Pangaea Connectivity Technology Limited
環聯連訊科技有限公司

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock code 股份代號：1473

2025
ANNUAL REPORT
年報

CONTENTS

CORPORATE INFORMATION

(as of 27 June 2025)

BOARD OF DIRECTORS

Executive Directors

Mr. Fung Yui Kong (馮銳江)
Dr. Wong Wai Kong (黃偉桄)
Ms. Leung Kwan Sin Rita (梁筠倩)

Independent Non-Executive Directors

Mr. Chan Hiu Fung Nicholas (陳曉峰)
Mr. Ling Kwok Fai Joseph (凌國輝)
Mr. Kam, Eddie Shing Cheuk (甘承倬)

AUDIT COMMITTEE

Mr. Kam, Eddie Shing Cheuk (甘承倬) *(Chairman)*
Mr. Ling Kwok Fai Joseph (凌國輝)
Mr. Chan Hiu Fung Nicholas

REMUNERATION COMMITTEE

Mr. Ling Kwok Fai Joseph (凌國輝) *(Chairman)*
Ms. Leung Kwan Sin Rita (梁筠倩)
Mr. Kam, Eddie Shing Cheuk (甘承倬)

NOMINATION COMMITTEE

Mr. Chan Hiu Fung Nicholas (陳曉峰) *(Chairman)*
Mr. Fung Yui Kong (馮銳江)
Mr. Ling Kwok Fai Joseph (凌國輝)

RISK MANAGEMENT COMMITTEE

Mr. Fung Yui Kong (馮銳江) *(Chairman)*
Dr. Wong Wai Kong (黃偉桄)
Ms. Leung Kwan Sin Rita (梁筠倩)

COMPANY SECRETARY

Dr. Wong Wai Kong (黃偉桄)

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

COMPANY WEBSITE

www.pangaea.com.hk

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 902–6, 9/F
Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

CORPORATE INFORMATION

(as of 27 June 2025)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 01473

FINANCIAL HIGHLIGHTS AND SUMMARY

KEY FINANCIAL DATA

	For the year ended/As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**2,128,233**	1,384,011	1,198,505	1,223,791	1,549,284
EBITDA (note 1)	**81,330**	5,982	3,586	35,115	88,367
Equity attributable to ordinary equity holders of the Company	**244,043**	218,182	248,548	274,589	268,195
Net profit/(loss) attributable to ordinary equity holders of the Company	**30,520**	(29,261)	(31,398)	3,735	50,129

KEY FINANCIAL RATIOS

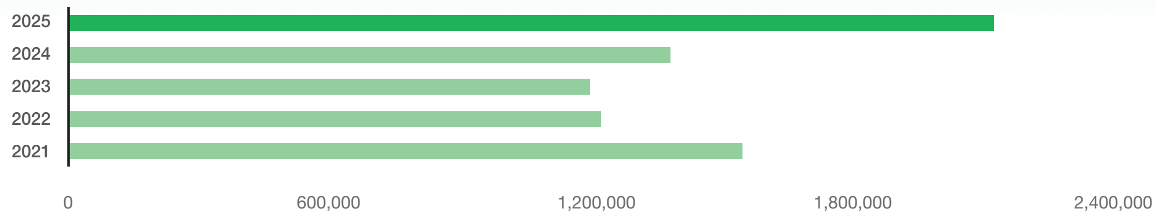
	For the year ended/As at 31 March				
	2025	2024	2023	2022	2021
Gross margin (%)	**10.4**	8.5	10.8	12.7	12.7
Net profit/(loss) margin (%)	**1.4**	(2.1)	(2.6)	0.3	3.2
Gearing ratio (%) (Note 2)	**47.6**	50.2	75.7	48.9	18.6

Notes:

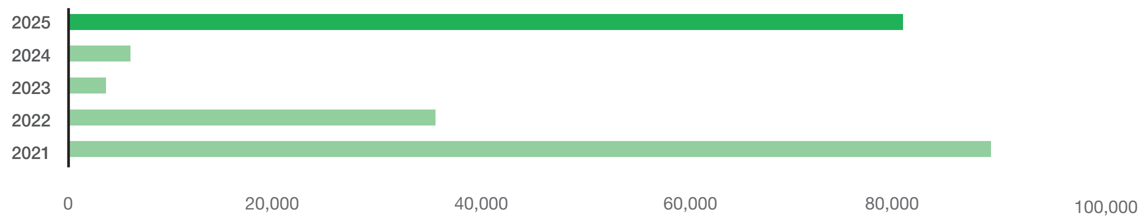
(1) EBITDA refers to earnings before interest, tax, depreciation and amortisation

(2) Gearing ratio refers to total interest-bearing borrowings net of cash and cash equivalents and pledged bank deposits divided by total equity

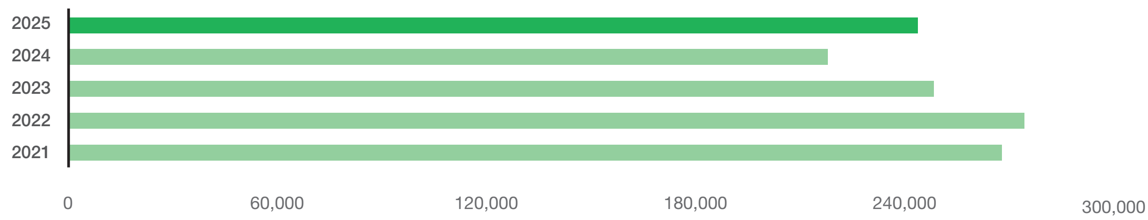
REVENUE
HK$'000



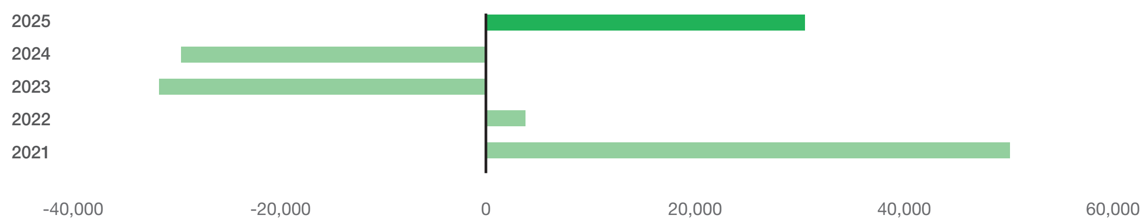
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")
HK$'000



EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY
HK$'000



NET PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY
HK$'000



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Pangaea Connectivity Technology Limited, I am pleased to present our annual report for the year ended 31 March 2025. The Group achieved a historic milestone with record revenue of HK$2,128.2 million, reflecting a 53.8% year-on-year growth, driven by our strategic focus on AI-driven connectivity, renewable energy technologies, and next-generation wireless solutions. Despite ongoing global trade tensions, we have successfully navigated challenges through agile supply chain management, strong partnerships with suppliers and customers, and a commitment to high-demand, cutting-edge technologies.

The explosive growth of artificial intelligence (AI) and high-performance computing (HPC) has fuelled unprecedented demand for ultra-high-speed, low-latency data transmission. Our leadership in 800G/1.6T Linear-drive Pluggable Optics (LPO) positions us at the forefront of this revolution. Unlike traditional optical modules that rely on power-hungry digital signal processing (DSP) chips, LPO technology eliminates DSP, significantly reducing power consumption while maintaining ultra-low latency — a critical advantage for AI data centres and cloud infrastructure. We see tremendous growth potential for LPO as AI clusters and hyperscale data centres transition to 1.6T and beyond. With major tech giants investing heavily in AI infrastructure, our expertise in high-speed optical interconnects ensures we remain a key enabler of next-generation computing.

Our Xi'an Industrial Laser Service Centre has evolved into a hub for supporting innovation in high-power laser processing for solar back-contact (BC) battery manufacturing. High-power lasers play a pivotal role in precision patterning, annealing, and scribing, which are essential for maximizing the efficiency and durability of next-gen solar cells. BC technology is rapidly gaining market share due to its higher power output and improved aesthetics, and our laser processing expertise ensures that we remain at the forefront of this transition. Beyond solar, our high-power lasers are also revolutionizing printed circuit board (PCB) and semiconductor manufacturing processes by enabling faster, more precise, and energy-efficient processing knowhow. As industries demand higher performance, our industrial lasers provide a competitive edge in various processing applications.

The future of wireless connectivity is evolving at an unprecedented pace, and we are actively involved in WiFi8 technologies to support the AI-driven Internet of Things (IoT), augmented reality (AR)/virtual reality (VR), and real-time cloud computing. WiFi8 is expected to deliver multi-gigabit speeds, ultra-low latency, and enhanced network efficiency, making it ideal for smart factories, autonomous vehicles, and immersive digital experiences. By collaborating with leading suppliers and end users, we aim to be an early adopter and enabler of this transformative standard.

To ensure resilience in a dynamic global trade environment, we have expanded our warehousing and logistics hubs in Wuhan and Shenzhen, enabling faster response times and reduced lead times for critical components. Our 24/7 technical support and maintenance services further strengthen customer trust and satisfaction.

Looking ahead, I remain cautiously optimistic about the opportunities in AI infrastructure, renewable energy, and advanced connectivity. Our commitment to innovation, operational excellence, and collaboration with suppliers and customers ensures that our Group is well-positioned to capitalize on these trends.

Finally, I would like to extend my heartfelt gratitude to our shareholders and stakeholders for their unwavering support and confidence in our Group. The achievements of the last year would not have been possible without the dedication and expertise of our talented employees. Together, we have reached remarkable milestones, and I am confident that the upcoming year holds even greater promise and success for our Group.

Thank you for your continued trust and collaboration as we embark on this journey towards excellence and sustainable growth.

Fung Yui Kong
Chairman

Hong Kong, 27 June 2025

BUSINESS REVIEW

Market Review

The global Artificial Intelligence (AI) revolution is driving transformative growth across multiple technology sectors. In optical communications, Linear-drive Pluggable Optics (LPO) is emerging as a game-changer for AI data centres and High-Performance Computing (HPC) applications, offering significant power savings reduction versus traditional solutions and ultra-low latency critical for next-generation AI workloads. The data centre optical market is projected to grow at 15% Compound Annual Growth Rate (CAGR) (Source: LightCounting), with our optical product division well-positioned in 800G/1.6T solutions. Renewable energy technologies are advancing rapidly, particularly in solar Back Contact (BC) battery manufacturing, where our high-power laser systems deliver unparalleled processing efficiency and precision, working alongside the existing generation of TOPCon (Tunnel Oxide Passivated Contact) and N-type technologies. The same high-power laser innovations are also revolutionizing Printed Circuit Board (PCB) and semiconductor manufacturing through faster, and more energy-efficient processing. The wireless sector is transitioning to WiFi8, which promises multi-gigabit speeds and AI-optimized connectivity for Internet of Things (IoT) and Augmented Reality/Virtual Reality (AR/VR) applications. Southeast Asia represents a key growth market, with Singapore, Malaysia and Vietnam investing heavily in 5G/AI infrastructure. Our product technology portfolio — spanning energy-efficient LPO solutions, advanced high-power laser processing, and next-gen wireless — uniquely positions us to capitalize on these converging megatrends while addressing critical power efficiency challenges across industries.

Business Review

Over the past year, our Group has delivered strong growth across three key technology segments: AI-enabled optical networking, industrial laser processing, and next-gen wireless solutions. In AI connectivity, our LPO products for 800G/1.6T data centres are gaining traction, offering high power savings and ultra-low latency critical for Artificial Intelligence/Machine Learning (AI/ML) workloads and HPC applications. This positions us at the forefront of the profound revenue data centre optical market projected to grow at an exponential rate. Our high-power lasers, which have recently become the replacement technology, are transforming the solar BC battery manufacturing process through precision patterning/annealing, delivering exceptional efficiency gains while reducing energy consumption. With solar BC technology expected to dominate the photovoltaic market within the next five years, we are well-positioned to capitalize on this transition. The same high-power laser innovations are also accelerating PCB/semiconductor processing with higher throughput and lower power requirements. This presents attractive opportunities for market expansion. The wireless division is advancing WiFi8 solutions featuring AI-integrated network optimization for smart homes, enterprises, and data centres. Early engagements with hyperscale providers underscore our leadership in next generation connectivity. Our Group will continue investing in these high-growth areas while expanding our AI-integrated communication solutions for automotive and medical applications. The unique combination of energy-efficient optical technology, advanced high-power laser processing, and cutting-edge wireless ensures that we equip ourselves with a comprehensive range of product portfolios covering various applications in the connectivity segment, allowing us to always remain at the forefront of the industry.

Prospect

We are strategically positioned at the convergence of AI and green energy technologies. Our LPO products will revolutionize AI data centres and HPC applications, delivering exponential power savings and ultra-low latency for next-gen AI workloads. In renewable energy, our high-power lasers are transforming solar battery production and semiconductor processing, enabling performance and efficiency gains while reducing energy consumption. The transition to WiFi8 presents significant opportunities, with our AI-integrated wireless solutions meeting the demand for ultra-low latency connectivity in smart homes, enterprises, and hyperscale applications. Southeast Asia's 5G expansion remains a key growth area, where we are partnering with infrastructure developers. By 2026, we aim to solidify our position as a leader to trigger replacement to new technology in AI-optimized optical/wireless communication and precision industrial laser processing, while navigating geopolitical challenges through supply chain resilience. Our technological expertise in these high-growth sectors — LPO for AI infrastructure, advanced high-power laser applications, and next-gen wireless — positions us for sustainable long-term growth in the evolving tech landscape.

FINANCIAL REVIEW

Revenue

Revenue is comprised of sales of goods and rendering of services.

Revenue from sales of goods accounted for approximately 99.6% of our total revenue for the Year. Revenue from rendering of services mainly represented income derived from providing administrative and support services to customers. During the Year, the Company generated a substantial portion of the revenue from customers in the PRC.

Revenue from sales of goods increased from approximately HK$1,379.5 million in the year ended 31 March 2024 to approximately HK$2,120.3 million for the Year mainly due to the increase in sale of products in relation to artificial intelligence (AI) and green technology. Revenue from rendering of services increased from approximately HK$4.5 million for the year ended 31 March 2024 to approximately HK$7.9 million for the Year mainly due to the increase in services provided to the customers.

Cost of sales

Cost of sales comprises (i) cost of goods which represents the cost of products purchased from suppliers; and (ii) cost of service which represents staff costs associated with the provision of services.

Gross profit margin

Sales of goods

Gross profit margin derived from sales of goods increased from approximately 8.5% for the year ended 31 March 2024 to approximately 10.1% for the Year, mainly due to the increase in market demand for artificial intelligence and green technology products which increased market price.

Rendering of services

Gross profit margin derived from rendering of services was approximately 95.1% for the Year, representing a decrease of approximately 4.5% from approximately 99.6% for the year ended 31 March 2024. As our services were provided to customers on a project basis, the gross profit margin of this segment varied depending on the scope and nature of the services provided.

Other income and gains, net

Other income and gains, net of approximately HK$8.1 million (2024: approximately HK$7.1 million) mainly represents bank interest income, exchange differences, net, fair value gains on financial assets at fair value through profit or loss, write-off of trade deposits received and sundry income. The increase in other income and gains, net, of approximately HK$1.0 million is mainly due to write-off of trade deposits received of HK$2.1 million (2024: nil), which was partially offset by (i) a decrease in interest income of approximately HK$0.4 million for the Year; (ii) a decrease in gain of financial assets at fair value of approximately HK$0.3 million; and (iii) a decrease in gain on disposal of financial assets of approximately HK$0.4 million for the Year.

Selling and distribution costs

The selling and distribution costs of approximately HK$49.6 million (2024: approximately HK$38.5 million) mainly include staff salaries, transportation, freight charges, declaration, consultancy expenses and research and development (R&D) expenses. The selling and distribution costs increased by approximately HK$11.1 million or 28.8% from last year, mainly as a result of (i) an increase in salary and staff benefits in aggregate of approximately HK$3.2 million mainly due to the increase in salary, bonus and number of staff; (ii) an increase in transportation, freight, declaration and customs of HK$3.5 million and an increase in consultancy fee of HK$4.7 million resulting from the increase in sales and business activities.

Administrative expenses

Administrative expenses of approximately HK$110.8 million (2024: approximately HK$90.0 million) primarily consist of salaries and staff benefits (including directors' emoluments), share-based expenses for share options, insurance, operating lease and other premise fee, bank charges, entertainment, professional fee, office supplies and depreciation expenses. The administrative expenses increased by approximately HK$20.8 million or 23.1% for the Year mainly as a result of (i) an increase in salaries and staff benefits (including directors' remuneration) in aggregate of approximately HK$16.2 million mainly due to the increase in salary, bonus and number of staff and (ii) an increase in travelling and entertainment of HK$1.1 million and an increase in office utilities and supplies insurance and bank charge of HK$1.9 million resulting from the increase in sales and business activities.

Finance costs

The Group's finance costs of approximately HK$31.0 million (2024: approximately HK$28.6 million) mainly represented interest expenses on its bank borrowings during the Year. The Group incurred interest on bank borrowings of approximately HK$30.5 million for the Year as compared to approximately HK$28.2 million for the year ended 31 March 2024. The increase in interest on bank borrowings was mainly due to the increase in utilization of borrowing facilities during the Year resulting from increase in sales.

Taxation

Taxation of the Group for the Year mainly comprised income tax expense of approximately HK$7.3 million (2024: income tax credit of approximately HK$3.7 million) which included deferred tax expense of approximately HK$6.8 million (2024: deferred tax credit of HK$4.2 million) recognized for the provision for inventories and impairment loss of trade receivable as well as tax losses for the prior years.

Net profit for the year

Net profit for the Year amounted to approximately HK$30.5 million (2024: loss of HK$29.3 million). The net profit was principally attributable to the net effect of the factors mentioned above, including (a) an increase in sales; (b) an increase in gross profit margin; and (c) an increase in other income and gains, net, which was partially offset by (d) an increase in selling and distribution expenses; (e) an increase in administrative expenses; and (f) an increase in tax expense due to net assessable profit for the Year.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group met its liquidity requirements principally through a combination of internal resources and bank borrowings. The Group's cash resources as at 31 March 2025 were approximately HK$64.1 million (2024: HK$64.1 million). The Group's cash on hand including pledged bank deposits were approximately HK$180.4 million (2024: HK$171.2 million). They were mainly denominated in US dollar and Renminbi.

As at 31 March 2025, the Group's total outstanding bank borrowings amounted to HK$296.5 million (2024: HK$280.7 million) which comprised mainly bank factoring loans, trust receipts loans and revolving loans. Certain bank borrowings of the Group were secured by the pledge of the Group's bank deposits and investments in insurance policies. The Group's bank borrowings which were unrestricted with a clause of repayment on demand are classified as current liability. The bank borrowings were denominated in Hong Kong dollar and US dollar and were subject to interest at floating commercial lending rates.

The Group's gearing ratio (defined as the total interest-bearing borrowings net of cash and cash equivalents and pledged bank deposits divided by total equity and multiplied by 100%) decreased from approximately 50.2% as at 31 March 2024 to approximately 47.6% as at 31 March 2025 mainly due to the increase in total equity resulting from net profit for the Year.

The Group had no significant contingent liabilities as at the end of the Year. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

CAPITAL EXPENDITURE

As at 31 March 2025, the Group invested approximately HK$11.0 million (2024: approximately HK$1.1 million) in capital expenditure mainly for office equipment, furniture and fixtures, motor vehicles, leasehold improvements and intangible assets.

The Group did not have any material capital commitments as at 31 March 2025 (2024: Nil).

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

The Group's financial statements are presented in Hong Kong dollars. The Group carried out its business transactions mainly in Hong Kong dollar, Renminbi, and US dollar. As the Hong Kong dollar is pegged to the US dollar, there was no material exchange risk in this respect. As the portion of Renminbi revenue is insignificant, there was no material exchange risk in this respect. The Group currently does not have any interest rate hedging policy. However, the management monitors the Group's exposure to interest rate risk on an ongoing basis and will consider hedging interest rate risk should the need arise. Credit risk was hedged mainly through credit policy and factored to external financial institutions.

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any material contingent liabilities (2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in the prospectus of the Company dated 30 January 2021 (the "Prospectus"), the Group did not have other plans for material investments in capital assets as at 31 March 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group employed 122 employees (2024: 114 employees). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to individual performance, working experience, qualification and the current relevant industry practices. Apart from basic salary and statutory provident fund scheme, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. Other forms of benefits such as on-the-job and external training to staff are also provided. The Group maintains a good relationship with its employees.

USE OF PROCEEDS FROM LISTING

The net proceeds received by the Company from the initial public offering in 2021 (the "Listing") in the amount of approximately HK$88.1 million were intended to be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The net proceeds received were applied by the Group from 19 February 2021 (the "Listing Date") up to 31 March 2025 as follows:

	Application of net proceeds as stated in the Prospectus HK$'million	**Actual use of net proceeds** HK$'million	**Unused net proceeds** HK$'million	**Unused net proceeds** %
Strengthening design and technical capabilities	57.8	15.9	41.9	72.5
Broadening customer base by expanding the geographic reach of sales and technical support coverage	14.4	14.4	–	–
Strengthening back office operational supports by enhancing information technology management system and recruiting IT staff	7.2	7.2	–	–
General working capital	8.7	8.7	–	–
	88.1	46.2	41.9	47.6

As at 31 March 2025, the amount of unused net proceeds amounted to approximately HK$41.9 million. The unused net proceeds from the Listing are expected to be used in accordance with the Company's plan as disclosed in the Prospectus except that the original timeline for utilising the remaining net proceeds as disclosed in the Prospectus has been delayed due to, among others, the business environment being affected by the trade tension between United States and China during the Year and the worldwide semiconductor shortage and the impacts of COVID-19, together with the restrictions and rules on border controls, lockdowns and quarantine measures in the prior years. However, 5G adoption is expected to trigger the surge of development and application of correlated communication infrastructure in the coming years, which may present a good opportunity for the Group to utilise the unused net proceeds as intended. Therefore, the Group shall regularly evaluate the market conditions for the fulfillment of the Group's future plan.

The Company hopes to utilise the net proceeds by the end of 2026, however, if market conditions are unfavorable or such timing of deployment does not align with the Group's commercial interests, the Company will defer the allocation until a more opportune time and provide an updated timeline accordingly.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event affecting the Group and requiring disclosure that has been taken place subsequent to 31 March 2025 and up to the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Fung Yui Kong (馮銳江), aged 63, founder of the Group, was appointed as a Director on 5 July 2018 and re-designated as an executive Director and appointed as the chairman of the Board and the chief executive officer on 17 June 2019. He is a member of the nomination committee and also a director of a number of subsidiaries of the Company. Mr. Fung is responsible for the overall strategic development and management of the Group. Mr. Fung attended Concord College in the United Kingdom between 1981 and 1984. In 1990, he founded the Group and has since guided the strategic development and management of the Group. Mr. Fung has accumulated more than 25 years of experience in the telecommunication industry.

Ms. Leung Kwan Sin Rita (梁筠倩), aged 64, joined the Group as assistant general manager in 2003 and was appointed as an executive Director on 17 June 2019. She is also a member of the remuneration committee of the Company. Ms. Leung primarily works with the chairman on the strategic planning and development of the Group, monitors the implementation of corporate plans as well as the overall management and operation of the Group. Ms. Leung obtained a degree of Master of Management and a degree of Master of Business Administration from Macquarie University in Australia in April 2001 and November 2001 respectively. She has accumulated more than 20 years of experience in the commercial and manufacturing sectors. Prior to joining the Group, Ms. Leung was the administration and personnel director and member of management committee of Simatelex Manufactory Co. Ltd. from April 1991 to September 1999, an office administration manager of Hong Kong Cable Communications Limited from October 1989 to December 1990.

Dr. Wong Wai Kong (黃偉桄), aged 59, joined the Group as the head of finance department of Pangaea (H.K.) Limited in December 2017 and was appointed as an executive Director and the company secretary on 17 June 2019 and 19 January 2022 respectively. Dr. Wong primarily works with the chairman to formulate the corporate strategic development plans of the Group and oversee the financial and compliance matters of the Group. After graduating from the Hong Kong Baptist University in Hong Kong with a degree of Bachelor of Business Administration in Accounting in 1990, Dr. Wong obtained a degree of Master of Business Administration from the University of Sheffield in the United Kingdom in 1995, a degree of Master of Science in Business Information Technology from Middlesex University in the United Kingdom in 2003 and a degree of Doctor of Philosophy in Business Administration from the Bulacan State University in the Republic of the Philippines in 2015. Dr. Wong has accumulated more than 20 years of experience in corporate finance, financial advisory and management and professional accounting and auditing.

Dr. Wong was appointed as an executive director of Kam Hing International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2307), in October 2008 and was subsequently re-designated as a non-executive director from January 2018 to December 2020. He was also appointed as an independent non-executive director of Star Group Company Limited (formerly known as Star Properties Group (Cayman Islands) Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1560) in January 2020. He had been an independent non-executive director of EEKA Fashion Holdings Limited (formerly known as Koradior Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 3709), from June 2014 to July 2017 and an independent non-executive director of Million Stars Holdings Limited (formerly known as Odella Leather Holdings Limited), a company listed on GEM of the Stock Exchange (stock code: 8093), from January 2015 to March 2017.

Independent non-executive Directors

Mr. Ling Kwok Fai Joseph (凌 國 輝), aged 69, was appointed as an independent non-executive Director on 25 January 2021. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee. Mr. Ling is primarily responsible for providing independent advice on the Group's strategy, policy, performance, accountability, resources and standard of conduct. Mr. Ling graduated from Derby Lonsdale College of Higher Education in the United Kingdom and obtained a Higher National Diploma in Business Studies with distinction in 1981. Mr. Ling was admitted as an associate of The Institute of Chartered Secretaries and Administrators in 1983 and an associate of The Hong Kong Institute of Company Secretaries in 1994 and has accumulated over 20 years of experience in accounting, finance and administration. He was awarded the Chartered Governance Professional qualification of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries in September 2018. Name of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries has been changed to The Chartered Governance Institute and The Hong Kong Chartered Governance Institute respectively. He has been an independent non-executive director of Bright Smart Securities & Commodities Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1428), since August 2010.

Mr. Kam, Eddie Shing Cheuk (甘承倬) (formerly known as Kam Leung Ming (甘亮明)), aged 50, was appointed as a non-executive Director on 17 June 2019 and re-designated to independent non-executive Director with effect from 1 October 2023. During the period as non-executive Director, Mr. Kam was a member of the audit committee and was primarily responsible for providing advice and supervise on the Group's policy, performance, accountability, corporate governance, compliance and standard of conduct. Mr. Kam was appointed as the chairman of the audit committee and a member of the remuneration committee with effect from 1 October 2023. Mr. Kam is primarily responsible for providing independent advice on the Group's strategy, policy, performance, accountability, resources and standard of conduct.

After graduating from the Polytechnic University of Hong Kong with a degree of Bachelor of Arts in Accountancy in November 2003, Mr. Kam obtained a degree of Master of Corporate Governance from the Polytechnic University of Hong Kong in November 2010. He has over 20 years of experience in auditing, professional accounting. Mr. Kam was admitted as an associate member of the Association of Chartered Certified Accountants of Hong Kong, an associate member of the Institute of Chartered Accountants in England and Wales, a member of the Taxation Institute of Hong Kong, an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and Ireland.

Mr. Kam has been the chief executive officer and the company secretary of Get Nice Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 64), since June 2022 and from April 2017 to November 2022, respectively. He is also an executive director of Get Nice Holdings Limited since April 2017. He has been an independent non-executive director of (i) Ever Harvest Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1549) since November 2016; (ii) Genes Tech Group Holdings Company Limited, a company listed on GEM of the Stock Exchange (stock code: 8257), since June 2017; and (iii) Citychamp Watch & Jewellery Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 256), since November 2020; and (iv) AVIC Joy Holdings (HK) Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 260) since April 2022.

He was previously an independent non-executive director of (i) Casablanca Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2223) from April 2015 to May 2017; (ii) Xiezhong International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3663) from December 2020 to July 2021; and (iii) an executive director of Get Nice Financial Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1469) from September 2015 to April 2017.

Mr. Kam was appointed as a council member of the sixth term of the Guangzhou Overseas Friendship-Liaison Association Committee since March 2013 and a council member of the seventh term of the Shenzhen Overseas Friendship-Liaison Association Committee since 2017. He was also appointed as a committee member of the Chinese People's Political Consultative Conference Shanghai Committee (Baoshan District) since December 2016.

Mr. Ng Sing Yip (伍成業), aged 74, was appointed as an independent non-executive Director with effect from 1 July 2025. He is also the chairman of the nomination committee of the Company and a member of the audit committee of the Company. Mr. Ng is primarily responsible for providing independent advice on the Group's strategy, policy, performance, accountability, resources and standard of conduct. Mr. Ng is currently a non-executive chairman of the Board of Supervision of HSBC Bank (Vietnam) Ltd. and an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. (Stock Code: 2318), Oriental Explorer Holdings Limited (Stock Code: 430) and Multifield International Holdings Limited (Stock Code: 898), all of which are companies whose issued shares are listed on the Main Board of the Stock Exchange.

Mr. Ng has been a member of Asian Institute of International Financial Law Advisory Board of the Faculty of Law of The University of Hong Kong since 1999. Mr. Ng has over 30 years of experience in legal profession. In 1987, he was employed at The Hongkong and Shanghai Banking Corporation Limited as Assistant Group Legal Adviser. From 1993 to 1997, Mr. Ng served as the Deputy Head of Legal and Compliance Department. Before retiring in 2016, Mr. Ng held the position of Regional General Counsel Asia Pacific to oversee the management of legal and regulatory risks and manage the legal teams in the Asia Pacific Region.

Mr. Ng obtained a Bachelor's degree and a Master's degree in Laws (LL.B and LL.M) from The University of London in 1981 and 1982, respectively. Mr. Ng further obtained a Bachelor's degree in Laws (LL.B) from Beijing University in 1991.

In addition to the above, Mr. Ng served as (i) an independent non-executive director, member of audit committee and member of nomination committee of HSBC Bank Australia Limited, from 2018 to 2024; (ii) an independent non-executive director, chairman of risk committee and member of nomination committee of Hang Seng Bank Limited (Stock Code: 11), from 2014 to 2024, from 2021 to 2024 and from 2022 to 2024, respectively; (iii) a non-executive director of Ping An Insurance (Group) Company of China, Ltd. (Stock Code: 2318), from 2006 to 2013; and (iv) a non-executive director of HSBC Bank (China) Company Limited, from 2011 to 2018. For public offices and community services, Mr. Ng served as Chairman of the Legal Committee of Hong Kong General Chamber of Commerce from 2002 to 2004 and from 2005 to 2008, and later as Vice Chairman from 2008 to 2024. He was also a Council Member of The Law Society of Hong Kong from 2002 to 2016; a member of Standing Committee on Company Law Reform from 2011 to 2017; and a member of the Board of Review of Inland Revenue Ordinance of the HKSAR Government from 2008 to 2014.

SENIOR MANAGEMENT

Mr. Jun Fukaya (深谷潤), aged 74, joined the Group as a project director in April 2019 and is responsible for overseeing the engineering and business of the 5G projects of the Group and expanding and upgrading the wireless lab of the Group in Shenzhen. Mr. Fukaya obtained a degree of Master of Science in Electronics from the Tokyo Institute of Technology in 1977. He has over 40 years of experience in development of and consultancy on electronics. Prior to joining the Group, he worked at Fujitsu Quantum Devices Inc. as a director from August 1997 to February 2004. He was a corporate director of Fujitsu Quantum Devices Singapore Pte. Ltd. from February 2004 to April 2004 and a corporate director of Eudyna Devices Asia Pte. Ltd. (formerly known as Fujitsu Quantum Device Pte. Limited, later acquired by Sumitomo Electric Asia Limited in 2009) from April 2004 to December 2008. From December 2008 to March 2010, he was the president of Eudyna Devices Europe Ltd. in the United Kingdom. In October 2009, he joined Sumitomo Electric Europe Ltd. as a corporate director until March 2012. From April 2012 to March 2013, he was a senior manager of the electron device division of Sumitomo Electric Device Innovations Inc. From February 2014 to March 2019, he was a technical consultant of the Group.

Mr. Kwok Robin Man-Sing (郭文聲), aged 69, joined the Group as the Chief Financial Officer in January 2022. Mr. Kwok is responsible for overseeing the Group's finance matters including accounting, finance, treasury and taxation. Mr. Kwok brings to the Group more than 40 years of global experience covering virtually all aspects of this function with geographical span including North America and Asia Pacific. He also has extensive experience in M&A, joint ventures and PRC greenfield setup. Prior to joining the Group, Mr. Kwok was the Vice President of Finance for Asia Pacific & Japan and the Chief Financial Officer of Avnet Technology HK Ltd. (a subsidiary of Avnet Inc, listed on NASDAQ under AVT) from 2005 until his retirement in 2019. Between 2002 and 2005, Mr. Kwok was the Director of Finance, and later General Manager — Asia Pacific, Parts & Services for Husky Injection Molding Systems (Asia Pacific) Limited. Prior to joining Husky, Mr. Kwok was with AlliedSignal Inc. (now Honeywell Inc., listed on NASDAQ under HON) in Canada, USA, Hong Kong and PRC and held various senior positions including Financial Controller, Finance Director for Polymers, Asia Pacific and Treasury Director, North Asia between 1996 and 2001. Between 1994 and 1996, Mr. Kwok was the Financial Controller of Raychem Canada Ltd., (a subsidiary of Raychem Inc, which was later acquired by Tyco, now TE Connectivity). Mr. Kwok holds a bachelor's degree of Commerce (B. Comm) from the University of Alberta, Canada with a major in Finance & Management Science in 1982. Mr. Kwok is also a CPA (Chartered Professional Accountants) and CMA (Certified Management Accountants) of the Chartered Professional Accountants, Ontario, Canada.

Mr. Pang Sze Yik, Clement (彭詩易), aged 53, joined the Group as a general manager in October 2010 and is responsible for the sales and marketing of the Group in the PRC. Mr. Pang holds an MBA and a degree of Bachelor of Arts in Marketing from the Hong Kong Polytechnic University and a degree of Bachelor of Laws from the University of London. Mr. Pang has over 25 years of relevant experience in the field of semiconductor sales and marketing and served in various senior roles in Sales, Marketing and Regional Operations at Mitsubishi Electric Hong Kong Limited, Hynix Semiconductor Hong Kong Limited and Sumitomo Electric Asia Limited (after the fully acquisition of Eudyna Devices Asia Pte. Limited which was formerly known as Fujitsu Quantum Devices Pte. Limited).

Mr. Sun Qiwei (孫其偉), aged 39, joined the Group as a senior field application engineer in February 2017 and is responsible for providing technical support for both before and after sale and assisting with sales and marketing. Mr. Sun obtained a Bachelor's degree with a major in information engineering from the Beijing Institute of Technology in June 2009 and a Master's degree with a major in electromagnetic field and microwave technology from the East China Normal University in May 2012. Prior to joining the Group, Mr. Sun worked as a hardware associate engineer from June 2012 to October 2016.

Mr. Xu Ming (徐明), aged 46, joined the Group as a field application manager in March 2011 and is responsible for providing technical support for both before and after sale. Mr. Xu obtained a Bachelor's degree with a major in measure and control technique and mechanical instrument from Wuhan University in June 2001. From July 2001 to September 2002, Mr. Xu worked as a research and development engineer for Hubei Zhongyou Technology Co. Ltd.. From September 2002 to December 2009, Mr. Xu worked at Alltek with his last position held as an area manager and field application manager. From January 2010 to February 2011, Mr. Xu worked as a field application manager for Northern China region for Alltek.

Mr. Zhong Junwei (鍾俊為), aged 39, joined the Group as a field application manager in March 2013 and is responsible for providing technical support for both before and after sale and assisting with sales and marketing. Mr. Zhong obtained a degree of Bachelor of Science in Electronic and Information Engineering in 2007. Prior to joining the Group, he worked as an engineer at Guangdong Shengda Electronic Co., Ltd. from June 2007 to June 2008. Subsequently, he worked as an engineer at Comba Telecom Technology (Guangzhou) Co., Ltd. from June 2008 to June 2011. From July 2011 to March 2013, he worked as an engineer at Netop Technology Co., Ltd. (merged with Rosenberger (Shanghai) Technology Co., Ltd. in 2012).

The Board is pleased to present this Corporate Governance Report for the Year.

CORPORATE GOVERNANCE CODE

The Group recognises the importance of good corporate governance and the vital role it plays to the Group's success and sustainable development. The Board is committed to maintaining high standards of corporate governance to ensure better transparency and protection of the overall interests of the Company and its shareholders as a whole and to enhance corporate value and accountability.

The Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules sets out principles of good corporate governance. It has been applicable to the Company with effect from the Listing Date. The Board has implemented corporate governance code appropriate to the conduct and growth of the Group's business. The Company has complied with all applicable Code Provisions as set out in the CG Code for the Year, with the exception of Code Provision C.2.1 of the CG Code, which states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

C.2.1

Mr. Fung Yui Kong is currently performing the roles of chairman and chief executive officer. With extensive experience in the industry and being the founder of the Group, Mr. Fung is responsible for the overall strategic planning and general management of our Group and is instrumental to our growth and business expansion since the founding of our Group. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprise experienced and high-calibre individuals. Our Board currently comprises three executive Directors (including Mr. Fung) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Directors believe that the Board is appropriately structured to provide sufficient checks to protect the interests of the Group and the Shareholders. The Board will continue to review and monitor the operation of the Company with an aim of maintaining a high standard of corporate governance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules. Upon specific enquiry by the Company, all Directors confirmed that they have complied with the required standard as set out in the Model Code for the Year.

THE BOARD

Responsibilities

The Board is accountable to the Shareholders and in discharging its corporate accountability, every Director is required to pursue excellence in the interests of its Shareholders and fulfil his fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements.

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for formulating group policies and strategic business directions, and monitoring business performances through implementation of adequate risk management and internal control systems. The executive Directors are delegated with the authorities and responsibilities for the day-to-day management of the Group, operational and business decisions within the control and delegation framework of the Group. The independent non-executive Directors contribute valuable views, professional opinions and proposals for the Board's deliberation and decisions. All Directors should make decisions objectively in the interests of the Company.

The Board has delegated some of its functions to the board committees, details of which are set out below. The Board reserves for its decisions all major matters of the Company, including appointment of new Directors, approval of financial statements, dividend policy, significant accounting policies, material contracts, significant appointments such as company secretary and external auditors, terms of reference of board committees, major corporate policies such as code of conduct, and other significant financial and operational matters.

The Board is also responsible for maintaining and reviewing the effectiveness of the risk management and internal control systems of the Group. It has carried out review of the existing implemented systems, including control measures of financial and operational compliance of the Group.

The Directors having material interest in the matter shall abstain from voting at such Board meeting and the independent non-executive Directors with no conflict of interest shall attend at such meeting to deal with the matters. All Directors ensure that they can give sufficient attention to discharge their responsibilities to the affairs of the Company and the Directors have disclosed to the Company the identity and nature of offices held in any public organization and other significant commitments on an annual basis.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company's company secretary (the "Company Secretary") with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and/or senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions or commitments entered into on the Company's behalf. The Board has the full support of the senior management to discharge its responsibilities.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions as set out in the code provision A.2.1 of the CG Code including, among other matters:

- To develop and review the Company's policies and practices on corporate governance;
- To review and monitor the training and continuous professional development of Directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
- To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board has reviewed the Company's corporate governance practices and the Company's compliance with the CG Code for the Year.

Composition

The Board currently comprises three executive Directors and three independent non-executive Directors. The function of the Board is to guide the management to ensure the interests of the shareholders of the Company and other stakeholders are safeguarded.

The Company recognises and embraces the benefits of having a diverse board to enhance the quality of its performance. The size and composition of the Board are reviewed from time to time with reference to the board diversity policy (the "Board Diversity Policy") adopted by the Company, taking into account the scope and nature of operations of the Company, to ensure that the necessary balance of skills and experience appropriate to the requirements of the business of the Company and facilitate effective decision-making.

As at 31 March 2025, the Board comprised the following members:

Name of Directors	Positions
Mr. Fung Yui Kong	Chairman/Chief Executive Officer/Executive Director/Chairman of Risk Management Committee/Member of Nomination Committee
Ms. Leung Kwan Sin Rita	Executive Director/Member of Remuneration Committee and Risk Management Committee
Dr. Wong Wai Kong	Executive Director/Member of Risk Management Committee
Mr. Chan Hiu Fung Nicholas	Independent non-executive Director/Chairman of Nomination Committee/ Member of Audit Committee
Mr. Ling Kwok Fai Joseph	Independent non-executive Director/Chairman of Remuneration Committee/Member of Audit Committee and Nomination Committee
Mr. Kam Eddie Shing Cheuk	Independent non-executive Director/Chairman of Audit Committee/ Member of Remuneration Committee

With effect from 1 July 2025, Mr. Chan Hiu Fung Nicholas has resigned as an independent non-executive Director and his roles in the board committees and Mr. Ng Sing Yip was appointed as an independent non-executive Director and the Chairman of the Nomination Committee and a member of the Audit Committee. With effect from the same date, Mr. Fung Yui Kong ceased to be a member of the Nomination Committee and Ms. Leung Kwan Sin Rita was appointed as a member of the Nomination Committee in his place.

Mr. Ng Sing Yip obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 23 June 2025 and he has confirmed that he understood his obligations as a director of the Company.

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and expertise relevant to the business operations and development of the Group. All Directors come from diverse background with varied expertise in telecommunications, finance, legal and business fields.

Biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 17 of this annual report. The Company has maintained an updated list of Directors identifying their roles and functions on the websites of the Company and the Stock Exchange.

There is no relationship (including financial, business, family, or other material/relevant relationship(s)) among the Board members.

Independent non-executive Directors

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through serving on Board committees and active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests, all independent non-executive Directors make various contributions to the effective direction of the Company.

The role of independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Company to protect the overall interests of the Shareholders and the Company. There are three independent non-executive Directors and which represent a sufficient number as required under Rules 3.10(1) and 3.10A of the Listing Rules. Among the independent non-executive Directors, Mr. Kam Eddie Shing Cheuk has the appropriate professional qualifications in accounting and finance as required by Rule 3.10(2) of the Listing Rules.

The independence of each independent non-executive Director is reviewed annually by the Nomination Committee based on the definition of independence defined in the Listing Rules. The Nomination Committee is satisfied as to the independence of all of the independent non-executive Directors, each of whom has fulfilled all the criteria for independence as stated in Rule 3.13 of the Listing Rules. The Company has received written annual confirmation from each of the independent non-executive Directors of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers all the independent non-executive Directors to be independent.

Appointment and Re-election

The Company has established formal, considered and transparent procedures for the appointment of new Directors. A person may be appointed as a member of the Board at any time, either by the shareholders in a general meeting or by the Board upon recommendation by the Nomination Committee. The procedures for shareholders of the Company to propose a person as a Director are accessible from the Company's website.

Non-executive Directors are appointed for a specific term, subject to re-election. Each of the independent non-executive Directors has accepted a formal appointment by the Company for a period of three years and is subject to retirement by rotation. According to the Articles and the code provision of the CG Code, all Directors (including executive Directors and independent non-executive Directors) are subject to retirement by rotation at least once every three years.

Pursuant to Article 83(3), the Board may appoint any Director(s) to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director(s) so appointed shall hold office only until the following general meeting of the Company and shall then be eligible for re-election at that meeting. Code provision B.2.2 of the CG Code also stipulates that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Board Diversity Policy

The Company recognises the benefits of board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies and sustainable development and adopted the Board Diversity Policy on 25 January 2021. The Board Diversity Policy aims to set out the Company's approach to achieve and maintain an appropriate balance of diversity on the Board.

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy. In reviewing and assessing the Board composition and the nomination of directors (as applicable), Board diversity will be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendations to the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board may adopt and/or amend from time to time (as applicable) such diversity perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning, as applicable.

The Nomination Committee will review the Board Diversity Policy, as appropriate, which will include an assessment of its effectiveness, and the Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the Year, the Nomination Committee has reviewed the diversity of the Board and considered that the Company has achieved the measurable objectives of the Board Diversity Policy in terms of age, educational background, professional experience, skills, knowledge and length of service. The Nomination Committee has also reviewed the implementation and effectiveness of the Board Diversity Policy and considered it satisfactory.

Currently, our Board has one female Director out of six Directors, representing a ratio of 16.7% female to 83.3% male on the Board. The Nomination Committee considered that gender diversity is achieved on the Board and will continue to monitor the implementation of the Board Diversity Policy and the progress on achieving those measurable objectives and will review the Board Diversity Policy on a regular basis to ensure its continuing effectiveness. The Company is committed to improving gender diversity as and when suitable candidates are identified. The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time with the ultimate goal of achieving gender diversity, such that there is a pipeline of female senior management and potential successors to the Board in the future.

Nomination Policy

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) to the Board, the Nomination Committee may consider (including but not limited to) the following criteria (the "Criteria") in assessing the suitability of the proposed candidate:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge, accomplishment and experience that are relevant to the Company's business and corporate strategy;

(c) Diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

(d) Commitment in respect of available time and relevant interest;

(e) Potential contributions that the individual can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity; and

(f) Compliance with the criteria of independence as prescribed under Rule 3.10(2) and 3.13 of the Listing Rules for the appointment of independent non-executive Director.

The Nomination Committee will recommend to the Board for appointment as additional Director or to fill any casual vacancy on the Board in accordance with the following procedures:

(i) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, recommendations from personnel agents or as proposed by shareholders with due consideration given to the Criteria;

(ii) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks and third-party reference checks;

(iii) The Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(iv) The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of a remuneration package of such candidate;

(v) The Remuneration Committee will make a recommendation to the Board on the proposed remuneration package; and

(vi) All appointment of Directors will be confirmed by the signing of the consent to act as Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment, as the case may be) and filing of the same with the Companies Registry of Hong Kong and/or the Companies Registry of the Cayman Islands.

Board Meetings

Number of Meetings and Directors' Attendance

Code Provision C.5.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. The Board will also meet on other occasions when a board-level decision on a particular matter is required.

During the Year, 4 Board meetings were held, at which the Directors approved, among other things, the interim results of the Company for the six months ended 30 September 2024 and the annual report of the Group for the year ended 31 March 2025, as well as reviewing and discussing the quarterly business updates and performance of the Group.

The attendance records of the Directors are set out below:

	Number of meetings attended/Number of meetings held					
Name of Directors	General meeting	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee
Executive Directors						
Mr. Fung Yui Kong	1/1	6/6	N/A	N/A	1/1	2/2
Ms. Leung Kwan Sin Rita	1/1	6/6	N/A	1/1	N/A	2/2
Dr. Wong Wai Kong	1/1	6/6	N/A	N/A	N/A	2/2
Independent non-executive Directors						
Mr. Chan Hiu Fung Nicholas	1/1	6/6	2/2	N/A	1/1	N/A
Mr. Ling Kwok Fai Joseph	1/1	6/6	2/2	1/1	1/1	N/A
Mr. Kam Eddie Shing Cheuk	1/1	6/6	2/2	1/1	N/A	N/A
Mr. Ng Sing Yip (note)	N/A	N/A	N/A	N/A	N/A	N/A

Note: Mr. Ng Sing Yip was appointed after the end of the Year, with effect from 1 July 2025, and no general meeting, board meeting or board committee meeting was held after his appointment up to the date of this report.

Practices and Conduct of Meetings

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The meetings are structured to allow open discussion. All Directors participate in discussing the strategy, operational and financial performance, internal control and risk management of the Group.

The Company Secretary is responsible for taking and keeping minutes of all Board and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting, and the final version is open for Directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest on a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates have a material interest.

Supply of and Access to Information

The management supplied the Board with adequate and sufficient information through financial reports, business and operational reports, in a timely manner, to enable them to make informed decisions.

The management also provided Directors with management accounts and all relevant information, giving a balanced and understandable assessment of the Company's performance, position and prospects on a regular basis to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 of the Listing Rules.

Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Company in respect of legal action against them arising from the performance of their duties. The insurance covers directors' and officers' liability, company reimbursement, legal representation expenses and securities claims.

Continuing Professional Development

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director shall receive a formal, comprehensive and tailored induction to ensure that he or she has a proper understanding of the business and operations of the Group and that he or she is fully aware of his or her duties and responsibilities as a director under applicable statutory and regulatory rules and requirements.

All Directors are encouraged to participate in continuous professional development so as to develop and refresh directors' knowledge and skills and to ensure that their contribution to the Board remains informed and relevant.

The Directors have complied with the code provision C.1.4 of the CG Code on continuous professional development by participating in appropriate continuous professional development and reading materials on corporate governance and other Listing Rules compliance related subjects published by the Stock Exchange to develop and refresh their knowledge and skills and providing the Company their records of training for the Year. The training attended by the Directors (excluding Mr. Ng Sing Yip, who was appointed after the end of the Year, with effect from 1 July 2025) during the Year are as follows:

	Corporate governance/updates on laws, rules and regulations/finance/business	
	Read materials	**Attended seminars/briefings**
Executive Directors		
Mr. Fung Yui Kong	✓	✓
Ms. Leung Kwan Sin Rita	✓	✓
Dr. Wong Wai Kong	✓	✓
Independent non-executive Directors		
Mr. Chan Hiu Fung Nicholas	✓	✓
Mr. Ling Kwok Fai Joseph	✓	✓
Mr. Kam, Eddie Shing Cheuk	✓	✓

BOARD COMMITTEES

The Board has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee, for overseeing particular aspects of the Company's affairs, details of which are as follows:

Name of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee
Mr. Fung Yui Kong				C
Ms. Leung Kwan Sin Rita		M	M	M
Dr. Wong Wai Kong				M
Mr. Kam, Eddie Shing Cheuk	C	M		
Mr. Ling Kwok Fai Joseph	M	C	M	
Mr. Ng Sing Yip	M		C	

C: Chairman of the relevant Board committees
M: Member of the relevant Board committees

Note: With effect from 1 July 2025, Mr. Chan Hiu Fung Nicholas has resigned as an independent non-executive Director and his roles in the board committees and Mr. Ng Sing Yip was appointed as an independent non-executive Director and the Chairman of the Nomination Committee and a member of the Audit Committee. With effect from the same date, Mr. Fung Yui Kong ceased to be a member of the Nomination Committee and Ms. Leung Kwan Sin Rita was appointed as a member of the Nomination Committee in his place.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

1. Nomination Committee

The Nomination Committee was established on 25 January 2021 with specific terms of reference setting out the committee's authority and duties. The Nomination Committee comprises one executive Director namely Ms. Leung Kwan Sin Rita (with effect from 1 July 2025) and two independent non-executive Directors namely Mr. Ng Sing Yip (Chairman) (with effect from 1 July 2025) and Mr. Ling Kwok Fai Joseph. During the Year, Mr. Chan Hiu Fung Nicholas was the Chairman and Mr. Fung Yui Kong was a member of the Nomination Committee. The Nomination Committee is responsible for, among other matters, the following:

- To review the structure, size and composition (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with due regard to the diversity of the Board;

- To identify and nominate qualified individual for appointment as additional Director or to fill any casual vacancy on the Board for the Board's approval as and when the circumstances arise. In identifying suitable individual, it shall consider individual on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;

- To assess the independence of independent non-executive Directors and to review the independent non-executive Directors' annual confirmations with respect to their independence; and make disclosure of its review results in the Corporate Governance Report;
- To make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and chief executive;
- To ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly the key terms and conditions of their appointment;
- To review the Board Diversity Policy as appropriate and review the measurable objectives (if any) that the Company has set for implementing the Board Diversity Policy, the progress on achieving the objectives and disclose the Board Diversity Policy or a summary of the same in the Corporate Governance Report annually;
- To review the policy for the nomination of Board members which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the Year and make disclosure of such policy in the Corporate Governance Report annually;
- To do such things to enable the Nomination Committee to discharge its duties conferred on it by the Board; and
- To conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or imposed by the Listing Rules or applicable laws.

During the Year, 1 meeting of the Nomination Committee was held. The attendance of each member of the Nomination Committee is set out in the above paragraph headed "Board Meeting" in this Corporate Governance Report. The following is a summary of works performed by the Nomination Committee during the Year:

- Reviewed the structure, size, composition and diversity of the Board, and made recommendation to the Board;
- Reviewed the board diversity policy and the nomination policy;
- Reviewed the independence of independent non-executive Directors; and
- Made recommendations to the Board on the retirement and re-appointment of Directors by rotation at the annual general meeting of the Company.

The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

2. Remuneration Committee

The Remuneration Committee was established on 25 January 2021 with specific terms of reference setting out the committee's authority and duties. The Remuneration Committee comprises one executive Director namely Ms. Leung Kwan Sin Rita and two independent non-executive Directors namely Mr. Ling Kwok Fai Joseph (Chairman) and Mr. Kam Eddie Shing Cheuk. The Remuneration Committee is responsible for, among other matters, the following:

- To advise the Board on and to review the remuneration policy and structure for all remuneration of the Directors and senior management;
- To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- To make recommendations to the Board on the remuneration of non-executive Directors;
- To approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment;
- To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;
- To do such things to enable the Remuneration Committee to discharge its duties conferred on it by the Board;
- To ensure that no Director nor any of his/her associates is involved in deciding his/her own remuneration; and
- To review and approve matters relating to share schemes.

Emolument Policy

The Directors are paid fees in line with market practice. The Group adopted the following main principles of determining the Directors' remuneration:

- No individual should determine his/her own remuneration;
- Remuneration should be broadly aligned with companies with whom the Group competes for human resources; and
- Remuneration should reflect performance and responsibility with a view to attract, motivate and retain high performing individuals and promoting the enhancement of the value of the Company to its shareholders.

In addition to the basic salaries, a share option scheme is adopted for rewarding good performers as well as retaining talented staff for the continual operation and development of the Group.

Remuneration Paid to Members of Senior Management

Details of remuneration paid to members of senior management (excluding the Directors) fell within the following bands:

Remuneration band	Number of individuals
Nil–HK$1,000,000	4
HK$1,000,001–HK$1,500,000	1
HK$1,500,001–HK$2,000,000	0
HK$2,000,001–HK$2,500,000	1
HK$2,500,001–HK$3,000,000	0

Particulars relating to Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 7 and 8, respectively, to the consolidated financial statements as set out on pages 118 to 121 of this annual report.

During the Year, 1 meeting of the Remuneration Committee was held. The attendance of each member of the Remuneration Committee is set out in the above paragraph headed "Board Meeting" in this Corporate Governance Report.

The following is a summary of works performed by the Remuneration Committee during the Year:

— Reviewed and approved the terms of the grant of share options to the Directors;

— Reviewed the remuneration policy and structure for all remuneration of the Directors and senior management of the Group;

— Assessed the performance of the executive Directors and senior management of the Group; and

— Made recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Group.

The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

3. Audit Committee

The Audit Committee was established on 25 January 2021 with specific terms of reference setting out the committee's authority and duties. The Audit Committee comprises three independent non-executive Directors namely Mr. Kam Eddie Shing Cheuk (Chairman), who possesses the appropriate professional qualifications or accounting or related financial management expertise, Mr. Ling Kwok Fai Joseph and Mr. Ng Sing Yip (with effect from 1 July 2025). During the Year, Mr. Chan Hiu Fung Nicholas was a member of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include, among other matters, the following:

(a) to review the financial statements and consider any significant or unusual items raised by the staff responsible for the accounting and financial reporting function, internal audit, compliance or external auditors before submission to the Board;

(b) to review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and

(c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

During the Year, 2 meetings of the Audit Committee were held. The attendance of each member of the Audit Committee is set out in the above paragraph headed "Board Meeting" in this Corporate Governance Report. Following is a summary of works performed by the Audit Committee during the Year:

- Reviewed the annual results of the Group and related announcement including the related disclosures, integrity of financial reporting and the accounting policies adopted by the Group prior to the submission to the Board's approval;

- Reviewed the effectiveness and adequacy of the internal control and risk management systems of the Group;

- Reviewed the effectiveness of the anti-bribery, anti-corruption and whistle-blowing policies and systems of the Company;

- Reviewed the status of compliance by the controlling shareholders of the Company with the undertakings in the deed of non-competition dated 25 January 2021 during the Year;

- Considered the independence and the re-appointment of the external auditor; and

- Reviewed the financial reporting system, compliance procedures, internal control and risk management systems of the Group.

The Audit Committee also had a meeting with Ernst & Young, the independent external auditor of the Company. The Board has not taken any different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditor.

The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

4. Risk Management Committee

The Risk Management Committee was established on 25 January 2021 with specific terms of reference setting out the committee's authority and duties. The Risk Management Committee comprises three executive Directors namely Mr. Fung Yui Kong (Chairman), Ms. Leung Kwan Sin Rita and Dr. Wong Wai Kong. The main duties of the Risk Management Committee include, among other matters, the following:

(a) to monitor the Company's exposure to sanctions law risks and its implementation of the related internal control procedures, with particular emphasis on the Company's risk management policies and standards and supervise and monitor the Company's exposure to sanctions law risks;

(b) to review and approve all relevant potential business transactions between the Group and its customers/distributors or potential customers/distributors from sanctioned countries and with sanctioned persons and identify if any trade restrictions are imposed by any countries against any customers/distributors or potential customers/distributors;

(c) to conduct periodic review of the information (such as identity and nature of business as well as ownership) relating to the counterparty to the contract along with the draft business transaction documentation;

(d) to check or delegate to nominated staff of the Group to check the counterparty (including but not limited to suppliers and customers of the Group) against the various lists of restricted parties and countries maintained by the United States of America, the European Union, the United Nations, the United Kingdom or Australia;

(e) to periodically review the Company's internal control policies and procedures with respect to sanctions law matters; and

(f) to monitor new applicable sanctions laws and trade restrictions or any change to existing sanctions law and trade restrictions and seek advice from international trade sanction consultants or international trade sanction legal advisers on the Group's compliance with applicable sanction laws where necessary.

During the Year, 2 meetings of the Risk Management Committee were held. The attendance of each member of the Risk Management Committee is set out in the above paragraph headed "Board Meeting" in this Corporate Governance Report. Following is a summary of works performed by the Risk Management Committee during the Year:

- Monitored the Company's exposure to sanctions law risks and its implementation of the related internal control procedures;

- Reviewed and approved all relevant potential business transactions between the Group and its customers/distributors or potential customers/distributors and conducted periodic review of the information (such as identity and nature of business as well as ownership) relating to the counterparty to the contract; and

- Reviewed the Company's internal control policies and procedures with respect to sanctions law matters.

During the Year, there were no irregular findings made by the Risk Management Committee which were required to be reported to the independent non-executive Directors.

MECHANISM TO ENSURE INDEPENDENT VIEWS FROM DIRECTORS

To ensure independent views and input from any Director, the following mechanism is established by the Board:

1. **Independence Assessment**

   Each of the independent non-executive Directors shall provide a written annual confirmation of independence to the Company on their compliance with the independence requirements as set out under Rule 3.13 of the Listing Rules. The Nomination Committee shall assess the independence of independent non-executive Directors upon appointment and annually to ensure they can continually exercise independent judgement.

2. **Composition of Board**

   Currently, 50% of the Board members are independent non-executive Directors, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.

3. **Board Proceedings and Decision Making**

   At least 14 days' formal notice of regular Board and Board Committee meetings will be given to all Directors, and all Directors are invited to include any matters for discussion in the agenda. By at least three business days in advance of every regular Board and Board Committee Meeting, Directors are provided with the meeting agenda and the relevant board papers containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings.

   All Directors are required to declare their direct/indirect interests, if any, in any business proposals to be considered at the meetings and, where appropriate, they are required to abstain from voting on any Board resolution concerned.

   Independent non-executive Directors should attend all regular meetings of the Board and Board Committees on which they serve. They should also attend general meetings of the Company to acquire understanding of the views of the shareholders.

4. **Remuneration of Independent Non-executive Directors**

   Independent non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committees and no equity-based or incentive based compensation program is granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

5. Access to Professional Advice and Up-to-date Information

The Company Secretary provided induction pack and orientation program for all new recruits to the Board. Such program would familiarise the newly appointed Director with the nature of the business, the corporation's strategy, the internal control and corporate governance practices and policies, and directors' duties and responsibilities. Subsequent information packages are regularly provided to the Directors to keep them abreast of their responsibilities and infuse them with new knowledge relevant to the Group's current business and operating environment.

To facilitate proper discharge of Directors' duties and responsibilities, all Directors (including independent non-executive Directors) are entitled to seek advice from the Company Secretary as well as from independent professional advisers at the expense of the Company.

6. Independent Views and Inputs Treasured and Valued

During the Board and Board Committee meetings, the independent non-executive Directors are encouraged to express freely their independent views and inputs in an open and candid manner. The chairman also encourages questions and challenges from Directors, in particular independent non-executive Directors and their comments and concerns are closely followed up by the management.

In addition to Board meetings, the Chairman schedules a meeting annually with independent non-executive Directors without the presence of other Directors to discuss the affairs of the Group.

The Company Secretary is required to prepare minutes that record not only the decision reached but any concerns raised or dissenting views expressed by Directors. Draft versions of the minutes are circulated to all Directors for their comment and confirmation before it is finalised for records. Minutes of all Board and Board Committee meetings are available for Directors' inspection.

The implementation and effectiveness of the above mechanisms have been reviewed by the Boards on an annual basis and the Board believe these measures would allow Directors to contribute effectively and independent views and input are available to the Board and Board Committees.

AUDITOR'S REMUNERATION

For the Year, the remuneration paid/payable to the Company's external auditor, Ernst & Young in respect of their audit and non-audit services (if any) is set out as follows:

Type of services	Fees paid/payable
Audit services:	
Audit of annual financial statements	HK$1,810,000
Non-audit services:	
Other non-audit services (such as tax related matters)	HK$211,000

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flows in accordance with applicable accounting standards and the Hong Kong Companies Ordinance.

The Directors also acknowledge their responsibilities to ensure that the announcements in relation to the consolidated financial statements on annual and interim results of the Group are published in a timely manner, within three months and two months respectively of the year end and the half-year period end. The responsibilities of the external auditor of the Company on the consolidated financial statements of the Group are set out in "Independent Auditor's Report" on pages 76 to 79.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibilities for maintaining sound and effective risk management and internal control systems including an annual review on their effectiveness for achieving long-term sustainable development of the Group. The risk management and internal control systems, under a defined management structure with limits of authority, are designed for the Group to identify and manage the significant risks to pursue its business objectives, safeguard its assets against unauthorised use or disposition, enhance effectiveness and efficiency of its operations, ensure the maintenance of proper accounting records for reliable financial reporting, and ensure compliance with relevant laws and regulations. Such systems are designed to manage rather than eliminate risks of failure in the achievement of the Group's business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

The Board is responsible for the determination of the Group's risk profile within its acceptable tolerance levels in business operation, oversight of management in the design, implementation and monitoring of the overall risk management process from risk identification, risk assessment, establishment of appropriate risk responses and regular risk evaluation and monitoring, so as to ensure the systems are effectively established and maintained.

The risk management process is structured from the management of the Group from respective business functions at the execution level to the Board, together assisted by the Audit Committee in decision-making and monitoring level. Management of the Group identifies, assesses and prioritises the key existing and potential risks through a detailed assessment process and determines the appropriate mitigation strategies and control measures in response to the identified risks. Ongoing evaluation and monitoring of the identified risks, respective measures, and results are carried out and reported to the Board regularly. The Board at the decision-making level, assisted by the Audit Committee, reviews the risk appetite, risk management process and strategies and also the internal control systems and provides recommendations for any improvement on the systems on an ongoing basis to ensure risk management effectiveness.

The Group has formulated and adopted effective risk management policies to provide guidelines for identifying, evaluating and managing risks. On an annual basis, the management will identify and assess the risks that may adversely affect the Group's objective and operations, then a set of criteria will be used to identify and prioritise the risks. Risk mitigation plans for those risks considered to be significant are then established and risk owners are assigned accordingly.

The internal control function promotes the importance and construction of the compliance into the corporate culture, monitors the effectiveness of the existing internal controls system of the Group, and provides reasonable assurance to the Board for oversight of the internal control system operated by the management. The internal control function conducts regular internal control review across principal divisions of the Group, and, on a regular basis reports their finding results with improvements directly to the Audit Committee to ensure the internal controls are in place and adopted properly and effectively as intended. The scope of internal control review included principal divisions from finance department, risk management department, treasury department and purchasing department, etc. to ensure material controls have been covered during the internal control review process. Any matter or areas of improvement shall be communicated to the divisional management and had them followed up on a timely basis.

In addition, the Group will also engage independent professional advisor(s) to assist the Board and the Audit Committee with ongoing monitoring of the risk management and internal control systems where necessary. Deficiencies in the internal control systems will be identified and recommendations are proposed for improvement. Significant internal control deficiencies will be reported to the Audit Committee and the Board on a timely basis. Then, a rectification plan will be established and risk owners will be assigned to ensure prompt remediation actions are taken.

During the Year, the Company identified and swiftly addressed a cybersecurity incident involving ransomware. Prompt action was taken to contain the incident and as a result of the robust response protocols and proactive measures of the Company, no data was compromised, and no financial loss was incurred. The Company engaged an independent external expert to assist in resolving the matter and conducted a comprehensive review of its cybersecurity systems. As part of its ongoing efforts, the Company further strengthened its data protection policies and IT controls.

Upon review of the annual risk management and internal control system report concluded by the external consultant and the management, the Audit Committee and the Board review and evaluate the effectiveness of the Group's risk management and internal control system, on a regular basis, at least once a year. The Board's annual review in respect of the Year has considered, among other things, (i) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal control and financial reporting functions; (ii) the scope and quality of the management's ongoing monitoring of risks and of the internal control systems; (iii) the effectiveness of the risk management and internal control systems (including the extent and frequency of monitoring results to the Board or the Audit Committee); and (iv) the effectiveness of the Company's processes for financial reporting and the Listing Rules compliance.

During the Year, the Board was not aware of any significant internal control or risk management issues that would have an adverse impact on the financial position or operations of the Group. The Board, through the review of the Audit Committee, considered that the risk management and internal control systems of the Group are effective and adequate. The Board, through the Audit Committee, also satisfied itself that the accounting and financial reporting of the Group are adequately resourced with staffs of appropriate qualifications and experience.

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

Procedures and internal controls for the handling and dissemination of inside information

The Group complied with the requirements of the Securities and Futures Ordinance and the Listing Rules in relation to inside information during the Year. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the Securities and Futures Ordinance. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of disclosure of inside information in a balanced, adequate and effective way. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- The Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules and its own policy;
- The Group has implemented and disclosed events or matters on fair disclosure by non-exclusive distributions of information to the public through channels such as financial reporting, public announcements and its website;
- The Group has strictly prohibited unauthorised use of confidential or inside information; and
- The Group has established procedures for responding to external enquiries about the Group's affairs so that only the executive Directors, company secretary and other person duly authorised by the Board are authorised to communicate with parties outside the Group.

CORPORATE PURPOSE, STRATEGY AND CORPORATE CULTURE

The Board defines the purpose, values and strategy of the Company and considers that the Company's corporate culture is aligned. The Group is committed to investing in the connectivity and related industries, creating value for consumers, and delivering attractive and sustainable returns to the Shareholders. Despite the ever-changing operating environment, the Group places strong emphasis on workplace safety, employee relations and the efficient use of materials, energy and resources, promoting a culture of ethical conduct and integrity. A healthy corporate culture is important to good corporate governance which is crucial for achieving sustainable long-term success of the Group.

ESG-RELATED MATTERS

The Company adheres to improving internal sustainability governance, strengthening the management and control of corporate development's impact on the environment and society, and creating value for our stakeholders. The Board has overall responsibility for the Company's ESG strategy and reporting, and oversees the overall ESG governance of the Company. In particular, the Board conducts a regular review of the Group's ESG-related matters and considered, among others, (i) the adequacy of resources, staff qualification and experience, training programmes and budget of those relating to the Group's ESG performance and reporting; (ii) the changes, since the last annual review, in the nature and extent of significant ESG risks (if any); and (iii) the scope and quality of management's ongoing monitoring of ESG risks. For further details, please refer to the Company's Environmental, Social and Governance Report on pages 60 to 75 of this annual report.

WHISTLEBLOWING POLICY

The Company is committed to achieving and maintaining the highest standards of openness, probity and accountability. We encourage reporting of concerns and actual or suspected misconduct, malpractice or unethical acts (e.g. corruption) by any of our staff and/or external parties in any matter related to the Group.

The Group has established a whistleblowing policy which aims to enable the Company's employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the audit committee about possible improprieties in matters related to the Company, in order to help detect and deter misconduct or malpractice or unethical acts in the Company.

ANTI-CORRUPTION POLICY

The Company takes a zero-tolerance approach towards all forms of bribery and corruption and is committed to observing and upholding high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times. We strictly prohibit any form of fraud or bribery, and are committed to the prevention, deterrence, detection, reporting and investigation of all forms of fraud and bribery.

The Group has established an anti-corruption policy which sets out the basic standard of conduct which applies to all directors, officers and employees of the Company and its wholly owned subsidiaries. It also provides guidance to all employees the acceptance of advantage and handling of conflicts of interest when dealing with the Company's business. The Company also encourages and expects our business partners, including suppliers, contractors and clients, to abide by the principles of the policy.

COMPANY SECRETARY

Dr. Wong Wai Kong is the Company Secretary. Dr. Wong plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. The Company Secretary has day-to-day knowledge of the Company's affairs. All Directors may have access to the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters.

The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

During the Year, Dr. Wong Wai Kong has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board recognises the importance of effective communication with the shareholders and investors. The Company communicates with its shareholders and investors through various channels, including the publication of interim and annual reports, announcements, circulars and publications, which are all available on the websites of the Stock Exchange and the Company. Corporate communications issued by the Company have been provided to the shareholders in both English and Chinese versions for better understanding.

Designated executive Director(s) and senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

In order to provide shareholders with information about the Company, to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner, the Company has a shareholders' communication policy which is available on the Company's website. The Board shall review the policy regularly to ensure its effectiveness and efficiency. During the Year, the Company has reviewed the implementation and effectiveness of the shareholders' communication policy through discussions amongst Board members during board meetings. The Company has reviewed communication activities and engagement with Shareholders conducted during the Year and was satisfied with the implementation and effectiveness of the shareholders' communication policy which allowed Shareholders to engage actively with the Company.

At general meetings, each substantially separate issue will be considered by a separate resolution, including the election of individual Director. The chairman of the Board, chairmen of the respective Board committees, senior management and the external auditor are normally available to answer questions at the shareholders' meetings.

During the Year, 1 general meeting of the Company was held, being the annual general meeting of the Company held on 16 August 2024.

CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company are available on the websites of the Company and the Stock Exchange.

There was no change in the Company's constitutional documents during the Year.

DIVIDEND POLICY

The Board considers stable dividend payments to the shareholders of the Company to be one of the main objectives of the Company. The declaration and payment of dividends of the Company shall be determined at the discretion of the Board and subject to all applicable laws and regulations in the Cayman Islands and Hong Kong and the Articles. The Company has adopted a dividend policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.

According to the dividend policy, the aggregate amount of dividend payment per year shall be not less than 25% of the distributable net profits (excluding extraordinary items, if any) attributable to the Shareholders, taking into consideration the criteria below.

When considering the declaration and payment of dividends, the Board shall take into account the following factors of the Group:

- current and future results of operations of the Group;
- cash flow situation;
- financial conditions;
- future prospects;
- any regulatory restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any final dividend for a financial year will be subject to shareholders' approval.

The Company will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the dividend policy at any time, and the dividend policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Procedures for Shareholders to convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company may by written requisition to the Board or the Secretary of the Company to require an EGM to be convened and stating the subjects to be considered at the meeting by written requisition; and such meeting shall be held within two months after the deposit of such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders enquiries to the Board

Shareholders may send their enquiries to the Board in writing with contact details, including registered name, address, telephone number and email address, to the Company Secretary as follows:

Address:	Rooms 902–6, 9/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
Telephone:	(852) 2836 3301
Fax:	(852) 2834 7340

Any matter in relation to the transfer of shares, change of name or address, loss of share certificates should be addressed to the Company's Hong Kong branch share registrar and transfer agent as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2861 0285

Procedures for Putting Forward Proposals at Shareholders' Meetings

Proposal for election of a person other than a Director as a Director: Pursuant to Article 85, a Shareholder who wishes to propose a person other than a retiring Director for election to the office of Director at any general meeting should lodge (i) a notice in writing by him/her/it (other than the person to be proposed) of his/her/its intention to propose that person for election as a Director; and (ii) a notice in writing by that person of his/her willingness to be elected, at either (a) the principal place of business of the Company in Hong Kong (presently at Rooms 902–6, 9/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong), or (b) the Company's branch share registrar and transfer office in Hong Kong at Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The period for lodgement of the notices mentioned above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Other proposals: If a Shareholder wishes to make other proposals (the "Proposal(s)") at a general meeting, he/she/it may lodge a written request, duly signed, at the principal place of business of the Company in Hong Kong presently at Rooms 902–6, 9/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong marked for the attention of the Company Secretary.

The identity of the Shareholder and his/her/its request will be verified with the Company's branch share registrar and transfer office in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order, and is made by a Shareholder, the Board will in its sole discretion decide whether the Proposal(s) may be included in the agenda for the general meeting to be set out in the notice of meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal(s) made by the Shareholders concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal(s) require(s) approval in an AGM.

(2) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal(s) require(s) approval by way of an ordinary resolution in an EGM.

Disclaimer

The contents of the section headed "Shareholders' Rights" are for reference and disclosure compliance purposes only. The information does not represent and should not be regarded as legal or other professional advice from the Company to the Shareholders. Shareholders should seek their own independent legal or other professional advice as to their rights as Shareholders. The Company disclaims all liabilities and losses incurred by the Shareholders in reliance on any contents of the section headed "Shareholders' Rights".

The directors of the Company (the "Board" or the "Directors") are pleased to present to the shareholders of the Company (the "Shareholders") their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the Year.

SHARE OFFER AND CAPITALISATION ISSUE

The Company was incorporated on 5 July 2018 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. A total of 250,000,000 shares with nominal value of HK$0.01 per share (each a "Share") were issued at HK$0.56 each by way of public offer and placing on 18 February 2021 and on 19 February 2021, the issued Shares were listed on the Main Board of the Stock Exchange. Further, the Company allotted and issued a total of 749,900,000 Shares, credited as fully paid at par, to Generous Horizon Limited (formerly named Generous Team Limited) on 19 February 2021 by way of capitalisation of the sum of HK$7,499,000 standing to the credit of the share premium account of the Company pursuant to the resolutions of the sole shareholder passed on 25 January 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in import and export of connectivity products which are used in telecom and datacom connectivity industry. Details of the principal activities and other particulars of the subsidiaries of the Company are shown in note 1 to the consolidated financial statements.

BUSINESS REVIEW

The business review as required by Schedule 5 to the Hong Kong Companies Ordinance is set out as below:

Overview

A fair review of the business of the Group for the Year is set out in the section headed "Chairman's Statement" on pages 6 to 7 of this annual report.

Key financial and business performance indicators

An analysis of the Group's performance during the Year using key financial and business performance indicators comprising revenue, gross profit margin and gearing ratio is set out in the section headed "Management Discussion & Analysis" on pages 8 to 13 of this annual report.

Environmental policies and performance

As a responsible corporate entity, the Group is committed to preserving the environment. We have adopted environmental, social and governance policy, with the aim to achieve sustainable development, and are committed to conducting our activities in a manner consistent with the above objective. With the implementation of various environmental initiatives and practices in our business segments, the Group strives to reduce waste production, implement effective proper waste management and optimise resource efficiency, in order to minimise the adverse impacts on the environment and continually improve our environmental performance. The Group also ensures that all our businesses operations are in strict compliance with all applicable environmental laws and regulations.

For further details of the ESG initiatives, practices and performance of the Group, please refer to the section headed "Environmental, Social and Governance Report" on pages 60 to 75 of this annual report.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance which could have a significant impact on the conduct of our business and our prospects. The Group has employed suitable personnel and engaged appropriate professional advisers to keep itself informed of the latest legislative changes and industry developments and ensure its operations are in line with the applicable laws, rules and regulations. We also maintain cordial working relationships and communication with local governments and relevant departments.

During the Year, the Group's principal operations are carried out in Hong Kong. As far as the Directors are aware, there was no material impact on the Group resulting from non-compliance with any relevant laws and regulations.

The Company has complied with the Securities and Futures Ordinance (Chapter 571) ("SFO"), the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange, the Hong Kong Companies Ordinance (Chapter 622), the Codes on Takeovers and Mergers and Share Buy-backs and other relevant rules and regulations during the Year.

Details on the compliance with applicable laws and regulations are set out in the section headed "Environmental, Social and Governance Report" on pages 60 to 75 of this annual report.

Principal risks and uncertainties

During the Year, the Group's businesses, financial conditions, results of operations or growth prospects faced the following principal risks and uncertainties:

Impact of COVID-19 pandemic

The Group has implemented a series of precautionary and control measures since the outbreak of COVID-19 to ensure business continuity. In order to protect our workforce from outbreak, the Group has provided clear and timely guidelines to all staffs; maintained a close monitoring on all staff's health status, travel history and potentially infectious contacts; provided extra sanitization products to all sites.

The trade war between the U.S. and the PRC and trade restrictions imposed by the U.S. and other countries

The Group has set up a risk management committee to coordinate, respond to and to tackle the possible risks. The risk management committees have developed strategies, policies and guidelines on risk control; which enable the Group to monitor and response to risk effectively and promptly.

Strong market positions of our major suppliers and major customers

As a distributor, our success relies on our ability to source and procure components from brand name manufacturer suppliers and then sell the components to our customers on favourable terms. The purchase prices offered by our suppliers and selling prices offered to our customers are generally determined on an order-by-order basis. As most of our major suppliers and major customers are key players in their respective industries with a strong market position, we may have limited bargaining power when negotiating with them and may need to concede to certain requests made by these suppliers and customers in order to maintain good relations with them. We cannot guarantee that we could be able to negotiate favourable pricing or terms in our transactions with our major suppliers and major customers in the future. If we fail to negotiate terms that are favourable or acceptable to us, our financial performance and results of operations may be adversely affected.

Business relationships with major suppliers

Our success depends on our ability to maintain a good and continued business relationship with our major suppliers and our ability to source and procure components from brand name manufacturer suppliers on favourable terms. During the Year, we sourced components from manufacturers and to a less extent, their authorised distributors, and supplied them to our customers. Although we generally enter into distribution agreements with our major suppliers, the distribution rights granted to us thereunder are on a non-exclusive basis and our purchase of components are only made on individual orders basis. If any of our major suppliers materially reduce the amount of supplies to us or our business relationship with our major suppliers are terminated, interrupted or modified in any way adverse to us, there can be no assurance that we would be able to procure from alternative suppliers for replacement in time or that the products we procured from such alternative suppliers would be on terms and conditions acceptable to us and/or in sufficient quantity to meet our imminent demands.

Appointment as authorised distributor of manufacturer suppliers or as approved supplier of potential customers

We generally need to meet certain requirements set by manufacturers to become their authorised distributor. In determining whether to approve a distributor as an authorised distributing channel, a manufacturer may consider factors such as a distributor’s customer coverage, technical capabilities, field coverage, financial capabilities and whether the distributor’s existing product offering from other manufacturers will complement or compete with its products. Some of our potential customers may require products of which we are not an authorised distributor. If we anticipate strong demand for a manufacturer’s products, we may consider obtaining approval to become authorised distributor of such products from the relevant manufacturer. However, there is no assurance that we can be appointed as an authorised distributor by these manufacturers.

Delay in the supplies and/or insufficient supplies from our suppliers

We rely on our suppliers to supply us with the quality components at competitive prices. We generally require a much shorter lead time to deliver the components to our customers we sourced than the lead time required by our suppliers to deliver the same to us. In the event that our suppliers fail to deliver their products to us on time or in our demanded quantity and we are unable to procure supplies from alternative suppliers in a timely manner, we may not be able to meet our customers' demand or offer them sufficient quantities at competitive prices, which may result in compensation to our customers, damage to our reputation and our operations and financial performance may be adversely affected.

Decrease or loss of business from customers

Sales to our customers are generally based on individual purchase orders from time to time. We therefore generally sell components to our customers on an order-by-order basis based on the purchase orders placed by our customers from time to time. Our customers are not subject to any purchase commitment. Without a regular purchase commitment, it is difficult for us to forecast future order quantities and revenue so as to plan for efficient and optimal resource allocation. As such, there is no assurance that our customers will continue to place orders with us on a regular basis in terms of quantities, pricing and time intervals. Our profitability, financial condition and results of operations may therefore be affected. Market demand for components in the telecom and datacom connectivity industry are affected by factors such as market of the end applications, demand for the components from customers, intensity of competition and availability of substitutes and new technological development. Our results of operations may therefore vary from period to period, and period to period comparison of financial performance may become less meaningful and our operating results may, for some periods, be below market expectation.

Business relationship with our customers

We provide application support, sourcing and other technical services to our customers primarily in the telecom and datacom connectivity industry. Our revenue is derived from charging a mark-up on top of the components we re-sell to our customers, which factor in our cost in providing value-added services to our customers. Our Directors consider that the provision of application support and other technical services is crucial to our customers as this reduces the time and effort for our customers to identify and source suitable components and lower their research and development costs. If we fail to maintain our business relationship with our customers in the future or if our customers directly procure components from our suppliers, our business, financial condition and results of operations may be adversely affected.

Disruption to technology of end products

Our customers incorporate the components procured from us into their products which primarily address end applications in the telecom and datacom connectivity industry. These end applications are normally associated with the latest technology and we may not be able to effectively integrate or apply these new technologies in a timely manner. Any disruption to technology of end products, such as displacement of certain established technology may adversely affect demand of certain end products, and thus affect demand for our products and in turn affect our business, financial condition and results of operations.

This is not an exhaustive statement of all relevant risks and uncertainties. Matters which are not currently known to the Board or events which the Board considers to be immaterial may also have a material adverse effect on our businesses, financial conditions, results of operations or growth prospects.

Relationships with key stakeholders

The Company is committed to upholding a positive image for the Group and its success also depends on the support from key stakeholders which comprise employees, customers, shareholders, business partners and suppliers. The Board considers that the Group has maintained good relationships with its key stakeholders, which is beneficial to the long-term development of the Group. Such relationship is further discussed in the section headed "Environmental, Social and Governance Report" on pages 60 to 75 of this annual report.

Future business developments

An indication of future development of the Group's business is presented in the section headed "Chairman's Statement" on pages 6 to 7 of this annual report.

RESULTS AND DIVIDENDS

The Group's results for the Year are set out in the consolidated statement of profit or loss on page 80.

The Board has recommended the payment of a final dividend for the year ended 31 March 2025 of HK1.0 cents per Share to those shareholders whose names appeared on the Company's register of members on 29 August 2025. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting, the final dividend is expected to be paid in cash on or about 22 September 2025.

Based on the 973,000,000 Shares in issue (excluding treasury shares) as at the date of this annual report, it is expected that the total amount of final dividend payable to the Shareholders would be HK$9.73 million in aggregate for the Year, subject to the approval of the Shareholders at the AGM.

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

CHARITABLE DONATION

The Group did not make any charitable donation during the Year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 154. The summary does not form part of the audited financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 19 August 2025 to Friday, 22 August 2025 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "2025 AGM") to be held on Friday, 22 August 2025, during such period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 18 August 2025. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM is Friday, 22 August 2025.

The register of members of the Company will be closed from Thursday, 28 August 2025 to Friday, 29 August 2025 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to receive the proposed final dividend, during such period no transfer of shares of the Company will be registered. In order to be entitled to receive the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Wednesday, 27 August 2025. The record date for the purpose of determining the eligibility of the Shareholders to receive the proposed final dividend is Friday, 29 August 2025.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 25 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and of the Company during the Year are set out in the consolidated statement of changes in equity on page 84 and note 27 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company's reserves available for cash distribution and/or distribution in specie, computed in accordance with the Companies Law of Cayman Islands, amounted to approximately HK$341.1 million.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 12 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Fung Yui Kong *(Chairman)*
Ms. Leung Kwan Sin Rita
Dr. Wong Wai Kong

Independent non-executive Directors

Mr. Chan Hiu Fung Nicholas (resignation effective from 1 July 2025)
Mr. Ling Kwok Fai Joseph
Mr. Kam Eddie Shing Cheuk
Mr. Ng Sing Yip (appointment effective from 1 July 2025)

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 17 in this annual report.

Each of our executive Directors has entered into a service agreement with our Company for an initial term of three years commencing from the Listing Date, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term up to two years from the Listing Date.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles.

In accordance with Article 84(1), each of Ms. Leung Kwan Sin Rita, Dr. Wong Wai Kong and Mr. Ng Sing Yip will retire from office and, being eligible, offer themselves for re-election at the 2025 AGM. None of the Directors proposed for re-election at the 2025 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

Save for service contracts, no other contracts, relating to the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the Year.

RETIREMENT BENEFIT SCHEME

The Group has joined a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. No forfeited contribution under this scheme was utilised in the course of the Year or is available as at 31 March 2025 to reduce the existing level of contributions.

FUND RAISING ACTIVITIES DURING THE YEAR

During the Year, the Company had not undertaken any fund-raising activity.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

During the Year, almost all of the income and expenditure of the Group were denominated in Renminbi, Hong Kong dollars and/or United States dollars. The Group had no significant exposure to foreign exchange fluctuations and, therefore, had not taken any financial instruments for hedging purpose.

SIGNIFICANT INVESTMENTS

As at 31 March 2025, the Group had no significant investment with a value of 5% or more of the Group's total assets.

INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement or contract of significance, in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted during or at the end of the Year.

No contract of significance was entered into between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries during or at the end of the Year, whether for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries, or otherwise.

INDEMNITY PROVISION

Subject to applicable laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, pursuant to the Articles. Such provisions were in force throughout the Year and are currently in force. The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DEED OF NON-COMPETITION

Each of Generous Horizon Limited (formerly named Generous Team Limited) and Mr. Fung Yui Kong (together as the "Controlling Shareholders") had entered into a deed of non-competition dated 25 January 2021 (the "Deed of Non-competition") in favor of the Company (for itself and as trustee for the benefit of each of the members of our Group from time to time) that with effect from the Listing Date and during the term of the Deed of Non-competition (the "Restricted Period"), among other matters, he/it shall not, and shall procure that their respective close associates (other than any member of our Group) not to, whether on his/its own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, (i) engage in, participate or hold any right or interest in or render any services to or otherwise be involved in any business (whether as owner, director, operator, licensor, licensee, partner, shareholder, joint venturer, employee, consultant or otherwise) in competition with or likely to be in competition with the existing business carried on by our Group (including but not limited to the distribution of connectivity products, being devices built with electronics or optoelectronics, sensors and software for network connections, which enable these devices to transmit and receive signal or data, sourcing and distribution of components and provision of solution and application support which includes identification of customers' specifications, technical design support, and multiple functions integration and technical analysis and support to customers throughout their design and production cycle or any other ancillary businesses in relation thereto in Hong Kong, the PRC and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the "Restricted Business")); and (ii) take any action which constitutes an interference with or a disruption of the Restricted Business including, but not limited to, solicitation of our Group's customers, service providers or personnel of any member of our Group.

In order to ensure each of the Controlling Shareholders has complied with the Deed of Non-competition, the following actions have been taken:

(1) the Company has enquired with each of the Controlling Shareholders, from time to time, on whether he/it or any of his/its associates has engaged in any Restricted Business or is given any business opportunity relating to the Restricted Business;

(2) the Company has required each of the Controlling Shareholders to give a written confirmation to the Company on an annual basis as to whether he/it and his/its associates have complied with the Deed of Non-competition;

(3) each of the Controlling Shareholders has provided to the Company such written confirmation in respect of the compliance with the Deed of Non-competition by him/it and his/its associates for the Year; and

(4) the independent non-executive Directors have reviewed the status of compliance by the Controlling Shareholders with the undertakings in the Deed of Non-competition during the Year and confirmed that, so far as they can ascertain, each of the Controlling Shareholders has complied with the Deed of Non-competition.

The Company is not aware of any other matters regarding the compliance of the Deed of Non-competition that are required to be brought to the attention of the Shareholders, and there has not been any change in terms of the Deed of Non-competition for the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of conduct governing securities transactions by the Directors. All Directors, after specific enquiries by the Company, had confirmed to the Company their compliance with the required standards set out in the Model Code during the Year.

DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at 31 March 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the shares and underlying shares of the Company

Name of Directors	Interest in shares (Note 1)	Interest in share option (Note 2)	Total interests	Approximate percentage of issued share capital
Mr. Fung Yui Kong (Note 1)	672,000,000	–	672,000,000	67.54
Ms. Leung Kwan Sin Rita	–	10,000,000	10,000,000	1.01
Dr. Wong Wai Kong	–	6,500,000	6,500,000	0.65
Mr. Kam Eddie Shing Cheuk	–	300,000	300,000	0.03
Mr. Chan Hiu Fung Nicholas	–	300,000	300,000	0.03
Mr. Ling Kwok Fai Joseph	–	300,000	300,000	0.03

Note 1: 650,000,000 Shares are held by Generous Horizon Limited (formerly named Generous Team Limited), a company incorporated in the British Virgin Islands with limited liability the entire issued share capital of which is legally and beneficially owned by Mr. Fung Yui Kong. 22,000,000 Shares are repurchased Shares which are held by the Company as treasury shares. By virtue of being the controlling shareholder of the Company, Generous Horizon Limited is deemed to be interested in such Shares. As such, Mr. Fung Yui Kong is deemed to be interested in the Shares in which Generous Horizon Limited is interested under Part XV of the SFO.

Note 2: These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 25 January 2021 to subscribe for shares.

(ii) Long positions in the shares of associated corporation(s) of the Company

Name of Director	Name of associated corporation	Capacity	Number of share(s) held in the associated corporation	Percentage of issued share capital
Mr. Fung Yui Kong	Generous Horizon Limited	Beneficial owner	1	100

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

(b) Interests of substantial shareholders

As at 31 March 2025, so far as is known to the Directors, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Nature of interest	No. of shares/ underlying shares held	Percentage of issued share capital
Generous Horizon Limited	Beneficial owner	650,000,000 (Note 1)	65.33
	Other	22,000,000 (Note 1)	2.21
Ms. Lam Esther W.	Interest of spouse	672,000,000 (Note 2)	67.54

Notes:

1. Generous Horizon Limited (formerly named Generous Team Limited) is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is legally and beneficially owned by Mr. Fung Yui Kong. 650,000,000 Shares are held by Generous Horizon Limited and 22,000,000 Shares are repurchased Shares which are held by the Company as treasury shares. By virtue of being the controlling shareholder of the Company, Generous Horizon Limited is deemed to be interested in such Shares under Part XV of the SFO.

2. Ms. Lam Esther W. is the spouse of Mr. Fung Yui Kong. As such, she is deemed to be interested in the Shares in which Mr. Fung Yui Kong is interested under Part XV of the SFO.

Save as disclosed above, as at 31 March 2025, the Directors were not aware of any other person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, at no time during the Year and at the end of the financial year was the Company, its holding company or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Company and its subsidiaries and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds an equity interest. Further details of the Share Option Scheme are disclosed in note 26 to the consolidated financial statements. The remaining life of the Share Option Scheme is approximately 5 years and 6 months. There are no prescribed vesting periods applicable to all options granted under the Share Option Scheme, but the Board may determine such vesting periods as it may deem necessary and set out in the offer notice. An option may be exercised in whole or in part by the grantee (or the personal representative(s) of such grantee) at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10)-year period subject to the provisions for early termination as contained in the Share Option Scheme.

As at the date of this report, a total of 78,464,000 share options had been granted by the Company, of which 7,032,000 and no share options had lapsed in the prior years and during the Year, respectively. The number of options available for grant under the Share Option Scheme at the beginning and the end of the Year was for 28,568,000 Shares and 28,568,000 Shares respectively. A total of 100,000,000 shares were available for issue under the Share Option Scheme (including both granted share options and share options available for grant) as at the date of this report, representing approximately 10.28% of the total issued shares (excluding treasury shares) of the Company.

In the financial year ended 31 March 2022, the Company granted share options to the eligible participants to subscribe for a total of 78,464,000 ordinary shares of HK$0.01 each at the exercise price of HK$0.60 per share. Among the 78,464,000 share options granted, a total of 17,700,000 share options were granted to certain Directors in respect of their services to the Group in the forthcoming years. 38,464,000 options shall be exercisable as to 30%, 30% and 40% from the first anniversary of the date of grant, the second anniversary of the date of grant and the third anniversary of the date of grant, respectively, until the expiry of the validity period of the options. 40,000,000 options shall be exercisable as to 25%, 25%, 25% and 25% from the date falling 6 months, 12 months, 18 months and 24 months from the date of grant, respectively, until the expiry of the validity period of the options. No new share options were granted under the Share Option Scheme during the Year.

As at 31 March 2025, the following share options granted under the Share Option Scheme were outstanding:

Name or category of participant		As at 1 April 2024	Exercised during the year	Lapsed/ cancelled during the year	As at 31 March 2025	Date of grant (Note 2)	No. of option for exercise period I (Note 3)	No. of option for exercise period II (Note 4)	Exercise price per share HK$ (Note 5)	Closing price per share as at the date of grant HK$ (Note 6)	Closing price per share immediately before the date of grant HK$
Directors											
Ms. Leung Kwan Sin Rita	Executive Director	10,000,000	–	–	10,000,000	20 April 2021	5,000,000	5,000,000	0.6	0.59	0.59
Dr. Wong Wai Kong	Executive Director	6,500,000	–	–	6,500,000	20 April 2021	1,500,000	5,000,000	0.6	0.59	0.59
Mr. Kam Eddie Shing Cheuk	Non-executive Director	300,000	–	–	300,000	26 April 2021	300,000	–	0.6	0.6	0.61
Mr. Chan Hiu Fung Nicholas	Independent non-executive Director	300,000	–	–	300,000	26 April 2021	300,000	–	0.6	0.6	0.61
Mr. Ling Kwok Fai Joseph	Independent non-executive Director	300,000	–	–	300,000	26 April 2021	300,000	–	0.6	0.6	0.61
		17,400,000	–	–	17,400,000		7,400,000	10,000,000			
Employees in aggregate		54,032,000	–	–	54,032,000	20 April–12 May 2021	24,032,000	30,000,000	0.6	0.59–0.74	0.59–0.74
Total number of share options		71,432,000	–	–	71,432,000		31,432,000	40,000,000			

Notes:

1. The relevant share options were granted under the Share Option Scheme of the Company adopted on 25 January 2021.

2. All options are exercisable during the exercise periods specified in below notes 3 and 4.

3. Vesting schedule and exercise period I: 31,432,000 options shall be vested and exercisable as to 30%, 30% and 40% from the first anniversary of the date of grant, the second anniversary of the date of grant and the third anniversary of the date of grant respectively until the expiry of the validity period of the options.

4. Vesting schedule and exercise period II: 40,000,000 options shall be vested and exercisable as to 25%, 25%, 25% and 25% from the date falling 6 months, 12 months, 18 months and 24 months from the date of grant respectively until the expiry of the validity period of the options.

5. The exercise price of the share options is subject to adjustments in the event of any alternation in the capital structure of the Company.

6. The price of the Company's shares at the date of grant is the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant.

7. No information on the exercise price and the weighted average closing price of the securities immediately before the exercise date has been disclosed as there was no share option exercised during the Year.

The fair value of the share options at the date of grant was HK$23,875,000, of which the Group recognised an accumulated share option expense of HK$21,978,000 and share option reserve of HK$21,574,000 in the prior years and share option expense of HK$100,000 during the Year, respectively.

The fair value of equity-settled share options granted during the year ended 31 March 2022 was estimated as at the date of grant using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2022
Dividend yield (%)	2.20
Expected volatility (%)	77.93–78.04
Historical volatility (%)	77.93–78.04
Risk-free interest rate (%)	1.29–1.38
Expected life of options (year)	9.94–10
Weighted average share price (HK$ per share)	0.6

The expected volatility is based on the historical volatility and is not necessarily indicative of the exercise patterns that may occur, which may not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 71,432,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 71,432,000 additional ordinary shares of the Company and additional share capital of HK$714,320 and share premium of HK$42,144,880 (before issue expenses).

At the date of approval of these financial statements, the Company had 71,432,000 share options outstanding under the Scheme, which represented approximately 7.34% of the Company's shares in issue as at that date.

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

DIRECTORS' REMUNERATION

The emoluments of the Directors are decided by the Board as recommended by the Remuneration Committee having regard to the Group's operating results, the individual performance of the Directors and the comparable market statistics. The Directors' fees are in line with market practice. No individual Director should determine his/her own remuneration.

Emolument package includes, as the case may be, fees, basic salaries, housing allowances, contribution to pension schemes, discretionary bonus relating to the financial results of the Group and individual performance, ad hoc rewards, share options and other competitive fringe benefits such as medical and life insurances. Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 7 and note 8, respectively, to the consolidated financial statements in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's largest customer accounted for approximately 14.4% of the total revenue and the aggregate sales to its five largest customers in aggregate accounted for approximately 51.4% of the total revenue.

During the Year, purchases from the Group's largest supplier accounted for approximately 45.3% of the total purchase cost and the aggregate purchases from its five largest suppliers in aggregate accounted for approximately 98.1% of the total purchase cost.

To the best knowledge of the Directors, none of the Directors, their associates or any Shareholder (who to the Directors' knowledge was interested in or owned more than 5% of the issued share capital of the Company) had any interest in the customers or suppliers referred to above.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company, or existed during the Year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company repurchased a total of 27,000,000 Shares on the Stock Exchange during the Year, details of which are as follows:

Month of repurchases	Total number of Shares repurchased	Repurchase price per Share		Total amount paid for the repurchased Shares
		Highest	Lowest	
		HK$	HK$	HK$
April 2024	5,000,000	0.229	0.22	1,104,540
August 2024	17,000,000	0.238	0.193	3,626,572
September 2024	5,000,000	0.249	0.244	1,229,980

Among the above repurchased Shares, 5,000,000 Shares were cancelled in May 2024 and the remaining 22,000,000 Shares are held as treasury shares as at 31 March 2025.

The purchases of the Company's shares during the Year were effected by the Directors, pursuant to the repurchase mandate granted by the shareholders of the Company at the annual general meeting held on 25 August 2023 (for the repurchases made in April 2024) and 16 August 2024 (for the repurchases made in August 2024 and September 2024). The Board considered that the then prevailing trading price of the Shares did not reflect their intrinsic value and believed that the share repurchases demonstrated the Company's confidence in the long-term business strategy, growth and prospects of the Group, which would ultimately benefit the Company and create value for the Shareholders.

Depending on the market conditions and funding arrangements at the time, Shares repurchased and held by the Company as treasury shares may be resold on the market at market prices to raise funds for the Company, or transferred or used for other purposes, subject to compliance with the Listing Rules, the memorandum and articles of association of the Company, and the applicable laws.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group during the Year are set out in note 29 to the consolidated financial statements. None of these related party transactions fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holding of the Company's shares.

AUDITOR

Ernst & Young will retire at the conclusion of the forthcoming 2025 AGM, and being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming 2025 AGM to reappoint Ernst & Young as auditor of the Company.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, there was sufficient public float of not less than 25% of the Company's issued Shares as required under the Listing Rules as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

No significant subsequent event was undertaken by the Group after 31 March 2025 and up to the date of this annual report.

On behalf of the Board

Fung Yui Kong
Chairman

Hong Kong, 27 June 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Pangaea Connectivity Technology Limited (the "Company" or "Pangaea", and together with its subsidiaries, the "Group" or "We") hereby presents its Environmental, Social and Governance ("ESG") Report (the "Report"). The Report provides an overview of the Group's ESG policies, measures and performance for the year from 1 April 2024 to 31 March 2025 (the "Reporting Period" or "2025").

CORE BUSINESS OF THE GROUP

The Group's main activities are sourcing and distributing the connectivity products and components, and providing solution and application support to customers. The customers mainly include communications module manufacturers, network system equipment providers, providers of Internet of Things ("IoT") and connectivity solutions and products, and other distributors in the Peoples' Republic of China ("PRC" or "Mainland China").

REPORTING SCOPE

The scope of the Report mainly includes the data and activities of Hong Kong and Shenzhen offices, which are the major operating locations of the Group.

In view of the nature of the business of the Group, the Group does not pose significant environmental risks in its operations as compared to other engineering or manufacturing focused companies. As such, the scope of the Report focuses mainly on the Group's management approach in the areas of labour practices, employee benefits, supply chain management, product responsibility, anti-corruption and anti-money laundering activity and community investment.

STATEMENT FROM THE BOARD

The board (the "Board") of directors (the "Directors") of Pangaea believes that the establishment and improvement of the ESG management system can continuously promote the sustainable development of the Group. As the decision-making body for sustainable development, the Board is fully responsible for the Group's sustainable development strategies, and based on which conducts overall planning for the Group's ESG management, including providing guidance on ESG working guidelines regularly.

The Group has appointed the management to oversee the Group's ESG-related issues and works, and integrated ESG risk management into its daily risk management system for identifying and preventing major ESG risks in daily operations, mainly comprising, among the others, risks related to environmental protection, safety and operation. These risks are regularly reviewed and reported to the Board.

The management of the Group has also been appointed to set ESG-related goals, develop the sustainable development strategies, policies and measures, and review the process of implementation periodically. The communication with the stakeholders will be strengthened and the sustainable development strategies will be fine-tuned if the progress does not meet the expected targets or the conditions of operations are changed.

In the future, the Board will continue to monitor and improve the Group's measures and performance on sustainability and commit to create long-term values for all stakeholders and the communities where the business is located.

REPORTING PRINCIPLES

The Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the preparation of the Report, the Group has applied the reporting principles of materiality, quantitative, balance and consistency required in the ESG Reporting Guide.

Materiality: The Group determines material ESG issues by stakeholder engagement and materiality assessment. Details are explained in the section headed "Materiality Assessment".

Quantitative: The standards and methodologies used in the calculation of the key performance indicators ("KPI"), as well as the applicable assumptions are supplemented in notes.

Balance: The Group followed the principles of accuracy, objectivity, and fairness in reporting the sustainability performance and challenges related to the Company and stakeholders.

Consistency: The Report will continue to use consistent methodologies for meaningful comparisons in the following years unless improvements in methodology are identified.

The Report has complied with all "comply or explain" provisions outlined in the ESG Reporting Guide.

STAKEHOLDERS ENGAGEMENT

Our approach to stakeholder engagement is designed to ensure that our stakeholders' perspectives and expectations are fully understood to help define our current and future sustainability strategies.

The Group believes that the interests of all stakeholders must be taken into account in order to strengthen the relationship with our shareholders, employees, customers, suppliers, government authorities and the society as a whole.

The Group proactively engaged with the key stakeholder groups in a variety of ways to ensure effective communication of our objective and progress in relation to the following areas of concern.

Major Stakeholders	Major Communication Channels	Major Concerns
Shareholders and Investors	• Press Release, Corporate Announcements and Circulars • Annual and Interim Reports • Annual General Meetings • Websites, both of the Company and the Stock Exchange	• Profitability • Financial Stability • Development Opportunity • Information Disclosure and Transparency
Employees	• Training and Gathering Activities • Business Meetings and Briefings • Performance Appraisals	• Compensation and Benefits • Health and Safety Work Environment • Career Path
Suppliers	• Procurement Meetings • Phone Calls, WhatsApp, WeChat, Emails, Site Visit	• Quality of Products and Services • Integrity
Customers	• Customer Complaint Hotlines • Meetings and Correspondences	• Quality of Products and Services • Privacy Protection
Public Community	• Charitable and Volunteering Activities • Community Interactions	• Corporate Social Responsibilities • Community Investment and Charitable Activities
Government and Supervisory Institutions	• Major Meeting and Policy Consultation • Information Disclosures • Institutional Visits	• Compliance Operation • Environmental Protection • Corporate Responsibility

MATERIALITY ASSESSMENT

During the Reporting Period, the Group conducted the materiality assessment through internal discussion of the management and the recommendation of the ESG Reporting Guide, and according to various factors such as its strategies, development and goals, and graded ESG levels identified in relation to its business and stakeholders and their respective impact levels, and listed the top 9 major ESG issues of the Group based on the results of the assessment.

Scope	Material Issues
Operational Practices	Sanctions Law Risks* Supply Chain Management Customer Service Management Customer Privacy Protection
Environmental Practices	Greenhouse Gas Emissions Energy and Resources Consumption
Labour Practices	Employment Compliance Remuneration and Benefits Employee Turnover Minimisation

* For the details of assessing and monitoring the risks from sanction laws by the Company, please refer to the section headed "Risk Management Committee" in the corporate governance report set out on page 32 of this annual report.

A. ENVIRONMENTAL PROTECTION

As far as environmental management is concerned, though the businesses of the Group in providing the telecom and datacom connectivity product distribution services and the solution and application support do not pose significant environmental risks, the Group has actively paid attention to reduce the use of natural resources in its operations, and implement environmental control measures wherever practicable towards minimising its impact on the environment.

A.1 Emissions

In order to seek long-term sustainability of the environment, the Group is prudent in controlling its emissions, and complies with the relevant environmental laws and regulations in Hong Kong and the PRC during its daily operations. During the Reporting Period, the Group did not note any cases of material non-compliance with the applicable laws and regulations relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste and has not received any notice of violation from government authorities.

Air Emissions

Given the nature of business of the Group, only an immaterial amount of air emissions was generated from the use of corporate vehicles. Accordingly, there were no material nitrogen oxides ("NO_x"), sulphur oxides ("SO_x"), or particulate matters ("PM") emissions during the Reporting Period (2024: Nil).

Greenhouse Gas Emissions

The Group's greenhouse gas ("GHG") emissions are mainly due to electricity consumption during the operations at the workplace and the consumption of fuel for business travel and transportation by employees. During the Reporting Period, the GHG emissions are as follows:

GHG Emissions	**Unit**	**2025**	2024	**Percentage Increase (+) or Decrease (–)**
Scope 1 Direct Emissions — Car Usage	Tonnes of CO_2e	**26.84**	23.01	16.64%
Scope 2 Energy Indirect Emissions — Purchased Electricity	Tonnes of CO_2e	**108.74**	109.51	(0.70)%
Scope 3 Other Indirect Emissions				
— Paper Waste Disposal	Tonnes of CO_2e	**8.66**	6.84	26.61%
— Business Air Travel	Tonnes of CO_2e	**71.92**	44.81	60.50%
Total	Tonnes of CO_2e	**216.16**	184.17	17.37%
Intensity	Tonnes of CO_2e/m^2	**0.0959**	0.0817	17.37%

Notes:

1. The above KPIs are calculated based on Hong Kong and Shenzhen offices' data which are the key operation sites of the Group. Emission factors were made reference to Appendix C2 of the Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.

2. The figures of Scope 1 direct emissions and the intensity of GHG emissions in 2024 were restated.

3. Emission factors for purchased electricity in Hong Kong were derived from information in CLP Bills and the latest sustainability report published by Hong Kong Electric.

4. Emission factor of 0.6101 kg CO_2/kWh was used for purchased electricity in Mainland China.

5. CO_2 emissions from the Group's business air travel were calculated using the International Civil Aviation Organisation Carbon Emission Calculator.

During the Reporting Period, the total GHG emissions were 216.16 (2024: 184.17) tonnes of CO_2e with an intensity of 0.0959 (2024: 0.0817) per square foot, representing an increase of approximately 17.37% as compared to the total GHG emissions in 2024. The increase in GHG emissions was mainly due to greater operational need for off-site activities.

In order to achieve energy conservation and reduce GHG emissions, the Group has adopted a number of energy conservation measures to ensure the most efficient use of electricity and fuel consumption, reduce emission of GHG and demonstrate our determination to protect our environment, including but not limited to the following:

- Turn off the idling engines of vehicles when waiting;
- Advise employees to put their computers in hibernation mode and turn off all other office equipment when not in use;
- Switch off air conditioning systems and lighting after office hours;
- Keep all the doors and windows closed when the air conditioners are running; and
- Teleconference and internet-meeting practices are also encouraged to avoid unnecessary business travel.

For the coming year, the Group will continue to control GHG emissions and targets to lower the emissions by 1–2%.

Hazardous Waste

As far as waste management is concerned, due to our business nature, no significant hazardous waste was generated from our operations during the Reporting Period.

Non-hazardous Waste

Due to the nature of the operation of the Group, the non-hazardous waste generated are mainly paper waste and waste generated from the daily operating activities in offices and laboratories. During the Reporting Period, the total paper consumption was 1.80 (2024: 1.42) tonnes. Since the amount of other non-hazardous waste generated was insignificant, the Group had not kept records of the disposal of such items during the Reporting Period. In order to enhance environment protection, the Group has adopted a number of resource savings and efficiency measures to promote paperless office, including but not limited to the paper conservation measures as follows:

- Use printers that can print on both sides of the paper; try to look into this option when replacing old printers;
- Use recycled paper for intra-group informal documents and draft papers;
- Send electronic greetings over email or other forms of electronic applications, such as WhatsApp or WeChat, rather than faxing or writing; and
- Engage third parties for collection and handling of waste paper after shredding.
- For the coming year, the Group will continue to control the generation of waste and targets to maintain or reduce the total waste generation.

A.2 Use of Resources

The main resources consumed by the Group are electricity, water and paper. The water consumption of the Group is minimal while electricity is consumed during daily business operations in our offices and laboratories through the use of indoor lighting, air-conditioning, functioning of office equipment and equipment related to the products testing etc.

Energy Consumption

The Group's main source of energy consumption is electricity. During the Reporting Period, the energy consumption is as follows:

	Unit	**2025**	2024	**Percentage Increase (+) or Decrease (–)**
Electricity	kWh	**225,487**	218,601	3.15%
Intensity	kWh/m^2	**100.06**	97.00	3.15%

Total electricity consumption in 2025 was slightly higher than in 2024 at 225,487 kWh. The Group continues to encourage our employees to use electricity efficiently and in an environmentally friendly manner by establishing the energy-saving initiatives mentioned in A.1 in our daily operations.

For the coming year, the Group will continue to improve the efficiency of resource utilisation and targets to lower the electricity consumption by 1–2%.

Water Consumption

As the Group does not conduct any business relating to engineering or manufacturing, it does not encounter any issue in sourcing water that is fit for the purpose. Our key water usage arises from the normal consumption in offices and laboratories, including tap water and drinking water. The Group operates in premises where water supply and discharges are solely controlled by the building management, who considered the provision of water usage data to individual occupants unfeasible.

In order to promote the better utilisation and conservation of water resources, the Group has executed the following measures during our daily operations:

- Remind staff to turn off the water taps after use; and
- Endeavour to promote water conservation in the offices and laboratories.

For the coming year, the Group will continue to control its water usage and targets to maintain or reduce the total water consumption.

Packaging

Packaging materials are prepared by the vendors. During the course of the Group's business operation, it involved only the use of minimal packaging materials and thus its impacts on the environment are considered to be minimal.

A.3 Environment and Natural Resources

This aspect is not applicable to the Group's operations, as the Group's environmental impact and use of natural resources is minimal.

A.4 Climate Change

In view of the nature of the business of the Group, climate change has not posed significant impact on the Group's business operation. As such, the Group has not formulated any policy regarding climate change. The Group recognises that extreme weather events caused by climate change may negatively impact the daily operations and has accordingly prepared contingency plans for these situations. These include, but are not limited to, work-from-home arrangements for employees and insurance against damages from extreme weather events.

B. SOCIAL COMMITMENT

The Group always treats the employees as the most valuable asset to the Group. Through providing employees with competitive remuneration, welfare and career path to encourage them to not only reach their own career goals but also the goals of the Company. In order to achieve our ESG goals related to labour practices, the Group complies with labour laws and regulations to protect the rights of employees and to maintain good relationship with them.

B.1 Employment and Labour Practices

The Group is an equal opportunity employer and celebrates diversity and is committed to creating an inclusive environment for all employees.

Any form of discrimination against our potential or current employees on the grounds of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy or political inclination is strictly prohibited. The Group also forbids unlawful harassment, harassment and victimisation of any type at the workplace.

The Group has formulated "Human Resource Policy" and "Compensation and Benefits Management Policy" as guidelines for employment, termination, business conduct, social security funds, compensation, employee benefits, leave benefits, working hours/overtime and performance benefits to ensure all the process complies with the labour laws of all countries and regions where the Group's businesses are conducted, including Hong Kong's Employment Ordinance (Cap. 57 of the Laws of Hong Kong).

As at 31 March 2025, the Group had a total of 122 employees. Below figures are the detail composition of the Group's workforce.

Total Workforce	2025 Number	2025 Percentage	2024 Number	2024 Percentage
By Gender				
Male	**70**	**57.38%**	63	55.26%
Female	**52**	**42.62%**	51	44.74%
By Employment Type				
Full-Time	**120**	**98.36%**	112	98.25%
Part-Time	**2**	**1.64%**	2	1.75%
By Age Group				
21–30	**3**	**2.46%**	1	0.88%
31–40	**36**	**29.51%**	43	37.72%
41–50	**61**	**50.00%**	52	45.61%
51 or above	**22**	**18.03%**	18	15.79%
By Geographical Region				
Hong Kong	**47**	**38.52%**	42	36.84%
Mainland China	**71**	**58.20%**	68	59.65%
Other	**4**	**3.28%**	4	3.51%
Total	**122**	**100.00%**	114	100.00%

During the Reporting Period, 17 employees left the Group, representing an overall turnover rate of 14.41%. The Group has implemented various measures to minimise its employee turnover to reach the corresponding ESG goal, such as expanding communication channel between employees and management through company gathering, so that the employees can communicate more effectively and efficiently with management regard their workplace matters. During the Reporting Period, the Group has organised a variety of activities including annual dinner to motivate and to express gratitude towards employees for their effort and commitment. The Group also strengthens the staff training system to meet the career development requirement of employees at all levels; focus on the work pressure of employees and expand the development prospects of the Group so that competitive career platform can be provided to the employees.

Below is the analysis of employee turnover by different categories.

Employee Turnover	2025 Number	2025 Turnover Rate	2024 Number	2024 Turnover Rate
By Gender				
Male	**7**	**10.53%**	7	10.94%
Female	**10**	**19.42%**	15	29.13%
By Employment Type				
Full-Time	**14**	**12.07%**	18	15.86%
Part-Time	**3**	**150.00%**	4	200.00%
By Age Group				
21–30	**1**	**50.00%**	0	0.00%
31–40	**4**	**10.13%**	6	13.64%
41–50	**8**	**14.16%**	11	20.75%
51 or above	**4**	**20.00%**	5	28.57%
By Geographical Region				
Hong Kong	**13**	**29.21%**	17	38.64%
Mainland China	**4**	**5.76%**	4	5.93%
Other	**0**	**0.00%**	1	33.33%
Total	**17**	**14.41%**	22	19.05%

The Group provides a wide range of incentives, including competitive remuneration and benefits packages, which are based on individual performances and qualifications of employees and benchmarked against our industry peers on an annual basis. Benefits to full-time employees include social insurance (endowment insurance, medical insurance, work-related injury insurance, unemployment insurance and childbirth insurance), housing provident fund and annual leave benefits. In addition, the Group also provides additional supplementary benefits to full-time employees, including but not limited to the following:

1. Year-end bonus and double pay;

2. Festive occasion benefit (monetary benefits for all statutory holidays, marriage and childbirth);

3. Design-in bonus (encourage the front-line staff to complete the design-in report for every four months to apply);

4. Staff career development program (provide the promotion opportunity to staff with potential after review, to upgrade and advance themselves in their career path); and

5. Other benefits (training subsidy program, compassionate leave and allowance, employee referral bonus).

During the Reporting Period, the Group was not involved in any cases of illegal activities related to employment.

B.2 Health and Safety

The Group concerns about the health and safety of its employees and is committed to reducing the occurrence of dangerous accidents.

The Group has established "Employee Code of Conduct" and "Office Safety Policy", requiring all employees to strictly abide by all safety rules and regulations during their work in the office. The occupational health and safety measures adopted include but are not limited to, prohibiting flammable materials from being kept in the office, conducting regular checks on the fire extinguisher, and making sure the first-aid-kit is available in the office, in case of any emergency. The responsible area manager and office administrator are responsible for the office safety and reporting any accident to the Chief Operating Officer ("COO") or Chief Executive Officer ("CEO") in a timely manner.

During the Reporting Period, the Group was not aware of any violations of Hong Kong occupational health and safety laws and regulations. No work-related fatalities occurred in each of the past three years including the Reporting Period. There were no lost days due to work injury during the Reporting Period.

B.3 Development and Training

The development of employee professional skills is one of the Group's priorities. Adequate and different levels of internal and external training are provided to employees to enhance their professional skills.

New hires are provided with orientation programmes to get them familiarised with the culture and structure of the Group and the relevant department(s). For front-line employees, technical training are provided with the aims to achieve operational excellence and to enrich the employees' knowledge in relation to the businesses and services of the Group.

The Group also offers training to employees based on departmental or functional needs. For instance, related employees will receive the training on specific products provided by the suppliers to ensure they can have the adequate knowledge to fulfil their job needs. Besides, the appropriate internal training will also be provided to the employees regularly, including system training and product training.

During the Reporting Period, 60 employees, or 49.18% of the employees had undergone the appropriate training relevant to their roles. The total training duration of employees was approximately 6,740 hours, and the average training hours completed per employee (inclusive of those who did not receive training) was approximately 55.25 hours.

The percentage of employees trained and average training hours completed per employee by gender and employee category are as follows:

	2025		2024	
	Percentage of Employees Trained	**Average Training Hours per Employee**	Percentage of Employees Trained	Average Training Hours per Employee
By Gender				
Male	**38.57%**	**56.66 hrs**	26.98%	38.49 hrs
Female	**63.46%**	**53.34 hrs**	72.55%	27.43 hrs
By Employee Category				
Senior Management	**63.46%**	**8.09 hrs**	45.45%	3.09 hrs
Middle Management	**47.56%**	**59.84 hrs**	30.00%	52.24 hrs
General Staff	**48.28%**	**60.14 hrs**	84.85%	4.03 hrs
Overall	**49.18%**	**55.25 hrs**	47.37%	33.54 hrs

The Group evaluates the training objectives, training arrangements, training content according to the business needs each year and make changes when necessary. The results of the training and the performance of each individual will also be assessed and monitored closely to ensure that all employees benefit from the training.

B.4 Labour Standards

In line with the local employment laws and the relevant provisions of the International Labour Organisation, the Group prohibits the employment of child labour or any other form of forced and illegal labour.

According to the recruitment procedure, the Group requires all candidates to provide identification documents to determine if their age meets the legal age requirements. The Group strictly abides by the relevant labour regulations in Mainland China and Hong Kong regarding working hours and holidays to ensure the physical and mental health of all employees. The Human Resources Department would from time to time review the employees' files and the corresponding documents, to ensure the recruiting procedures have been properly implemented, and report to the COO in case of any non-compliance with the Employment Ordinance, including but not limited to, the discovery of child labour. If discovered, all relevant employees involved in the suspected case of child labour or forced labour would be terminated from work immediately and the Group will conduct a thorough investigation and report the case to the relevant authorities if necessary.

The Human Resources Department would timely review the time of arrival and leaving of employees to assess any unusual working hours and identify potential forced labour, in addition to the implementation of the whistle-blowing channel.

Employees are not encouraged to work beyond working hours. Overtime hours, if necessary, must not exceed legal time and the meal and travelling allowances in overtime hours will be paid in accordance with the relevant standards.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations which have a significant impact on employment and labour practices (such as child labour or forced labour), or occupational health and safety.

B.5 Supply Chain Management

Based on the business needs, the Group will mainly procure connectivity components from the manufacturer suppliers in the telecom and datacom connectivity market and to a lesser extent, their authorised distributors when the manufacturer suppliers do not have sufficient stock due to the shortage of production capacity.

The Group needs to meet certain requirements set by the manufacturers to become their authorised distributor to ensure the stable supply of the components. The manufacturers may consider the following factors for determination:

- Distributor's customer coverage;
- Technical capabilities;
- Field coverage and financial capabilities; and
- Whether the distributor's existing product offering from other manufacturers will complement or compete with its products.

Guided by the new concept of green development, the Group actively undertakes social responsibilities and contributes to the development of green supply chain. The Group would assess the environmental protection qualifications or certificates of all its suppliers to ensure their compliance with the international environmental protection requirements, including but not limited to, the commitment to compliance with the EU RoHS Directive Statements on the restrictions of the use of certain hazardous substances in electrical and electronic equipment.

When there is a shortage of supplies or when the relevant component manufacturer cannot deliver orders in time, the Group will endeavour to source similar products to replace the original products required by customers and to secure new projects that require the use of other products that are available, if the Group is not able to source alternative supplies within a short period of time.

According to the current procurement policy, the purchase of components is only made on individual orders basis, but not the bulk order. The Group will place the separate purchase orders to suppliers for each purchase. Also, the purchase prices are determined after arm's length negotiations when an order is placed.

Besides, the Group complies with national laws, regulations and social norms in an effort to cultivate a fair and healthy business environment. Anti-corruption and discipline training is organised for employees in various functions, including management and procurement. The Group also considers the supplier's integrity important, and strictly monitors and prevents commercial bribery and improper transactions with all its suppliers, and any supplier that perpetuates commercial bribery and unfair competition will be prohibited by the Group from being admitted to its list of supplier partner.

During the Reporting Period, the Group has engaged 37 major suppliers, of which 15 suppliers were from Hong Kong, 8 were from Mainland China and 4 were from United States of America. The remaining 10 suppliers were from other regions.

B.6 Product Responsibility

Sales of Goods

The Group sells the end applications to the customers, and the end applications can primarily be categorised into: (i) telecom infrastructure; (ii) data centres; (iii) IoT and network connectivity products; and (iv) commercial lasers. The components procured from the Group are primarily applied to address these end applications in the telecom and datacom connectivity market, and the types and combination of components required by customers vary on a case-by-case basis depending on the end applications and specification of the Group's customers' projects.

The Group recognises the importance of working with its business partners. Before deciding to work with the potential manufacturer suppliers, the Group has taken rigorous procedures to assess their reputation. With a comprehensive procurement policy, the Group is able to select and evaluate the manufacturer suppliers based on:

- Whether their products will complement the Group's existing production line;
- Whether their products match with the Group's strategic development plan;
- The suppliers' track record and reliability;
- Long term technological development potential of the components supplied by the supplier;
- Sales and distribution channel management of the suppliers;
- Product quality; and
- Stock availability of the components

The Group is accredited with ISO 9001:2015 in relation to its management system for management and provision of logistics and warehouse services for its business partners.

The Group is committed to working with environmentally conscious companies; and making efforts to reduce energy use, waste and pollution. As providing outstanding service to customers is one of our ESG goals, the Group seeks socially responsible companies that work with high-quality suppliers who have high ethical standards, are able to exceed customers' expectation and planning, interact with the government and regulators with integrity, make sound operational decisions to maximise positive impacts while minimising negative impacts on the community. The Group evaluates these manufacturer suppliers and focuses on their transparency and accountability, corporate governance and their performance in environmental, social and worker rights.

In our connectivity products business, we maintain high quality of products and services to our customers. In the event that the products are identified to be defective and a recall is necessary to be initiated, we will directly notify each customer in a timely manner. Subject to the severity of the identified defect, we may assist the customers to ship back the products to our suppliers for repair or changes of parts.

During the Reporting Period, no products sold or shipped were subject to recalls for safety and health reasons, and no complaint about the products and services related to health and safety issues was received.

Rendering of Services

The Group renders the services to customers, and the scope of services rendered varies depending on the customers' needs and the terms of the contract the Group entered into with the relevant customers. The scope of services may include rendering administrative, sales and support services to customers and/or customers designated by such manufacturer suppliers for the purposes of developing and promoting their business.

In addition, the Group's manufacturer suppliers may request the Group to provide the support services to them or their designated customers, in view of the Group's strong design and technical capabilities.

Protection of Customer's Data and Intellectual Property

The Group takes active steps to protect its trademarks and other intellectual property rights by completing the necessary filing and registration. The trademarks of the Company's name and logo are registered with the authorities in Hong Kong and Mainland China. Without the consent of the Group, staff, customers and suppliers are not authorised to use any registered trademark(s) of the Group for any purposes, nor shall they participate in or assist in any activity that may infringe on the intellectual property rights of the Group. On the other hand, the Group also respects the intellectual property rights of third parties and provides guidance to its staff to ensure that there is no infringement of the intellectual property rights of third parties in the business operations of the Group. The Group is not aware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us, during the Reporting Period.

The Group handles a large amount of corporate data and credit information of its customers and regards the maintenance of customer privacy as an important area for maintaining good corporate governance. To protect the confidentiality of customer data, the Group has implemented rigorous policies and procedures to ensure a high degree of alertness among staff members in protecting customer data, and to reach our ESG goal of customers privacy protection.

The Group has established the "Confidentiality and Non-Disclosure Agreement", which the employees are required to sign when commencing employment with the Company. In addition, as specified in the "Employee Code of Conduct", the Group's employees are required to sign a "Confidentiality Letter" acknowledging their rights and obligations under data protection and to provide employees with an understanding of confidentiality and clear guidelines regarding handling of confidential information.

In addition, access to confidential information or documents is restricted and granted on a need-to-know basis. During the Reporting Period, the Group did not receive any complaints from customers regarding the confidentiality of personal information.

Handling of Complaints

The Group has established policies and procedures for handling complaints in relation to logistics operations. The Group's COO, the Senior Logistics Manager and the Logistic Manager will have the corresponding responsibilities in handling complaints, including but not limited to proposing and properly implementing the corrective action plan, communicating with the CEO on special and major cases, and following internal procedures to ensure all necessary measures are taken.

During the Reporting Period, the Group has not been notified of any violation of laws regarding product or services responsibility.

B.7 Anti-Corruption and Anti-Money Laundering

The Group stands against any form of bribery, extortion, fraud, and has a zero-tolerance policy towards misconduct.

To achieve this, the Group has specified the "Illegally receipt of benefits" section in the "Employee Code of Conduct" and established "Whistle Blowing Channel", in accordance with the relevant regulatory laws and standards to promote anti-corruption principles and consistent organisational behaviours by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

A whistle blowing channel has been put in place for our employees to raise any concerns in good faith if they have their concerns and address such concerns in a proper manner without any fear of receiving any negative impacts. Employees are also required to sign a statement of acknowledgement and agreement to their obligations and responsibilities regarding anti-corruption policy to ensure that all staff have been notified that no bribery, extortion or fraud would be tolerated. The Group encourages the reporting of suspected business irregularities and provides clear channels specifically for this purpose. The Company is committed to creating a corporate culture of integrity and justice by accepting internal complaints and whistleblowing. All employees may directly contact the COO and the senior management in charge of such matters for lodging a complaint or whistleblowing. The current whistleblowing procedures of the Company include direct mails to the senior management of the Company and direct communication with the COO in company gatherings, for reporting any misconduct or dishonest activities such as suspected corruption, fraud and other forms of crime. The Group is committed to adhering to the highest integrity and ethical standards.

The Directors and senior management will also receive training on rules and regulations (including anti-corruption and anti-money laundering) arranged by the Company from time to time and conducted by qualified professionals to ensure that the parties will have adequate and up-to-date knowledge and information to handle the corresponding situations. During the Reporting Period, the Company has arranged anti-corruption training for all three executive Directors, with a training duration of 2 hours.

The Group was not involved in any cases of violations related to corruption during the Reporting Period, nor was it involved in anti-corruption litigation cases related to the Group and the employees.

B.8 Community Investment

The Group is committed to contributing our available resources to support our community and encourage our employees to participate in various charitable and voluntary activities. Also, the Group encourages the staff to participate in social and charitable activities, and make a donation to non-profit organisations periodically, on their own initiative.

The Group seeks to preserve the future of our environment and to fight against climate change. We discuss with different green groups from time to time and will integrate the views from different stakeholders into our daily operation, with a view to achieving effective solutions for a sustainable future.

The Group will continue to uphold the principle of being responsible for its shareholders and investors, employees, suppliers, customers, public community and will seek further development opportunities to maintain a harmonious relationship with its stakeholders.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Pangaea Connectivity Technology Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Pangaea Connectivity Technology Limited (the "Company") and its subsidiaries (the "Group") set out on pages 80 to 153, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Inventory provision	
As at 31 March 2025, the Group had net inventories of HK$135,918,000, which represented 18% and 16% of the Group's current assets and total assets, respectively. The estimation of the inventory provision requires significant management judgement and estimates, which include the ageing of inventories, expected future sales of inventories, market demand and technological changes. Related disclosures about inventories are included in notes 2.6, 6 and 16 to the consolidated financial statements.	We recalculated the inventory provision under the Group's policy and assessed the assumptions used in the inventory provision calculation by assessing the basis of the inventory provision policy and checking the inventory ageing information and the sales orders on hand and subsequent sales information, on a sampling basis. We also observed physical inventory counts at selected locations and checked the conditions of selected samples of inventories.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, 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 scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Ka Wing (practising certificate number: P07059).

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

27 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2025

	Notes	**2025 HK$'000**	2024 HK$'000
REVENUE	4	**2,128,233**	1,384,011
Cost of sales		**(1,907,122)**	(1,266,936)
Gross profit		**221,111**	117,075
Other income and gains, net	4	**8,082**	7,062
Selling and distribution costs		**(49,624)**	(38,535)
Administrative expenses		**(110,769)**	(89,985)
Finance costs	5	**(30,983)**	(28,586)
PROFIT/(LOSS) BEFORE TAX	6	**37,817**	(32,969)
Income tax credit/(expenses)	9	**(7,297)**	3,708
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**30,520**	(29,261)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (HK cents)	11	**3.09**	(2.93)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**30,520**	(29,261)
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a foreign operation	**(245)**	(1,090)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Net gain/(loss) on an equity investment at fair value through other comprehensive income	**1,498**	(1,401)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**1,253**	(2,491)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**31,773**	(31,752)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**49,284**	43,110
Intangible asset	13	**7,221**	6,497
Financial assets at fair value through profit or loss	14	**19,236**	19,165
Equity investment at fair value through other comprehensive income	15	**12,161**	10,663
Prepayments and deposits	18	**2,152**	244
Deferred tax assets	24	**1,571**	8,194
Total non-current assets		**91,625**	87,873
CURRENT ASSETS			
Inventories	16	**135,918**	226,997
Trade and bills receivables	17	**398,237**	336,187
Prepayments, deposits, other receivables and other assets	18	**30,602**	25,640
Pledged bank deposits	19	**116,248**	107,081
Cash and cash equivalents	19	**64,144**	64,101
Total current assets		**745,149**	760,006
CURRENT LIABILITIES			
Trade payables	20	**200,388**	272,178
Other payables, accruals and contract liabilities	21	**81,895**	65,846
Interest-bearing bank borrowings	22	**37,007**	22,491
Trust receipt loans	22	**259,501**	258,258
Lease liabilities	23	**6,085**	3,978
Tax payable		**2,817**	2,295
Total current liabilities		**587,693**	625,046
NET CURRENT ASSETS		**157,456**	134,960
TOTAL ASSETS LESS CURRENT LIABILITIES		**249,081**	222,833
NON-CURRENT LIABILITIES			
Lease liabilities	23	**4,231**	3,979
Deferred tax liabilities	24	**807**	672
Total non-current liabilities		**5,038**	4,651
Net assets		**244,043**	218,182

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	**2025** **HK$'000**	2024 HK$'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	**9,950**	10,000
Reserves	27	**234,093**	208,182
Total equity		**244,043**	218,182

Fung Yui Kong
Director

Wong Wai Kong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2025

	Attributable to owners of the parent									
	Share capital HK$'000	Share premium* HK$'000	Treasury shares* HK$'000	Contributed surplus* HK$'000	Exchange fluctuation reserve* HK$'000	Fair value reserve of equity investment reserve* HK$'000	Share option reserve* HK$'000	Other reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 April 2023	10,000	105,146	–	625	(1,782)	2,278	20,446	–	111,835	248,548
Loss for the year	–	–	–	–	–	–	–	–	(29,261)	(29,261)
Other comprehensive loss for the year:										
Exchange differences on translation of a foreign operation	–	–	–	–	(1,090)	–	–	–	–	(1,090)
Net loss on an equity investment at fair value through other comprehensive income	–	–	–	–	–	(1,401)	–	–	–	(1,401)
Total comprehensive loss for the year	–	–	–	–	(1,090)	(1,401)	–	–	(29,261)	(31,752)
Share-based payment expense	–	–	–	–	–	–	1,386	–	–	1,386
Transfer to retained profits	–	–	–	–	–	–	(258)	–	258	–
At 31 March 2024 and 1 April 2024	**10,000**	**105,146**	**–**	**625**	**(2,872)**	**877**	**21,574**	**–**	**82,832**	**218,182**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30,520**	**30,520**
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of a foreign operation	**–**	**–**	**–**	**–**	**(245)**	**–**	**–**	**–**	**–**	**(245)**
Net gain on an equity investment at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**1,498**	**–**	**–**	**–**	**1,498**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**(245)**	**1,498**	**–**	**–**	**30,520**	**31,773**
Repurchase of shares	**–**	**–**	**(6,012)**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,012)**
Cancellation of shares	**(50)**	**–**	**1,113**	**–**	**–**	**–**	**–**	**(1,063)**	**–**	**–**
Share-based payment expense	**–**	**–**	**–**	**–**	**–**	**–**	**100**	**–**	**–**	**100**
At 31 March 2025	**9,950**	**105,146**	**(4,899)**	**625**	**(3,117)**	**2,375**	**21,674**	**(1,063)**	**113,352**	**244,043**

* These reserve accounts comprise the consolidated reserves of HK$234,093,000 (2024: HK$208,182,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**37,817**	(32,969)
Adjustments for:			
Finance costs	5	**30,983**	28,586
Depreciation of property, plant and equipment	6	**11,179**	10,365
Amortisation of intangible assets	6	**1,351**	–
Gain on disposal of items of property, plant and equipment	6	**(142)**	(1)
Impairment/(reversal of impairment) of trade receivables	6	**(1,250)**	1,747
Provision for inventories	6	**1,997**	346
Equity-settled share option expense	26	**100**	1,386
Fair value loss on financial assets at fair value through profit or loss	4	**(71)**	(361)
Gain on disposal of a convertible bond	4	**–**	(404)
Interest income	4	**(5,089)**	(5,453)
		76,875	3,242
Decrease in inventories		**89,161**	60,228
Increase in trade and bills receivables		**(60,800)**	(197,961)
Increase in prepayments, deposits, other receivables and other assets		**(6,870)**	(1,871)
Increase/(decrease) in trade payables		**(71,790)**	205,731
Increase in other payables, accruals and contract liabilities		**16,049**	30,578
Exchange realignment		**(323)**	(464)
Cash generated from operations and net cash flows from operating activities		**42,302**	99,483
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**5,089**	5,453
Purchase of owned items of property, plant and equipment		**(8,851)**	(1,093)
Proceeds from disposal of items of property, plant and equipment		**154**	–
Addition to intangible assets	13	**(2,140)**	–
Withdrawal of pledged bank deposits		**–**	1,534
Placement of pledged bank deposits		**(9,167)**	–
Proceeds from disposal of a convertible bond		**–**	9,516
Net cash flows from/(used in) investing activities		**(14,915)**	15,410

continued/...

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares		**(6,012)**	–
New trust receipt loans		**1,460,534**	918,904
Repayment of trust receipt loans		**(1,459,291)**	(901,738)
New other bank loans		**949,377**	667,410
Repayment of other bank loans		**(934,710)**	(765,702)
Interest paid		**(30,983)**	(28,586)
Repayment of the principal portion of lease liabilities		**(6,309)**	(5,943)
Net cash flows used in financing activities		**(27,394)**	(115,655)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(7)**	(762)
Cash and cash equivalents at beginning of year		**64,101**	64,827
Effect of foreign exchange rate changes, net		**50**	36
CASH AND CASH EQUIVALENTS AT END OF YEAR		**64,144**	64,101
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	19	**64,144**	64,101

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 5 July 2018. The registered office of the Company is located at the offices of Conyers Trust Company (Cayman) Limited, whose registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is located at Room 902-906, 9/F Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the import and export of electronic components including commercial lasers and connectivity products which are used in telecom and datacom connectivity industry for different end applications such as telecom infrastructure, data centres, high performance computing, internet of things ("IoT") and network connectivity products.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Generous Horizon Limited (formerly known as Generous Team Limited), which is a limited liability company incorporated in the British Virgin Islands (the "BVI") and wholly owned by Mr. Fung Yui Kong ("Mr. Fung"), the chairman and one of the executive directors of the Company.

Information about subsidiaries

Name	Place of incorporation/ registration and business	Issued ordinary/ paid-up share capital 2025	2024	Percentage of equity attributable to the Company 2025	2024	Principal activities
Indirectly held						
Pangaea (H.K.) Limited#	Hong Kong	**HK$624,001**	HK$624,001	**100**	100	Import and export of connectivity products
Pangaea Telecom Technology (Shenzhen) Company Limited# ("Pangaea SZ") (note (a))	People's Republic of China ("PRC")/ Mainland China	**US$2,000,000**	US$2,000,000	**100**	100	Trading of connectivity products
PGA Mobile Company Limited#	Hong Kong	**HK$40,000**	HK$40,000	**100**	100	Investment holding
環聯移動科技有限公司#	Republic of China	**TW$1,000,000**	TW$1,000,000	**100**	100	Provision of sales and technical support services

\# No movement of share capital during the year ended 31 March 2025

Note:

(a) Pangaea SZ is registered as a wholly-foreign-owned enterprise under PRC law.

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for certain investments and financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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 members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

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

    The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Issued but not yet effective HKFRS Accounting Standards

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[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/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing* HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies

Fair value measurement

The Group measures its financial assets at fair value through profit or loss and equity investment at fair value through other comprehensive income at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the year in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets

Buildings	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture and fixtures	20%
Motor vehicles	20%
Office equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Exclusive rights

Exclusive rights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 6 years.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the leases (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	41 to 44 years
Leasehold buildings	2 to 4 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group's right-of-use assets are included in property, plant and equipment.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Leases (Continued)

Group as a lessee *(Continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the leases at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change in future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (''SPPI'') on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Impairment of financial assets (Continued)

General approach *(Continued)*

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings and trust receipt loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first- out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Revenue recognition (Continued)

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Provision of agency and consultancy services

Revenue from the provision of agency and consultancy services is recognised at the point in time upon completion of the services, or recognised over time when the customer simultaneously received and consumed the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration of the interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model, further details of which are given in note 26 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Share-based payments (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. All borrowing costs are expensed in profit or loss in the period in which they are incurred.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2. ACCOUNTING POLICIES *(Continued)*

2.5 Material accounting policies *(Continued)*

Foreign currencies (Continued)

The functional currency of an overseas subsidiary is a currency other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of this entity are translated into Hong Kong dollars at the exchange rate prevailing at the end of the reporting period and its statement of profit or loss is translated into Hong Kong dollars at the exchange rate that approximates to those prevailing at the dates of the transactions for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rate for the year.

2.6 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2. ACCOUNTING POLICIES *(Continued)*

2.6 Significant accounting judgements and estimates *(Continued)*

Estimation uncertainty (Continued)

Provision for expected credit losses on trade and bills receivables *(Continued)*

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 17 to the financial statements.

Allowance for obsolete inventories

The management of the Group reviews the inventories' ageing analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. Management estimates the allowance for obsolete and slow-moving inventory items based primarily on the latest invoice prices and current market conditions. Further details are included in note 6 to the financial statements.

Fair value of investments in life insurance policies

The investments in life insurance policies have been valued with reference to the quoted surrender values of the policies at the date of withdrawal which were the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Group to make estimates about expected future cash flows, credit risk, volatility and discount rates, and hence they are subject to uncertainty. The fair value of the investments in life insurance policies at 31 March 2025 was HK$19,236,000 (2024: HK$19,165,000). Further details are included in note 14 to the financial statements.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of HK$8,442,054 (2024: HK$47,690,778) carried forward. These losses related to a subsidiary that has a history of losses, has not expired, and may not be used to offset taxable income elsewhere in the Group. Further details on deferred taxes are disclosed in note 24 to the financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the import and export of electronic components including commercial lasers and connectivity products which are used in telecom and datacom connectivity industry for different end applications such as telecom infrastructure, data centres, high performance computing, IoT and network connectivity products.

Almost all of the Group's products are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are attributable to a single reportable operating segment.

Geographical information

(a) *Revenue from external customers*

	2025 **HK$'000**	2024 HK$'000
Hong Kong	**475,582**	217,961
Mainland China	**1,492,982**	1,032,207
Other countries/regions	**159,669**	133,843
Total revenue	**2,128,233**	1,384,011

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2025 **HK$'000**	2024 HK$'000
Hong Kong	**36,297**	34,806
Mainland China	**22,337**	15,045
Other countries/regions	**23**	–
Total non-current assets	**58,657**	49,851

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue derived from sales to individual customers which contributed over 10% of the total revenue of the Group during the year is as follows:

	2025	2024
	HK$'000	HK$'000
Customer A	**305,553**	246,670
Customer B	**255,634**	218,656
Customer C*	**213,624**	N/A*
Total	**774,811**	465,326

* Revenue from sales to Customer C accounted for less than 10% of the total revenue of the Group for the year ended 31 March 2024.

The above amounts include sales to a group of entities which are known to be under common control with these customers.

4. REVENUE AND OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2025	2024
	HK$'000	HK$'000
Revenue from contracts with customers		
Sale of goods	**2,120,330**	1,379,466
Rendering of services	**7,903**	4,545
Total	**2,128,233**	1,384,011

4. REVENUE AND OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

	2025 **HK$'000**	2024 HK$'000
Timing of revenue recognition		
At a point in time	**2,128,233**	1,384,011

Set out below is the amount of revenue recognised in the current reporting period that was included in contract liabilities at the beginning of the reporting period:

	2025 **HK$'000**	2024 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Sale of goods	**58,612**	30,873

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days from delivery for such transfer.

Agency and consultancy services

The performance obligation is satisfied at the point in time upon completion of the services and payment is generally due upon completion of the services and customer acceptance.

4. REVENUE AND OTHER INCOME AND GAINS, NET *(Continued)*

An analysis of other income and gains, net is as follows:

	2025 HK$'000	2024 HK$'000
Bank interest income	**5,089**	5,141
Other interest income from financial assets at fair value through profit or loss	**–**	312
Exchange differences, net	**–**	97
Fair value gains on financial assets at fair value through profit or loss	**71**	361
Government subsidies*	**–**	25
Gain on disposal of items of property, plant and equipment	**142**	1
Sundry income, net	**2,780**	721
Gain on disposal of a convertible bond	**–**	404
Total other income and gains, net	**8,082**	7,062

* During the year ended 31 March 2024, government grants of HK$25,000 represented subsidies received from the government authorities in the PRC for employment stabilisation. There were no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

5. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on bank borrowings	**30,478**	28,217
Interest on lease liabilities	**505**	369
Total	**30,983**	28,586

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2025 **HK$'000**	2024 HK$'000
Cost of inventories sold	**1,904,740**	1,266,574
Cost of services provided	**385**	16
Depreciation	**11,179**	10,365
Amortisation of intangible assets	**1,351**	–
Research and development costs#	**9,347**	9,630
Gain on disposal of items of property, plant and equipment	**(142)**	(1)
Auditor's remuneration		
— annual audit	**1,760**	1,710
Impairment/(reversal of impairment) of trade receivables^	**(1,250)**	1,747
Provision for inventories^^	**1,997**	346
Staff costs (excluding directors' remuneration — note 7):		
Wages and salaries	**36,924**	38,882
Equity-settled share option expense	**83**	1,017
Pension scheme contributions*	**6,279**	5,864
Total	**43,286**	45,763
Lease payments not included in the measurement of lease liabilities	**542**	416
Foreign exchange differences, net	**606**	(97)
Fair value gain on financial assets at fair value through profit or loss	**(71)**	(765)

Research and development costs include HK$9,347,000 (2024: HK$9,396,000) relating to staff costs for research and development activities, which are also included in the total amount disclosed above for staff costs for the year.

^ Impairment/(reversal of impairment) of trade receivables is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

^^ Provision for inventories is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK$'000	2024 HK$'000
Fees	720	840
Other emoluments:		
Salaries, allowances, bonuses and benefits in kind*	15,285	13,622
Equity-settled share option expense	17	369
Pension scheme contributions	509	511
Total	16,531	15,342

* The market rental of the Group's property, which was used by Mr. Fung Yui Kong ("Mr. Fung") at nil consideration, was HK$1,088,000 (2024: HK$1,071,000) during the year.

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which were set out in note 26 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

7. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive directors

The remuneration paid to independent non-executive directors during the year was as follows:

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2025			
Mr. Kam, Eddie Shing Cheuk**	**240**	**–**	**240**
Mr. Ling Kwok Fai, Joseph	**240**	**–**	**240**
Mr. Chan Hiu Fung, Nicholas	**240**	**–**	**240**
Total	**720**	**–**	**720**

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2024			
Mr. Sze Wing Chun*	120	1	121
Mr. Kam, Eddie Shing Cheuk**	120	–	120
Mr. Ling Kwok Fai, Joseph	240	1	241
Mr. Chan Hiu Fung, Nicholas	240	1	241
Total	720	3	723

* Mr. Sze Wing Chun resigned from an independent non-executive director with effect from 1 October 2023.

** Mr. Kam, Eddie Shing Cheuk was re-designated from non-executive director to independent non-executive director with effect from 1 October 2023.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

7. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and a non-executive director

	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2025					
Executive directors:					
Mr. Fung#	**4,340**	**3,542**	**–**	**325**	**8,207**
Ms. Leung Kwan Sin	**1,748**	**1,921**	**11**	**87**	**3,767**
Dr. Wong Wai Kong	**1,933**	**1,801**	**6**	**97**	**3,837**
Total	**8,021**	**7,264**	**17**	**509**	**15,811**

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2024						
Executive directors:						
Mr. Fung#	–	4,323	5,271	–	325	9,919
Ms. Leung Kwan Sin	–	1,773	161	274	89	2,297
Dr. Wong Wai Kong	–	1,933	161	91	97	2,282
Subtotal	–	8,029	5,593	365	511	14,498
Non-executive director						
Mr. Kam, Eddie Shing Cheuk**	120	–	–	1	–	121
Total	120	8,029	5,593	366	511	14,619

Mr. Fung also acts as the chief executive officer and the chairman of the Group.

** Mr. Kam, Eddie Shing Cheuk was re-designated from non-executive director to independent non-executive director with effect from 1 October 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2024: three directors), details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining two (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries, allowances and benefits in kind	**3,236**	3,359
Performance related bonuses	**330**	280
Pension scheme contributions	**162**	168
Total	**3,728**	3,807

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**1**	1
Total	**2**	2

During the year, no remuneration was paid by the Group to any of the non-director, non-chief executive and highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tired profits tax regime. The first HK$2,000,000 (2024: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). The Company's subsidiary operating in Mainland China is subject to the prevailing PRC income tax rate of 25%.

	2025 **HK$'000**	2024 HK$'000
Current — PRC		
Charge for the year	**535**	447
Current — Taiwan		
Charge for the year	**11**	–
Deferred tax (note 24)	**6,751**	(4,155)
Total tax charge/(credit) for the year	**7,297**	(3,708)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense/(credit) at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rate, are as follows:

	2025 **HK$'000**	2024 HK$'000
Profit/(loss) before tax	**37,817**	(32,969)
Tax charge/(credit) at the applicable rates	**6,172**	(5,629)
Income not subject to tax	**(558)**	(249)
Expenses not deductible for tax	**1,571**	945
Others	**112**	1,225
Tax charge/(credit) at the effective rate	**7,297**	(3,708)

10. DIVIDENDS

	2025 **HK$'000**	2024 HK$'000
Proposed final — HK1.0 cent (2024: Nil) per ordinary share	**9,730**	–

The proposed final dividend of the Company for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings (2024: loss) per share attributable to ordinary equity holders of the parent is based on the profit for the year attributable to ordinary equity holders of the parent of HK$30,520,000 (2024: loss of HK$29,261,000) and the weighted average number of ordinary shares of 988,406,000 (2024: 1,000,000,000) outstanding during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic earnings/loss per share amounts presented for the years ended 31 March 2025 and 2024 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2025 and 2024.

12. PROPERTY, PLANT AND EQUIPMENT

	Owned assets						Right-of-use assets			
	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Subtotal HK$'000	Land HK$'000	Buildings HK$'000	Subtotal HK$'000	Total HK$'000
31 March 2025										
Cost:										
At 1 April 2024	10,429	16,138	7,176	4,334	12,407	50,484	30,130	46,798	76,928	127,412
Additions	–	2,275	123	1,175	5,278	8,851	–	8,668	8,668	17,519
Disposal	–	–	–	(2,187)	(6)	(2,193)	–	(30,831)	(30,831)	(33,024)
Exchange realignment	(18)	(50)	(17)	(15)	(143)	(243)	(30)	(570)	(600)	(843)
At 31 March 2025	10,411	18,363	7,282	3,307	17,536	56,899	30,100	24,065	54,165	111,064
Accumulated depreciation:										
At 1 April 2024	3,283	12,682	5,001	3,503	8,776	33,245	12,104	38,953	51,057	84,302
Provided during the year	242	1,148	627	412	1,532	3,961	850	6,368	7,218	11,179
Disposal	–	–	–	(2,175)	(6)	(2,181)	–	(30,831)	(30,831)	(33,012)
Exchange realignment	3	(48)	(13)	(11)	(73)	(142)	(14)	(533)	(547)	(689)
At 31 March 2025	3,528	13,782	5,615	1,729	10,229	34,883	12,940	13,957	26,897	61,780
Net book value:										
At 31 March 2025	6,883	4,581	1,667	1,578	7,307	22,016	17,160	10,108	27,268	49,284

	Owned assets						Right-of-use assets			
	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Subtotal HK$'000	Land HK$'000	Buildings HK$'000	Subtotal HK$'000	Total HK$'000
31 March 2024										
Cost:										
At 1 April 2023	10,428	16,369	6,837	4,391	12,559	50,584	30,521	36,668	67,189	117,773
Additions	–	355	397	–	341	1,093	–	10,766	10,766	11,859
Disposal	–	(414)	–	–	(150)	(564)	–	(521)	(521)	(1,085)
Exchange realignment	1	(172)	(58)	(57)	(343)	(629)	(391)	(115)	(506)	(1,135)
At 31 March 2024	10,429	16,138	7,176	4,334	12,407	50,484	30,130	46,798	76,928	127,412
Accumulated depreciation:										
At 1 April 2023	3,082	11,696	4,352	3,088	7,856	30,074	11,469	33,623	45,092	75,166
Provided during the year	242	1,404	682	441	1,190	3,959	850	5,556	6,406	10,365
Disposal	–	(250)	–	–	(64)	(314)	–	(196)	(196)	(510)
Exchange realignment	(41)	(168)	(33)	(26)	(206)	(474)	(215)	(30)	(245)	(719)
At 31 March 2024	3,283	12,682	5,001	3,503	8,776	33,245	12,104	38,953	51,057	84,302
Net book value:										
At 31 March 2024	7,146	3,456	2,175	831	3,631	17,239	18,026	7,845	25,871	43,110

13. INTANGIBLE ASSET

	Exclusive rights HK$'000
31 March 2025	
Cost at 1 April 2024, net of accumulated amortisation	**6,497**
Addition	**2,140**
Amortisation provided during the year	**(1,351)**
Exchange realignment	**(65)**
At 31 March 2025	**7,221**
At 31 March 2025:	
Cost	**8,572**
Accumulated amortisation	**(1,351)**
Net carrying amount	**7,221**

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**2025 HK$'000**	2024 HK$'000
Life insurance policies, at fair value	(a)	**19,236**	19,165

Note:

(a) In prior years, the Group entered into three life insurance policies with insurance companies to insure Mr. Fung. Under the policies, the beneficiary and policy holder is the Group.

The Group was required to pay annual premium up to 2019 for one of the life insurance policies and one-off premium payments of US$543,000 and US$850,000, respectively (equivalent to approximately HK$10,868,000 in total) for the remaining two life insurance policies. The Group can terminate the policies at any time and receive cash back based on the surrender values of the policies at the date of withdrawal (the "Surrender Values").

The investments in the life insurance policies are denominated in United States dollars ("US$") or Hong Kong dollars ("HK$") and the fair values were determined with reference to the Surrender Values of the policies provided by the insurance companies. In the opinion of the directors, the Surrender Values of the policies provided by the insurance companies were the best approximation of their fair values, which were categorised within Level 3 of the fair value hierarchy.

The investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As at 31 March 2025 and 2024, the life insurance policies were pledged to banks to secure banking facilities granted to the Group (note 22).

15. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK$'000	2024 HK$'000
Unlisted equity investment, at fair value		
PI Semiconductor (Shenzhen) Company Limited	**12,161**	10,663

The above unlisted equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

16. INVENTORIES

	2025 HK$'000	2024 HK$'000
Finished goods	**135,918**	226,997

17. TRADE AND BILLS RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	**387,453**	338,769
Less: Impairment of trade receivables	**(638)**	(3,340)
Net carrying amount	**386,815**	335,429
Bills receivable	**11,422**	758
Total	**398,237**	336,187

The Group's trading terms with its customers are mainly on credit with terms of one month, extending up to three months for major customers. Overdue balances are reviewed regularly by senior management. As at 31 March 2025, the Group has certain concentration of credit risk that may arise from the exposure to its five largest customers and the largest customer which accounted for approximately 54.3% (2024: 63.5%) and 21.4% (2024: 19.9%) of the Group's total trade receivables, respectively. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

17. TRADE AND BILLS RECEIVABLES *(Continued)*

An ageing analysis of the trade and bills receivables based on the invoice date and net of loss allowance, is as follows:

	2025 HK$'000	2024 HK$'000
Within 1 month	**378,315**	275,841
1 to 3 months	**15,109**	36,119
3 to 6 months	**1,639**	23,442
Over 6 months	**3,174**	785
Total	**398,237**	336,187

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of year	**3,340**	1,595
Impairment losses/(reversal of impairment losses) (note 6)	**(1,250)**	1,747
Amount written off as uncollectible	**(1,452)**	(2)
At end of year	**638**	3,340

The Group has applied the simplified approach in calculating impairment for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics. ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

17. TRADE AND BILLS RECEIVABLES *(Continued)*

As at 31 March 2025

	Expected credit loss rate	Gross carrying amount HK$'000	Expected credit losses HK$'000
Current and past due for less than 1 month	**0.000%**	**369,673**	**–**
Past due for 1 to 3 months	**0.000%**	**15,109**	**–**
Past due for 3 to 6 months	**0.606%**	**1,649**	**10**
Past due for over 6 months	**61.448%**	**1,022**	**628**
Total	**0.165%**	**387,453**	**638**

As at 31 March 2024

	Expected credit loss rate	Gross carrying amount HK$'000	Expected credit losses HK$'000
Current and past due for less than 1 month	0.000%	275,841	–
Past due for 1 to 3 months	0.031%	36,130	11
Past due for 3 to 6 months	5.262%	24,744	1,301
Past due for over 6 months	98.734%	2,054	2,028
Total	0.986%	338,769	3,340

For bills receivable, based on historical data and management's analysis, loss on collection is not material and hence no provision is considered.

As at 31 March 2025, bills receivable of HK$11,422,000 (2024: HK$758,000) and trade receivables of HK$3,271,000 (2024: HK$27,267,000) were pledged to banks to secure banking facilities granted to the Group (note 22).

18. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	2025 HK$'000	2024 HK$'000
Prepayments		**3,536**	2,070
Deposits and other receivables	(i)	**29,218**	23,814
Total		**32,754**	25,884
Less: Non-current portion		**(2,152)**	(244)
Current portion		**30,602**	25,640

Note:

(i) Deposits and other receivables that were neither past due nor collectively considered to be impaired were not past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default. As at 31 March 2025 and 2024, the loss allowance was assessed to be minimal.

19. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2025 HK$'000	2024 HK$'000
Cash and bank balances	**64,144**	64,101
Time deposits*	**116,248**	107,081
Total	**180,392**	171,182
Less: Pledged bank deposits (note 22)	**(116,248)**	(107,081)
Cash and cash equivalents	**64,144**	64,101
Denominated in:		
HK$	**(79)**	1,745
RMB	**4,836**	4,670
US$	**175,404**	164,634
Others	**231**	133
Total	**180,392**	171,182

* The balance included time deposits with original maturity of over three months which was HK$3,900,000 as at 31 March 2024.

19. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS *(Continued)*

The Renminbi ("RMB") is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one month and three months (2024: varying periods of three months) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 **HK$'000**	2024 HK$'000
Within 30 days	**190,360**	131,465
31 to 90 days	**713**	121,154
Over 120 days	**9,315**	19,559
Total	**200,388**	272,178

The trade payables are non-interest-bearing and are normally settled on terms of one to two months.

21. OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	2025 **HK$'000**	2024 HK$'000
Other payables	**1,826**	2,250
Accruals	**12,609**	4,984
Contract liabilities (note)	**67,460**	58,612
Total	**81,895**	65,846

Other payables of the Group are non-interest-bearing and are normally settled within one to three months.

Note: The increase in contract liabilities in 2025 and 2024 was mainly due to the increase in advances received from customers in relation to sales of connectivity products.

22. INTEREST-BEARING BANK BORROWINGS AND TRUST RECEIPT LOANS

Interest-bearing bank borrowings

	2025			2024		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans — secured	**5.0–5.5**	**2025**	**28,687**	7.7–8.5	2024	9,712
Collateralised bank advances — secured (note 32)	**7.1–7.8**	**2025**	**8,320**	6.2–8.0	2024	12,779
Amount repayable within one year or on demand included in current liabilities			**37,007**			22,491

	2025 HK$'000	2024 HK$'000
Trust receipt loans	**259,501**	258,258

Notes:

(a) The average effective interest rate of the Group's borrowings was 7.14% (2024: 7.65%) per annum.

(b) Certain bank borrowings of the Group are secured by:

(i) the pledge of the Group's bank deposits amounting to HK$116,248,000 (2024: HK$107,081,000) at the end of the reporting period;

(ii) the pledge of investments in life insurance policies of Mr. Fung, amounting to HK$19,236,000 (2024: HK$19,165,000) at the end of the reporting period; and

(iii) corporate guarantees from the Company of up to HK$1,236,480,000 (2024: HK$1,563,690,000).

22. INTEREST-BEARING BANK BORROWINGS AND TRUST RECEIPT LOANS *(Continued)*

Notes: *(Continued)*

(c)

	2025 **HK$'000**	2024 HK$'000
Interest-bearing bank borrowings and trust receipt loans		
Denominated in:		
HK$	**45,596**	12,327
US$	**222,224**	258,710
RMB	**28,688**	9,712
Total	**296,508**	280,749

(d) As at 31 March 2025, the collateralised bank advances are secured by the Group's bills receivable of HK$11,422,000 (2024: HK$758,000) and trade receivables of HK$3,271,000 (2024: HK$27,267,000) (note 17).

(e) As further explained in note 34 to the financial statements, due to the adoption of HK Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*, the Group's bank loans with an aggregate amount of HK$8,320,000 (2024: HK$12,779,000) as at 31 March 2025 containing a repayment on demand clause have been classified as current liabilities. For the purpose of the above analysis, these bank loans are included within current interest-bearing bank loans and analysed into bank loans repayable within one year or on demand.

(f) Based on the maturity terms of the bank loans, the amounts repayable in respect of the bank loans of the Group are analysed into:

	Within one year HK$'000	**In the second year** HK$'000	**In the third to fifth years, inclusive** HK$'000	**Beyond five years** HK$'000	**Total** HK$'000
2025					
Bank loans with a repayment on demand clause	**28,687**	**–**	**–**	**–**	**28,687**
Collateralised bank advances	**8,320**	**–**	**–**	**–**	**8,320**
Total	**37,007**	**–**	**–**	**–**	**37,007**
2024					
Bank loans with a repayment on demand clause	9,712	–	–	–	9,712
Collateralised bank advances	12,779	–	–	–	12,779
Total	22,491	–	–	–	22,491

23. LEASES

The Group as a lessee

The Group has lease contracts for various properties. Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 41 to 44 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have original lease terms of 2 to 4 years (2024: 2 to 3 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are disclosed in note 12.

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 HK$'000	2024 HK$'000
Carrying amount at beginning of the year	**7,957**	3,134
New leases	**8,668**	10,766
Accretion of interest recognised during the year	**505**	369
Payments	**(6,814)**	(6,312)
Carrying amount at end of the year	**10,316**	7,957
Analysed into payable:		
Within one year	**6,085**	3,978
In the second year	**4,231**	3,979
Carrying amount at the end of year	**10,316**	7,957
Less: Current portion	**(6,085)**	(3,978)
Non-current portion	**4,231**	3,979

The maturity analysis of lease liabilities is disclosed in note 34.

23. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(c) The amounts recognised in the consolidated statement of profit or loss in relation to leases are as follows:

	2025 **HK$'000**	2024 HK$'000
Interest on lease liabilities	**505**	369
Depreciation charge of right-of-use assets	**7,218**	6,406
Expense relating to short-term leases	**542**	416
Total amount recognised in profit or loss	**8,265**	7,191

(d) The total cash outflow for leases is disclosed in note 28.

24. DEFERRED TAX

Deferred tax assets

	Tax loss HK$'000	**Provision for inventories** HK$'000	**Impairment of trade receivables** HK$'000	**Total** HK$'000
At 1 April 2023	3,735	363	26	4,124
Deferred tax credited to statement of profit or loss during the year (note 9)	3,749	43	294	4,086
Exchange realignment	–	(16)	–	(16)
At 31 March 2024 and 1 April 2024	7,484	390	320	8,194
Deferred tax charged to statement of profit or loss during the year (note 9)	(6,257)	(65)	(294)	(6,616)
Exchange realignment	–	13	(20)	(7)
At 31 March 2025	1,227	338	6	1,571

24. DEFERRED TAX (Continued)

Deferred tax liabilities

	Accelerated tax depreciation HK$'000
At 1 April 2023	741
Deferred tax credited to the statement of profit or loss during the year (note 9)	(69)
At 31 March 2024 and 1 April 2024	672
Deferred tax charged to the statement of profit or loss during the year (note 9)	135
At 31 March 2025	807

The Group has tax losses arising in Hong Kong of HK$8,442,054 (2024: HK$47,690,778) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

25. SHARE CAPITAL

	2025 **HK$'000**	2024 HK$'000
Authorised:		
5,000,000,000 (2024: 5,000,000,000) ordinary shares of HK$0.01 each	**50,000**	50,000
Issued and fully paid:		
995,000,000 (2024: 1,000,000,000) ordinary shares of HK$0.01 each	**9,950**	10,000

A summary of movement in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** HK$'000
At 1 April 2023, 31 March 2024 and 1 April 2024	1,000,000,000	10,000
Shares repurchased and cancelled	(5,000,000)	(50)
At 31 March 2025	995,000,000	9,950

During the year, the Company purchased 27,000,000 of its shares on the Hong Kong Stock Exchange at a total consideration of HK$6,012,000. 5,000,000 purchased shares were cancelled during the year, for which a reduction of share capital of HK$50,000 and other reserves of HK$1,063,000 of the Company was recorded. As at 31 March 2025, the Group had 22,000,000 purchased shares classified as treasury shares held for raising capital in the future.

26. SHARE OPTION SCHEME

The Company operates a share option scheme (the ''Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Company and its subsidiaries and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds an equity interest (the ''Invested Entity"). Eligible participants of the Scheme include the Company's directors, including executive, non-executive and independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity, any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Scheme (the ''Eligible Participant"). The Scheme became effective on 25 January 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 100,000,000 shares, being 10% of the total number of shares in issue unless the Company obtains the approval of the shareholders in a general meeting for renewing the 10% limit (the ''Scheme Mandate Limit") under the Scheme provided that options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.

No option shall be granted to any Eligible Participant if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including both exercised and outstanding options) in the 12-month period up to and including the date of such further grant exceeding 1% of the total number of shares in issue.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

An offer of grant of an option may be accepted by an Eligible Participant within 21 days from the date upon which it is made or within such other period of time as may be determined by the Board pursuant to the Listing Rules, by which the Eligible Participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten (10) years after the date of adoption of the Scheme. A consideration of HK$1.00 is payable on acceptance of the offer of grant of an option.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

26. SHARE OPTION SCHEME *(Continued)*

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the year, no share options were granted or cancelled by the Company under the Scheme and no share options expired.

The following share options were outstanding under the Scheme during the year:

	Weighted average exercise price HK$ per share	**2025 Number of options '000**	2024 Number of options '000
At 1 April	0.6	**71,432**	72,936
Forfeited during the year	0.6	**–**	(1,504)
At 31 March	0.6	**71,432**	71,432

The exercise prices and exercise periods of the share options outstanding during the year:

2025		2024		
Weighted average exercise price HK$ per share	**Number of options '000 (notes (a) and (b))**	Weighted average exercise price HK$ per share	Number of options '000 (notes (a) and (b))	**Exercise period**
0.6	**31,432**	0.6	31,432	Exercise Period I (note (c))
0.6	**40,000**	0.6	40,000	Exercise Period II (note (d))
0.6	**71,432**	0.6	71,432	

Notes:

(a) The relevant share options were granted under the Scheme of the Company adopted on 25 January 2021.

(b) All options are exercisable during the exercise periods specified in notes (c) and (d) below.

(c) Exercise Period I: 31,432,000 (2024: 31,432,000) options shall be exercisable as to 30%, 30% and 40% from 20 April 2022, 20 April 2023 and 20 April 2024, respectively, until the expiry of the exercise period on 20 April 2031.

(d) Exercise Period II: 40,000,000 (2024: 40,000,000) options shall be exercisable as to 25%, 25%, 25% and 25% from 20 October 2021, 20 April 2022, 20 October 2022 and 20 April 2023, respectively, until the expiry of the exercise period on 20 April 2031.

(e) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

26. SHARE OPTION SCHEME *(Continued)*

The fair value of the share options granted during the year ended 31 March 2022 was HK$23,875,000 (HK$0.30 each), for which the Group recognised a share option expense of HK$100,000 (2024: HK$1,386,000) during the year ended 31 March 2025. No (2024: 1,504,000) share options were lapsed during the year ended 31 March 2025. No share option reserve (2024: HK$258,000) recognised for share options granted and vested in prior years but not yet exercised had been transferred from the share option reserve to retained profits.

The fair value of equity-settled share options granted during the year ended 31 March 2022 was estimated as at the date of grant using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	2.20
Expected volatility (%)	77.93–78.04
Historical volatility (%)	77.93–78.04
Risk-free interest rate (%)	1.29–1.38
Expected life of options (year)	9.94–10
Weighted average share price (HK$ per share)	0.6

The expected volatility is based on the historical volatility and is not necessarily indicative of the exercise patterns that may occur, which may not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 71,432,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 71,432,000 additional ordinary shares of the Company and additional share capital of HK$714,320 and share premium of HK$42,144,880 (before issue expenses).

At the date of approval of these financial statements, the Company had 71,432,000 share options outstanding under the Scheme, which represented approximately 7.34% of the Company's shares in issue as at that date.

27. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Contributed surplus

The contributed surplus represented the excess of the paid-up share capital of the subsidiaries acquired pursuant to the reorganisation ("Reorganisation") over the nominal value of the Company's share issued in exchange therefor. Further details of the Reorganisation were set out in the Company's Prospectus dated 30 January 2021.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

Share option reserve

The share option reserve comprises the fair value of the share options granted which are yet to be exercised.

Other reserve

The other reserve represents the difference between the consideration paid to repurchase 5,000,000 shares which were subsequently cancelled as disclosed in note 25.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the Group had non-cash additions to right-of-use assets of HK$8,668,000 (2024: HK$10,766,000) and lease liabilities of HK$8,668,000 (2024: HK$10,766,000), in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings HK$'000	Trust receipt loans HK$'000	Lease liabilities HK$'000
At 1 April 2023	120,783	241,092	3,134
Changes from financing cash flows	–	–	(6,312)
New loans	667,410	918,904	–
Repayment	(765,702)	(901,738)	–
Lease commencement recognition	–	–	10,766
Finance costs for lease liabilities	–	–	369
At 31 March 2024 and 1 April 2024	22,491	258,258	7,957
Changes from financing cash flows	–	–	(6,814)
New loans	949,377	1,460,534	–
Repayment	(934,710)	(1,459,291)	–
Foreign exchange realignment	(151)	–	–
Lease commencement recognition	–	–	8,668
Finance costs for lease liabilities	–	–	505
At 31 March 2025	37,007	259,501	10,316

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 HK$'000	2024 HK$'000
Within operating activities	**542**	416
Within financing activities	**6,814**	6,312
Total	**7,356**	6,728

29. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed in elsewhere in these financial statements, the Group had the following transaction with a related party:

(i) Mr. Fung had undertaken to indemnify the Group for all costs, losses and/or expenses for any taxation of the Group incurred with respect to the transfer pricing arrangement that arose prior to the listing.

(b) Compensation of key management personnel of the Group:

	2025 **HK$'000**	2024 HK$'000
Short-term employee benefits	**22,019**	19,305
Equity-settled share option expense	**23**	566
Post-employment benefits	**1,128**	1,160
Total	**23,170**	21,031

Further details of directors' emoluments are included in note 7 to the financial statements.

30. COMMITMENTS

At the end of the reporting period, there was no commitment noted.

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at amortised cost HK$'000	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	–	19,236	–	19,236
Equity investment at fair value through other comprehensive income	–	–	12,161	12,161
Trade and bills receivables	382,439	–	15,798	398,237
Financial assets included in prepayments, deposits, other receivables and other assets	17,947	–	–	17,947
Pledged bank deposits	116,248	–	–	116,248
Cash and cash equivalents	64,144	–	–	64,144
Total	580,778	19,236	27,959	627,973

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	200,388
Financial liabilities included in other payables, accruals and contract liabilities	7,133
Interest-bearing bank borrowings	37,007
Trust receipt loans	259,501
Lease liabilities	10,316
Total	514,345

31. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2024

Financial assets

	Financial assets at amortised cost HK$'000	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	–	19,165	–	19,165
Equity investment at fair value through other comprehensive income	–	–	10,663	10,663
Trade and bills receivables	329,188	–	6,999	336,187
Financial assets included in prepayments, deposits, other receivables and other assets	12,730	–	–	12,730
Pledged bank deposits	107,081	–	–	107,081
Cash and cash equivalents	64,101	–	–	64,101
Total	513,100	19,165	17,662	549,927

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	272,178
Financial liabilities included in other payables, accruals and contract liabilities	5,939
Interest-bearing bank borrowings	22,491
Trust receipt loans	258,258
Lease liabilities	7,957
Total	566,823

32. TRANSFERRED FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

(a) The following table provides a summary of bills receivable that have been transferred in such a way that these transferred financial assets do not qualify for derecognition, together with the associated liabilities:

	2025 **HK$'000**	2024 HK$'000
Carrying amount of assets that continued to be recognised	**8,320**	–
Carrying amount of associated liabilities	**8,320**	–

As at 31 March 2025, the Group had transferred certain bills of exchange (the "Discounted Bills") to banks with recourse in exchange for cash. The proceeds from transferring the bills receivable were accounted for as collateralised bank advances until the bills are collected by the banks or the Group makes good of any losses incurred by the banks (note 22). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risk relating to the Discounted Bills, and accordingly, it continued to recognise the full carrying amount of the Discounted Bills and the respective bank loans.

(b) The following table provides a summary of trade receivables that have been transferred in such a way that these transferred financial assets do not qualify for derecognition, together with the associated liabilities:

	2025 **HK$'000**	2024 HK$'000
Carrying amount of assets that continued to be recognised	**–**	12,779
Carrying amount of associated liabilities	**–**	12,779

During the year ended 31 March 2025, the Group entered into a trade receivable factoring arrangement (the "Factoring Arrangement") and transferred certain trade receivables to banks. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risk relating to the trade receivables, and accordingly, it continued to recognise the full carrying amount of the trade receivables and the respective bank loans.

32. TRANSFERRED FINANCIAL ASSETS *(Continued)*

Transferred financial assets that are derecognised in their entirety

During the year ended 31 March 2025, the Group entered into another trade receivable factoring arrangement ("Another Factoring Arrangement") and transferred certain trade receivables to a bank. Under Another Factoring Arrangement, the Group may be required to reimburse the bank for the loss of interest if any trade debtor has late payment up to the original credit period. The Group is not exposed to default risk of the trade debtors after the transfer of the respective trade receivables to the bank. Subsequent to the factoring, the Group does not retain any rights on the use of the trade receivables, including sale, transfer or pledge of the trade receivables to any other third parties. Accordingly, the Group has derecognised the trade receivables and the respective bank loans of HK$83,687,000 as at 31 March 2025 (2024: HK$56,253,000). In the opinion of the directors, the fair value of the associated liabilities arising from the risk of late payment from trade debtors is not considered to be significant.

33. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade and bills receivables at amortised cost, other receivables, deposits, pledged bank deposits, cash and cash equivalents, trade payables, interest-bearing bank borrowings, trust receipt loans, and other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumptions were used to estimate the fair values:

The fair value of trade receivables stated at fair value through other comprehensive income is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

33. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's instruments:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2)** HK$'000	**Significant unobservable inputs (Level 3)** HK$'000	**Total** HK$'000
2025				
Financial assets at fair value through profit or loss: Life insurance policies	**–**	**–**	**19,236**	**19,236**
Financial assets at fair value through other comprehensive income: Trade receivables	**–**	**15,798**	**–**	**15,798**
Equity investment at fair value through other comprehensive income: Unlisted equity investment	**–**	**–**	**12,161**	**12,161**
Total	**–**	**15,798**	**31,397**	**47,195**
2024				
Financial assets at fair value through profit or loss: Life insurance policies	–	–	19,165	19,165
Financial assets at fair value through other comprehensive income: Trade receivables	–	6,999	–	6,999
Equity investment at fair value through other comprehensive income: Unlisted equity investment	–	–	10,663	10,663
Total	–	6,999	29,828	36,827

33. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 **HK$'000**	2024 HK$'000
Financial assets at fair value through profit or loss:		
At 1 April	**19,165**	27,916
Total gains recognised in the statement of profit or loss include in other income (note 4)	**71**	361
Disposal	**–**	(9,112)
At 31 March	**19,236**	19,165

	2025 **HK$'000**	2024 HK$'000
Equity investment at fair value through other comprehensive income:		
At 1 April	**10,663**	12,064
Gain/(loss) recognised in the statement of comprehensive income	**1,498**	(1,401)
At 31 March	**12,161**	10,663

The fair value of the investments in life insurance policies is determined by reference to the Surrender Values provided by the insurance companies. When the Surrender Values are higher, the fair value of investments in life insurance policies will be higher. As at 31 March 2025, if the Surrender Values had been 5% higher/lower, the impact on the amount attributable to the shareholders of the Group would have been HK$962,000 (2024: HK$958,000) higher/lower, respectively.

The fair value of the unlisted equity investment designated at fair value through other comprehensive income was estimated using a market approach based on latest market transactions as at 31 March 2025.

During the year, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: Nil).

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

Interest rate risk

The Group's financial instruments, except for financial assets at fair value through profit or loss and equity investment at fair value through other comprehensive income, are short-term in nature. The carrying amounts of these financial instruments reported at the end of the reporting period approximate to their fair values. There is no significant interest rate risk exposure in relation to these instruments.

As at 31 March 2025, if the interest rates on borrowings had been 50 basis points lower, which was considered reasonably possible by management, with all other variables held constant, the profit after tax would have been HK$1,483,000 (2024: loss after tax of HK$1,404,000) higher (2024: lower), respectively.

Foreign currency risk

The Group engages in minimal foreign currency transactions. It does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of business.

Credit risk

Credit risk arising from the inability of a counterparty to meet the terms of the Group's financial instrument contracts is generally limited to the respective carrying amounts.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging *(Continued)*

2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	387,453	387,453
Bills receivable					
— Not yet past due	11,422	–	–	–	11,422
Financial assets included in prepayments, deposits, other receivables and other assets					
— Normal**	17,947	–	–	–	17,947
Pledged bank deposits	116,248	–	–	–	116,248
Cash and cash equivalents					
— Not yet past due	64,144	–	–	–	64,144
Total	209,761	–	–	387,453	597,214

2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	338,769	338,769
Bills receivable					
— Not yet past due	758	–	–	–	758
Financial assets included in prepayments, deposits, other receivables and other assets					
— Normal**	12,730	–	–	–	12,730
Pledged bank deposits	107,081	–	–	–	107,081
Cash and cash equivalents					
— Not yet past due	64,101	–	–	–	64,101
Total	184,670	–	–	338,769	523,439

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging *(Continued)*

Prepayments, deposits and other receivables and bills receivable at amortised cost

The Group provides for 12-month ECLs for all financial assets included in prepayments, deposits, other receivables and other assets and bills receivable at initial recognition. Where there is a significant deterioration in credit risk or when the financial asset is assessed to be credit-impaired, the Group provides for a lifetime ECL. The ECL incorporates forward-looking information, such as forecast of economic conditions. Based on historical data and management's analysis, loss on collection is not material and hence no provision is considered.

Liquidity risk

The Group is not exposed to significant liquidity risk. It has surplus funds deposited with reputable banks and the directors do not anticipate any problems in obtaining additional funding in the foreseeable future if the need arises.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	2025		
	On demand or less than 1 year HK$'000	More than 1 year HK$'000	Total HK$'000
Trade payables	200,388	–	200,388
Other payables and accruals	7,133	–	7,133
Interest-bearing bank borrowings*	37,083	–	37,083
Trust receipt loans	259,501	–	259,501
Lease liabilities	6,404	4,408	10,812
Total	510,509	4,408	514,917

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	2024		
	On demand or less than 1 year HK$'000	More than 1 year HK$'000	Total HK$'000
Trade payables	272,178	–	272,178
Other payables and accruals	5,939	–	5,939
Interest-bearing bank borrowings*	22,561	–	22,561
Trust receipt loans	258,258	–	258,258
Lease liabilities	4,179	4,086	8,265
Total	563,115	4,086	567,201

* Included in interest-bearing bank borrowings are bank loans of HK$37,007,000 (2024: HK$22,491,000) containing a repayment on demand clause giving the lender the unconditional right to call the loan at any time and therefore, for the purpose of the above maturity profile, these amounts are classified as "on demand".

Notwithstanding the above repayment on demand clause, the directors do not believe that the bank loans will be called in their entirety within 12 months, and they consider that the bank loans will be repaid in accordance with the maturity dates as set out in the respective agreements. This evaluation was made considering the financial position of the Group at the date of these financial statements and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the bank loans, the maturity terms as at 31 March 2025 were HK$37,007,000 (2024: HK$22,491,000) repayable in less than 12 months.

Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to the equity holders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of cash and cash equivalents, pledged bank deposits, interest-bearing bank borrowings and equity attributable to owners of the parent, which comprises issued capital and reserves.

The Group monitors capital using a debt to equity ratio, which is net debt divided by total equity. Net debt includes interest-bearing bank borrowings and trust receipt loans, less cash and cash equivalents and pledged bank deposits.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(Continued)*

The debt to equity ratios as at the end of the reporting periods were as follows:

	2025 HK$'000	2024 HK$'000
Interest-bearing bank borrowings	**37,007**	22,491
Trust receipt loans	**259,501**	258,258
Less: Cash and cash equivalents	**(64,144)**	(64,101)
Less: Pledged bank deposits	**(116,248)**	(107,081)
Net debt	**116,116**	109,567
Total equity	**244,043**	218,182
Debt to equity ratio	**0.48**	0.50

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSET		
Investment in a subsidiary	**276,930**	276,930
CURRENT ASSETS		
Amount due from a subsidiary	**89,754**	95,666
Cash and cash equivalents	**82**	83
Total current assets	**89,836**	95,749
Net current assets	**89,836**	95,749
Net assets	**366,766**	372,679
EQUITY		
Share capital	**9,950**	10,000
Reserves (note)	**356,816**	362,679
Total equity	**366,766**	372,679

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Treasury shares HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	105,146	–	20,446	241,953	–	(6,211)	361,334
Loss and total comprehensive loss for the year	–	–	–	–	–	(41)	(41)
Equity-settled share option arrangement (note 26)	–	–	1,386	–	–	–	1,386
Transfer to accumulated losses	–	–	(258)	–	–	258	–
At 31 March 2024 and 1 April 2024	105,146	–	21,574	241,953	–	(5,994)	362,679
Loss and total comprehensive loss for the year	–	–	–	–	–	(1)	(1)
Repurchase of shares	–	(6,012)	–	–	–	–	(6,012)
Cancellation of shares	–	1,113	–	–	(1,063)	–	50
Equity-settled share option arrangement (note 26)	–	–	100	–	–	–	100
At 31 March 2025	105,146	(4,899)	21,674	241,953	(1,063)	(5,995)	356,816

Note:

The Company's contributed surplus represents the excess of the carrying amount of the net assets of Esteem Brilliant acquired pursuant to a Reorganisation over the nominal value of the Company's shares issued in exchange thereof. Pursuant to the Cayman Islands company law, a company may make distributions to its members out of the contributed surplus in certain circumstances.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 June 2025.

FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**2,128,233**	1,384,011	1,198,505	1,223,791	1,549,284
PROFIT/(LOSS) BEFORE TAX	**37,817**	(32,969)	(34,313)	10,302	63,675
Income tax	**(7,297)**	3,708	2,915	(6,567)	(13,546)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**30,520**	(29,261)	(31,398)	3,735	50,129

ASSETS AND LIABILITIES

	At 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**836,774**	847,879	718,207	794,091	735,201
TOTAL LIABILITIES	**(592,731)**	(629,697)	(469,659)	(519,502)	(467,006)
	244,043	218,182	248,548	274,589	268,195

Pangaea Connectivity Technology Limited
環聯連訊科技有限公司