsidiaries		**258,734**	258,734
Current assets			
Amount due from a subsidiary	(i)	**4,400**	1,600
Prepayment and other receivable		**226**	1,407
Time deposits with maturity over three months		**43,000**	48,000
Cash and cash equivalents		**1,962**	33
Total current assets		**49,588**	51,040
Total assets		**308,322**	309,774
EQUITY			
Capital and reserves			
Share capital		**60,000**	60,000
Share premium		**26,135**	26,135
Retained profits	(ii)	**222,187**	223,639
Total equity		**308,322**	309,774

Notes:

(i) The amount is unsecured, non-interest bearing and repayable on demand.

(ii) Retained profits:

	HK$'000
At 1 April 2023	231,545
Loss for the year	(7,906)
At 31 March 2024 and 1 April 2024	**223,639**
Loss for the year	**3,348**
Dividend paid	**(4,800)**
At 31 March 2025	**222,187**

32. SUBSIDIARIES

The following is a list of the subsidiaries directly or indirectly held by the Company at 31 March 2025 and 2024:

Company name	Place of incorporation/ establishment/operation and kind of legal entity	Issued and fully paid up capital/ registered capital	Percentage of equity interest attributable to the Company				Principal activities
			2025		2024		
			Direct	Indirect	Direct	Indirect	
Able Elite	BVI, limited liability company	US$6,000,000	**100%**	**—**	100%	—	Investment holding
Fast Great Consultants Limited	Hong Kong, limited liability company	HK$1	**—**	**100%**	—	100%	Inactive
KFM Kingdom Management Limited	Hong Kong, limited liability company	HK$1	**—**	**100%**	—	100%	Provision of management services in Hong Kong
KFM Kingdom Services Holdings Limited	BVI, limited liability company	US$1	**—**	**100%**	—	100%	Investment holding
KFM Kingdom Services Limited	Hong Kong, limited liability company	HK$1	**—**	**100%**	—	100%	Inactive
Smart Galaxy Holdings Limited	BVI, limited liability company	US$1	**100%**	**—**	100%	—	Investment holding
Elite Sun Holdings Limited	Samoa, limited liability company	US$1	**—**	**100%**	—	100%	Inactive
Kingdom Precision Product Holdings Limited	BVI, limited liability company	US$2	**—**	**100%**	—	100%	Investment holding
Kingdom Network Technology (Suzhou) Limited (note b) (金德網絡科技(蘇州)有限公司)	Suzhou, the PRC, wholly foreign-owned enterprise	RMB13,000,000	**—**	**100%**	—	100%	Manufacturing and sale of fine metal products in the PRC
KPP HK	Hong Kong, limited liability company	HK$10,000	**—**	**100%**	—	100%	Sale of fine metal products in Hong Kong and the PRC

32. SUBSIDIARIES (Continued)

Company name	Place of incorporation/ establishment/operation and kind of legal entity	Issued and fully paid up capital/ registered capital	Percentage of equity interest attributable to the Company 2025 Direct	2025 Indirect	2024 Direct	2024 Indirect	Principal activities
Kingdom Precision Product (Suzhou) Limited (note b) (金德精密配件(蘇州)有限公司)	Suzhou, the PRC, wholly foreign-owned enterprise	US$15,570,880	—	**100%**	—	100%	Manufacturing and sale of fine metal products in the PRC
Kingdom Network Technology Holdings Limited	Samoa, limited liability company	US$1	—	**100%**	—	100%	Investment holding
Kingdom Network Technology Limited	Hong Kong, limited liability company	HK$10,000	—	**100%**	—	100%	Sale of fine metal products in Hong Kong and the PRC
Kingdom Precision Metal Holdings Limited	Samoa, limited liability company	US$1	—	**100%**	—	100%	Investment holding
Kingdom Precision Metal Limited	Hong Kong, limited liability company	HK$10,000	—	**100%**	—	100%	Inactive
Kingdom Precision Metal (Malaysia) Sdn. Bhd.	Malaysia, private limited company	RM$5,200,000	—	**100%**	—	100%	Manufacturing in precision metal
KPST BVI (note a)	BVI, limited liability company	US$100	**70%**	—	70%	—	Investment holding
Kingdom Precision Science and Technology Limited (note a)	Hong Kong, limited liability company	HK$1	—	**70%**	—	70%	Investment holding
KPST Suzhou (note a)	Suzhou, the PRC, wholly foreign-owned enterprise	US$14,268,288	—	**70%**	—	70%	Property investment

Notes:

(a) Subsidiary acquired during the year ended 31 March 2024.

(b) The English name is for identification purpose only.

32. SUBSIDIARIES (Continued)

Details of subsidiaries that have non-controlling interests that are material to the Group:

Name of subsidiary	Place of incorporation/ establishment/ operation and kind of legal entity	Proportion of ownership interest held by non-controlling interests		Proportion of voting rights held by non-controlling interests		Profit/(loss) attributable to non-controlling interests HK$'000		Accumulated non-controlling interests HK$'000	
		2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
KPST BVI and its subsidiaries	BVI	**30%**	30%	**30%**	30%	**1,668**	(91)	**69,265**	72,243

The summarised financial information in respect of the Group's subsidiaries that have non-controlling interests that are material to the Group, before intragroup eliminations:

KPST BVI and its subsidiaries

	2025 HK$'000	2024 HK$'000
Current assets	**1,592**	1,698
Non-current assets	**244,429**	252,588
Current liabilities	**(14,508)**	(12,252)
Non-current liabilities	**(630)**	(1,225)
Equity attributable to owners of the Company	**161,618**	168,566
Non-controlling interests	**69,265**	72,243

32. SUBSIDIARIES (Continued)

The summarised financial information in respect of the Group's subsidiaries that have non-controlling interests that are material to the Group, before intragroup eliminations: (Continued)

KPST BVI and its subsidiaries (Continued)

	2025 HK$'000	Period from 5 February 2024 to 31 March 2024 HK$'000
Revenue	**19,952**	3,361
Expenses	**(14,392)**	(3,665)
Profit/(loss) for the year	**5,560**	(304)
Profit/(loss) for the year attributable to:		
— Owner of the Company	**3,892**	(213)
— Non-controlling interest	**1,668**	(91)
	5,560	(304)
Other comprehensive (expense)/income attributable to:		
— Owners of the Company	**(61)**	779
— Non-controlling interests	**(26)**	334
	(87)	1,113
Total comprehensive income attributable to:		
— Owners of the Company	**3,831**	566
— Non-controlling interests	**1,642**	243
	5,473	809
Net cash inflows/(outflows) from operating activities	**12,158**	(2,570)
Net cash inflows from investing activities	**4**	1
Net cash (outflows)/inflows from financing activities	**(12,406)**	2,705
Net cash (outflows)/inflows	**(244)**	136

Five Years Financial Summary

Set out below is a summary of the financial information of the Group for the last five financial years.

	Years ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**757,546**	589,904	605,101	612,190	406,340
Cost of sales	**(620,267)**	(482,641)	(501,824)	(512,270)	(323,711)
Gross profit	**137,279**	107,263	103,277	99,920	82,629
Other gains/(losses), net	**11,308**	12,031	8,621	(4,016)	(9,550)
Distribution and selling expenses	**(7,106)**	(6,668)	(6,270)	(6,980)	(5,712)
General and administrative expenses	**(98,639)**	(83,741)	(75,524)	(65,862)	(56,269)
Finance income	**3,716**	9,773	6,158	1,033	4,435
Finance costs	**(2,122)**	(6,015)	(8,527)	(5,517)	(4,601)
Profit before income tax	**44,436**	32,643	27,735	18,578	10,932
Income tax expenses	**(6,439)**	(9,496)	(5,069)	(5,247)	(1,815)
Profit for the year	**37,997**	23,147	22,666	13,331	9,117
(Loss)/profit for the year from discontinued operations	**—**	—	—	(61,350)	9,286
Other comprehensive income/(expenses)					
Currency translation differences	**(7,726)**	(5,467)	(14,211)	12,363	29,119
Release of exchange reserve	**—**	—	—	(15,020)	—
Total comprehensive income/(expense)	**30,271**	17,680	8,455	(50,676)	47,522
Profit/(loss) for the year attributable to:					
Owners of the Company	**36,329**	23,238	22,666	(48,192)	17,923
Non-Controlling interests	**1,668**	(91)	—	—	480
	37,997	23,147	22,666	(48,192)	18,403
Total comprehensive income/(expenses) attributable to:					
Owners of the Company	**28,629**	17,437	8,455	(50,849)	47,042
Non-Controlling interests	**1,642**	243	—	—	480
	30,271	17,680	8,455	(50,849)	47,522
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company					
— Basic and diluted (HK cents)	**6.05**	3.87	3.78	(8.03)	2.99
Dividends	**0.13**	0.08	—	—	—

	Years ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**842,351**	778,276	728,732	776,494	920,249
Total liabilities	**(218,702)**	(175,478)	(215,614)	(271,831)	(360,618)
Net assets	**623,649**	602,798	513,118	504,663	559,631