# DAISHO MICROLINE HOLDINGS LIMITED

大 昌 微 綫 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

Stock Code : 0567

# ANNUAL REPORT 2024/2025

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# CORPORATE INFORMATION AND FINANCIAL CALENDAR

## Board of Directors

**Executive director**

Mr. Lee Man Kwong *(Chairman)*

**Non-executive directors**

Mr. Yau Pak Yue
Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)*

**Independent non-executive directors**

Mr. Leung King Fai *(Resigned on 20 September 2024)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
Ms. Lin Ying *(Appointed on 20 September 2024)*

## Audit Committee

Mr. Leung King Fai *(Chairman)*
*(Resigned on 20 September 2024)*
Ms. Lin Ying *(Chairlady) (Appointed on 20 September 2024)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
Mr. Yau Pak Yue

## Remuneration Committee

Mr. Leung King Fai *(Chairman)*
*(Resigned on 20 September 2024)*
Ms. Lin Ying *(Chairlady)*
*(Appointed on 20 September 2024)*
Mr. Lee Man Kwong
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

## Nomination Committee

Mr. Lee Man Kwong *(Chairman)*
Mr. Leung King Fai
*(Resigned on 20 September 2024)*
Ms. Lin Ying
*(Appointed on 20 September 2024)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

## Company Secretary

Mr. Ng Yu Ho

## Principal Bankers

Bank of China Limited
Bank of Communications Co., Ltd.
China Merchants Bank Co., Ltd.
Chiyu Bank Corporation Limited
Nanyang Commercial Bank, Limited
OCBC Bank (Hong Kong) Limited
CMB Wing Lung Bank Limited

## Auditor

Prism Hong Kong Limited
*Certified Public Accountants*
*Registered Public Interest Entity Auditor*
Unit 1903A-1905, 19/F
8 Observatory Road, Tsim Sha Tsui
Kowloon, Hong Kong

## Legal Adviser as to Hong Kong Law

Michael Li & Co.

## Legal Adviser as to Bermuda Law

Appleby

## Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

## Head Office and Principal Place of Business

Unit A, 10/F
Fook Hing Industrial Building
33 Lee Chung Street
Chai Wan, Hong Kong

## Principal Registrar

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179, Hamilton HM EX
Bermuda

## Branch Registrar in Hong Kong

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

## Stock Code

0567

## Company Website

www.irasia.com/listco/hk/daisho

## Financial Calendar

**Interim Results:**
22 November 2024

**Annual Results:**
24 June 2025

## Annual General Meeting

23 September 2025

## Dividends

| | |
|---|---|
| Interim dividend: | Nil |
| Proposed final dividend: | Nil |

# CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Daisho Microline Holdings Limited (the "Company"), it is my pleasure to present to you the annual report of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2025 (the "Year").

The global economic recovery was stable but underwhelming throughout the year of 2024. Since January 2025, a series of new tariff measures have been announced and implemented by the United States ("U.S"), caused the global economy to face downward pressure and high unpredictability. According to World Economic Outlook Report April 2025, the global growth is projected to be at 1.5 percent in 2025, followed by a slight recovery outlook in 2026. We expect our business will be under pressure and face uncertainty.

## Printed Circuit Boards Business Segment

The Group's Printed Circuit Boards Business is principally engaged in the manufacturing and trading of printed circuit boards (the "PCB"). The PCB products are mainly applied in smart living buildings, commercial place central system, automobile, and cloud computing. This business segment has developed an experienced technical team and a quality control team throughout the 20 years of experience. In future, the popularity of automobile electronics and digital technology will drive the growth of the market.

The sales of the business segment faced pressure after 2025 as the customers became precautionary due to the pessimistic economic outlook. The Group will continue to implement cost control measures such as supplier management, and leverage its technical expertise to develop the high technology business. With the sign of the relief of the trade tension recently, the business segment starts to remain stable.

## Printing Business Segment

The Group's Printing Business is principally engaged in the manufacturing and trading of printing and packaging products. The business segment has an experienced team to produce high-quality printing and packaging products, and developed a close relationship with the customers to understand their unique requirement for the products. During the Year, the consumer spending behavior continued to be precautionary because of the pessimistic economic outlook, which led to the weak demand in consumer market. The intensified global trade tension also caused the revenue of the printing business segment dropped during the Year.

The Group will continue to maintain the relationship with the existing customers and expand the customer base and product mix. The Group will also continue to improve the operating efficiency, optimise the inventory management and implement cost control measures, such as suppliers' evaluation. The business segment will strive to remain resilient under the globally uncertain economic environment.

## Trading of Petroleum and Energy Products and Related Business Segment

The global demand for energy products remained loose during the Year. The international crude oil prices fluctuated widely at medium level and dropped further. It is foreseen that the global commodity demand will remain growth. Although the Group's petroleum trading business is currently suspended, the Group is actively seeking for trading opportunities with reliable trading partners in commodity and energy related products.

## Other Investments

The Group has subscribed the shares of a joint venture and provided a shareholder's loan for the purpose of subscribing a special purpose fund or making other investments as agreed with the joint venture partners.

In March 2025, the Group made a capital injection to a healthcare company established in the PRC which provides health management and health consultation services. For details thereof, please refer to the announcement dated 28 March 2025 and the supplemental announcement dated 30 May 2025 published by the Company.

The Group believes that these present investment opportunities to growth and maximize return on the Group's funds which in turn will strengthen the Group's financial position and diversify its business and sources of income.

# CHAIRMAN'S STATEMENT

## Business Outlook

Looking forward, the Group will continue to adopt prudent and stable business strategy under the globally complex and volatile economic environment. The Group will continue to monitor the external environment and act accordingly, adjusting the operating strategies, strengthen its existing businesses, and to explore business growth opportunities which are benefit to the group and with a view to maximizing the shareholders' value.

On behalf of the Board, I would like to express my sincere appreciation to all of our staff, shareholders, business partners, and customers for their continuous support.

**Lee Man Kwong**
*Chairman*

Hong Kong
24 June 2025

# BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

## Executive Director

**Lee Man Kwong**, aged 70, has been appointed as the Chairman of the board of directors of the Company since 16 October 2020. He has been redesignated as an executive director of the Company since 1 June 2018. He was appointed as an independent non-executive director of the Company on 14 December 2016 and re-designated as a non-executive director of the Company on 1 March 2017. Mr. Lee has been appointed as the Chairman of the Board, a member of the Remuneration Committee of the Company and the Chairman of the Nomination Committee of the Company since 16 October 2020. Mr. Lee is also a director of various subsidiaries of the Company. He was admitted as a solicitor in Hong Kong in 1983, and is also a solicitor qualified in England and Wales and Singapore. Mr. Lee is the senior partner of Messrs. Chan, Lau & Wai, Solicitors, a Hong Kong law firm established in 1980. Mr. Lee was an executive director of CCT Fortis Holdings Limited (stock code: 138) from 1996 to 1997, an independent non-executive director of Mei Ah Entertainment Group Limited (stock code: 391) from 1993 to 2003, an independent non-executive director of Uni-Bio Science Group Limited (stock code: 690) from 2001 to 2005, an independent non-executive director of Asia Standard Hotel Group Limited (stock code: 292, which was withdraw from listing of shares with effect from 22 October 2024) from 2000 to 2003, the chairman and executive director of Neo Telemedia Limited (stock code: 8167) from 2004 to 2007, and an executive director of Sau San Tong Holdings Limited (stock code: 8200) from 2006 to 2008.

## Non-Executive Directors

**Yau Pak Yue,** aged 56, has been appointed as a non-executive director and a member of the Audit Committee of the Company since 3 September 2020. He obtained his Bachelor of Commerce (majoring in Accountancy) from the University of Wollongong in Australia. He was the chief knowledge officer of Guangzhou Chengfa Capital Company Limited, a state-owned fund management company, from May 2015 to January 2017. Prior to that, he was a partner at one of the big four international accounting firms from 2005 to 2012. He has more than 30 years of experience in mergers and acquisitions transaction supports and financial due diligence. Mr. Yau is currently the director of Ewin Advisory Company Limited.

Mr. Yau is also a certified public accountant in Hong Kong and a fellow certified practising accountant in Australia. He currently served as an independent non-executive director of Domaine Power Holdings Limited (formerly known as Hifood Group Holdings Co., Limited), a company listed on the Main Board of the Stock Exchange (stock code: 442), an independent non-executive director of Xinhua News Media Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 309), and an independent non-executive director of Huscoke Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 704). Mr. Yau was an independent non-executive director of KEE Holdings Company Limited (currently renamed as China Apex Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2011) from July 2017 to November 2019, Ascent International Holdings Limited (currently renamed as China International Development Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 264) from September 2017 to August 2018 and Fullsun International Holdings Group Co., Limited (currently renamed as Japan Kyosei Group Company Limited), a company listed on the Main Board of the Stock Exchange (stock code: 627) from December 2020 to July 2023. Mr. Yau was an executive director of Freeman FinTech Corporation Limited (currently renamed as Arta TechFin Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 279) from July 2020 to October 2021. Mr. Yau was a non-executive director of Peking University Resources (Holdings) Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 618) from October 2021 to December 2021, and a non-executive director of DreamEast Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 593) from July 2023 to January 2024. Mr. Yau was an independent non-executive director of Jiayuan International Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2768, which was delisted from the Stock Exchange with effect from 29 October 2024) from June 2024 to December 2024. He was appointed as the independent non-executive director of Jiayuan International Group Limited (In liquidation) in June 2024 by the liquidators to assist the company in the implementation of its restructuring plan. There was no wrongful act or mismanagement on his part leading to the liquidation of this company.

**Wong Siu Hung, Patrick,** aged 69, has been appointed as a non-executive Director since 1 April 2024. Mr. Wong was redesignated from an executive Director to a non-executive Director with effect from 1 April 2024 and has resigned from his position of chief operating officer of the Company at the same time.

Mr. Wong was appointed as an executive director of the Company from 3 September 2020 to 1 April 2024 and a chief operating officer of the Company from October 2019 to April 2024. Mr. Wong has more than 40 years of working experience in banking, finance, commodity trading and project development.

Mr. Wong has been a non-executive director and authorised representative of Huscoke Holdings Limited (stock code: 704) since 9 April 2018 and an independent non-executive director of Yuan Heng Gas Holdings Limited (Stock Code: 332) since 26 September 2023. Mr. Wong was appointed as an independent non-executive director of Crown International Corporation Limited (stock code: 727) between March 2021 and March 2022. Mr. Wong was appointed as an executive director of FDG Kinetic Limited (stock code: 378, which was delisted from the Stock Exchange with effect from 20 February 2023), between April 2021 to February 2023. Mr. Wong was also an executive director of Winto Group (Holdings) Limited (stock code: 8238) between April 2019 and November 2019 and Titan Petrochemicals Group Limited (stock code: 1192, which was delisted from the Stock Exchange with effect from 23 August 2023) between May 2008 and September 2015. All of the above companies are listed on the Main Board and GEM Board of the Stock Exchange. Mr. Wong is also a director of various subsidiaries of the Company.

Mr. Wong was the senior vice president of Commodity and Trade Finance at Societe Generale Singapore and the chief executive officer in the China Division of Louis Dreyfus Group, a global commodity trading firm.

Mr. Wong is an associate member of The Chartered Institute of Bankers, United Kingdom (now renamed to London Institute of Banking & Finance), fellow member of the Hong Kong Institute of Directors since 1 April 2017 and member of The Institute of Management Consultants Hong Kong since 1 August of the same year and qualified as Certified Management Consultant. Mr. Wong holds a Master's degree in Applied Finance from Macquarie University, Australia and completed the Executive Diploma in Management Consulting from The Hong Kong Polytechnic University on 12 October 2017.

## Independent Non-Executive Directors

**Chan Yau Ching, Bob**, aged 62, has been an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 3 September 2018. He is a holder of a Doctorate degree in Finance. Dr. Chan graduated from the Chinese University of Hong Kong and obtained a Bachelor's degree in Business Administration in 1984. He further obtained a Master degree in Business Administration from the University of Wisconsin-Madison, the United States of America ("US") in 1986, and a Doctorate degree in Finance from Purdue University, US in 1994. Dr. Chan is a member of the Chartered Financial Analyst Institution and the Hong Kong Society of Financial Analysts.

Since April 2009, Dr. Chan has been a licenced representative/responsible officer engaging in type 4 (advising of securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Dr. Chan was appointed as an executive director and the chief strategic officer of Celestial Asia Securities Holdings Limited (stock code: 1049) from August 2002 to February 2005, and later as the investment director from November 2005 to July 2010, where he was mainly responsible for strategic investment projects and asset management.

Dr. Chan was appointed as a managing director of Carnival Group International Holdings Limited (stock code: 996, formerly known as Pricerite Group Limited, which was delisted from the Stock Exchange with effect from 7 December 2023) from November 2003 to November 2004, which primarily engaged in the retail of furniture and household products. During 2005 to 2007, Dr. Chan was appointed as the chief financial officer of Moli Group Limited (摩力集團有限公司), Shanghai, the People's Republic of China (a wholly-owned subsidiary of Celestial Asia Securities Holdings Limited), which was a developer, operator and distributor of online games, where he was mainly responsible for building accounting, finance and control procedures and policies and in charge of the human resources. Dr. Chan was later appointed as the chief executive officer of Moli Group Limited from July 2010 to October 2012, where he was mainly responsible for the re-focusing of the company's business covering online and mobile entertainment.

Dr. Chan was appointed as the deputy chief executive officer and an executive director of Celestial Asia Securities Holdings Limited from October 2012 to August 2013, and later as the director of investments and corporate development from August to November 2013, where he was mainly responsible for the overall business development and the design and development of algorithm trading strategies respectively.

Since January 2002, Dr. Chan has been appointed as an independent non-executive director of Lee's Pharmaceutical Holdings Limited (stock code: 950), which principally engaged in the research, development, manufacturing and distribution of biopharmaceutical drugs in China.

Since March 2014, Dr. Chan has been appointed as a managing director of KBR Capital Limited, where he is mainly responsible for asset management, advising on capital market transactions and investment management. Dr. Chan is currently a managing director and a responsible officer of KBR Fund Management Limited, which is a licenced corporation carrying out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Since December 2016, Dr. Chan has been appointed as an independent non-executive director of China High Speed Transmission Equipment Group Company Limited (stock code: 658), which principally engaged in the design, manufacturing and distribution of transmission systems for wind powered generators with customers globally.

Dr. Chan has been appointed as an independent director of Hangzhou Huaxing Chuangye Communication Technology Co., Ltd. (杭州華星創業通信技術股份有限公司) (stock code: 300025) from December 2018 to December 2020, the shares of which are listed on ChiNext of the Shenzhen Stock Exchange.

**Leung Hoi Ming**, aged 57, has been appointed as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 30 April 2021. He has extensive knowledge and experience in risk management of financial instruments, treasury business and financial derivative products. He has served DBS Bank Ltd for eight years and was Senior Vice President in the Treasury and Markets Division upon his departure from the bank on 22 May 2009. Dr. Leung started his career in the finance industry in 1996 with Citibank as quantitative analyst in the Equity Derivatives Asia Department. He had served a few other financial institutes before joining DBS Bank Ltd as a financial product specialist as well and had held various roles in business development, trading and risk management.

Dr. Leung holds a Bachelor (First Class Honours) degree of Science from the Chinese University of Hong Kong in 1990. Also, he holds a Master degree of Science in Mathematics in 1993 and a Doctor degree of Philosophy in Mathematics in 1996 both from the California Institute of Technology, and a Master degree of Science in Investment Management from the Hong Kong University of Science and Technology in 1999.

He is currently an independent non-executive director of Yuan Heng Gas Holdings Limited (stock code: 332) since 19 January 2010. Dr. Leung was an independent non-executive director of Fresh Express Delivery Holdings Group Co., Limited (stock code: 1175) from July 2013 to December 2021.

**Lin Ying**, aged 49, has been an independent non-executive Director since 20 September 2024. She has been appointed as a member of the Nomination Committee and the chairlady of each of the Audit Committee and the Remuneration Committee of the Company with effect from 20 September 2024.

Ms. Lin is a member of the Chinese Institute of Certified Public Accountants (CICPA). She obtained a bachelor degree of economics with major in taxation from Guangdong Commercial College of Guangdong University of Finance & Economics in 1998. Ms. Lin has been serving as a director of Shandong Rio Culture & Technology Co., Ltd., a global leading cultural and entertainment technology service provider, since August 2013. She has been appointed as an independent non-executive director of Domaine Power Holdings Limited (stock code: 442) since 1 September 2024 and an independent non-executive director of Yuan Heng Gas Holdings Limited (Stock Code: 332) since 16 December 2024. Ms. Lin previously served as a financial controller of Guangzhou Rio Visual Technology Co., Ltd. from August 2011 to October 2013; a senior associate and manager of Deloitte & Touche Financial Advisory Services Limited from March 2005 to December 2009; a finance manager of Global Market Group (Guangzhou) Co., Ltd. from April 2003 to August 2004; a senior accountant of PricewaterhouseCoopers Zhongtian Certified Public Accountants in Guangzhou office from July 2002 to April 2003; senior accountant of Arthur Andersen•Hua Qiang Certified Public Accountants in Guangzhou office from July 2000 to June 2002; and a staff consultant of Arthur Andersen (Shanghai) Business Consulting Co., Ltd. in Guangzhou office from July 1998 to June 2000.

Ms. Lin has over 20 years of professional experience in audit, tax and transaction supports.

# BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

## Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, for the year ended 31 March 2025 and up to the date of this report are set out below:

| Directors | Details of Changes |
|---|---|
| Yau Pak Yue | With effect from 3 June 2024, appointed as an independent non-executive director of Jiayuan International Group Limited (stock code: 2768, listing status: delisted). |
| | With effect from 29 October 2024, Jiayuan International Group Limited delisted from the Stock Exchange. |
| | With effect from December 2024, ceased to be an independent non-executive director of Jiayuan International Group Limited (stock code: 2768, listing status: delisted). |
| | With effect from 16 June 2025, appointed as an independent non-executive director of Huscoke Holdings Limited (stock code: 704). |
| Wong Siu Hung, Patrick | With effect from 1 April 2024, redesignated from an executive Director to a non-executive Director and has resigned from his position of chief operating officer of the Company at the same time. |
| Lin Ying | With effect from 1 September 2024, appointed as an independent non-executive director of Domaine Power Holdings Limited (stock code: 442). |
| | With effect from 16 December 2024, appointed as an independent non-executive director of Yuan Heng Gas Holdings Limited (Stock Code: 332). |

Save as disclosed above, there is no change in Directors' information required to be disclosed.

## Senior Management

**Ou Zhong**, aged 49, is the chief executive officer of a major subsidiary of the Company in Mainland China. He graduated from Guangdong University of Technology in Mainland China with a bachelor's degree in automation. Mr. Ou is a senior manager in the electronic technology industry and possesses more than 22 years of experience in the fields of corporate operations management, research and development of electronic products and market development. He has held senior positions in a number of state-owned enterprises and has a remarkable track record. He joined the Group in June 2017.

**Ye Xian Bang**, aged 54, is the production manager of a major subsidiary of the Company in Mainland China. He graduated from Huizhou University with a Bachelor's degree. He possesses more than 12 years of experience in the printing and packaging industry and has held senior management positions in a number of large Hong Kong-owned enterprises. He joined the Group in September 2013.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business and Financial Review

During the Year, the Group's total revenue was approximately HK$53.1 million, representing a decrease of approximately 38.0% as compared with approximately HK$85.6 million for the last year. The decrease in total revenue was mainly due to (i) the decrease in revenue by approximately HK$25.2 million of the manufacturing and trading of printing and packaging products business (the "Printing Business") from approximately HK$59.0 million for the last year to approximately HK$33.8 million this year; and (ii) the decrease in revenue by approximately HK$7.2 million of the manufacturing and trading of printed circuit boards (the "PCB") business from approximately HK$26.5 million for the last year to approximately HK$19.3 million this year.

The Group recorded a revenue of approximately HK$33.8 million from the Printing Business during the Year, representing a decrease of 42.7% as compared with the revenue of approximately HK$59.0 million in last year. The decrease in revenue was mainly due to the escalating trade tensions across the global in the year of 2025 which caused the customers to become precautionary. As a result, the Group's Printing Business recorded a segment loss of approximately HK$11.0 million as compared with a segment gain of approximately of HK$2.1 million in last year. The increase in segment loss was mainly due to (i) the decrease in gross profit for this business by approximately HK$7.3 million, and (ii) the impairment loss on property, plant and equipment of approximately HK$4.0 million with reference to the recoverable amount of the cash generating unit of the Printing Business.

The Group recorded a revenue of approximately HK$19.3 million from the PCB business during the Year, representing a decrease of 27.2% as compared with the revenue of approximately HK$26.5 million in last year. The decrease in revenue was mainly due to the decrease in customers' demand arised from the pessimistic economic outlook and intensified trade tensions in the beginning of the year 2025. The Group's PCB business recorded a segment loss of approximately HK$1.2 million as compared with the segment loss of approximately HK$2.9 million for the last year. Such decrease in segment loss was mainly attributable to (i) the decrease in selling and distribution expenses for this business by approximately HK$0.6 million as a result of the decrease in revenue as above mentioned, and (ii) reversal of impairment loss on trade receivables and other receivables by approximately HK$0.2 million and HK$0.4 million, respectively this year.

Due to the suspension of the Group's trading of petroleum and energy products and related business, there has been no revenue generated from this business segment since 2019. The business segment did not record any segment gain/loss this year.

During the Year, Noricap Fund G.P. Limited ("Noricap Fund") has conditionally agreed to invest in a company which is principally engaged in the provision of automated trading platform service for cryptocurrency ("Investee"). Details are set out under the sub-headed section "Investments in Funds Business Segment" under "Outlook" below.

The Group's gross profit margin was approximately 19.3%, representing a slight decrease as compared with approximately 20.7% in last year.

The Group recorded a total net loss of approximately HK$21.1 million for the Year as compared to the total net loss of approximately HK$11.9 million for the last year. The increase in the net loss for the Year was mainly due to the following factors: (1) the Group's gross profit decreased to approximately HK$10.2 million, representing a decrease of approximately HK$7.5 million as compared with approximately HK$17.7 million in last year; (2) there was an impairment loss on property, plant and equipment of approximately HK$4.0 million this year, while no such loss was recorded for the last year; (3) there was a loss on disposal of subsidiaries of approximately HK$3.1 million this year, while no such loss was recorded for the last year net off with (4) decrease in administrative expenses by approximately HK$3.0 million as compared with the last year.

The Group's equity attributable to the owners of the Company decreased from approximately HK$93.8 million as at 31 March 2024 to approximately HK$72.5 million as at 31 March 2025, which was mainly due to the reported loss for the Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gearing ratio (defined as interest-bearing borrowings and lease liabilities, divided by total capital) as at 31 March 2025 was 2.8% (2024: 0.3%). The increase in the gearing ratio was mainly due to the increase in lease liabilities by approximately HK$1.8 million. The Group's current ratio (defined as total current assets divided by total current liabilities) as at 31 March 2025 and 2024 was 1.80 times and 2.50 times, respectively. The decrease in the current ratio was mainly due to the deposit made to the Target Company in the amount of RMB23,500,000 (equivalent to approximately HK$25,474,000). Details are set out under the sub-headed section "Subscription" under "Significant Investment" below.

As at 31 March 2025, the Group's total cash and bank balances were approximately HK$19.9 million (2024: approximately HK$37.6 million). The Group did not have any interest-bearing borrowings as at 31 March 2025 (2024: Nil).

## Foreign Exchange Exposure

The Group's transaction and monetary assets are principally denominated in RMB, HKD and USD. The Group did not experience any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the Year. The Group did not enter into any foreign exchange derivative contracts to manage the currency translation risk of RMB against USD, USD against HKD during the Year, but the Group reviews its foreign exchange exposure regularly and considers using financial instruments to hedge against foreign exchange exposure at appropriate time.

## Litigations

Except for those disclosed litigations as set out in Note 34 to the consolidated financial statements, the Group is not a party to any other significant legal proceedings.

## Contingent Liabilities

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

## Capital Commitments

As at 31 March 2025, the Group had no capital commitments (2024: Nil).

## Pledge of Assets

There were no borrowings secured by assets of the Group as at 31 March 2025 (2024: Nil).

## Employees and Remuneration Policy

As at 31 March 2025, the Group had 226 (2024: 263) employees, including the Directors, working mainly in Hong Kong and the PRC. For the Year, the Group's total staff costs including directors' emoluments were approximately HK$24.5 million (2024: approximately HK$29.2 million).

The Group actively recruits skilled and qualified personnel in local markets through various channels, such as internal referrals and advertisement on the internet. The Group believes that employees are important assets to the Group and the core of its competitive advantage. Therefore, we are dedicated to improving our employment system in order to attract, cultivate and retain talents and believe that this will contribute significantly to the Group's success. It provides competitive remuneration packages and fringe benefits, including basic salary, different types of leave (annual, sick, maternity, funeral, injury and breast-feeding), insurance, housing provident fund, allowance, subsidy and bonus to its employees.

The Company has also adopted a share option scheme as an incentive to, inter alia, the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all employees in Hong Kong.

The Group believes that development and training are crucial for employees to discharge their duties more effectively and efficiently. To nurture talents and support continuous development of employees, the Group has established the "Training Management Policy" in its "Employee Handbook" to regulate the processes of training planning, preparation, execution, evaluation and feedback.

## Share Option Scheme

A share option scheme (the "Share Option Scheme") was approved and adopted by the passing of an ordinary resolution at a special general meeting of the Company held on 22 November 2016 (the "Date of Adoption") and further approved by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 June 2017, under which, options may be granted by the Company to any eligible participants (including executive, non-executive and independent non-executive Directors) to subscribe for shares of the Company, subject to the terms and conditions as stipulated in Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of 10 years after the Date of Adoption. An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant. An offer of grant of an option may be accepted by an eligible person within 28 days from the date of the offer of grant of the option.

The scheme mandate limit under the Share Option Scheme was refreshed by the passing of an ordinary resolution at the annual general meeting of the Company held on 23 September 2022 (the "2022 AGM"), following which the maximum number of shares that may be issued by the Company upon exercise of all the share options granted under the Share Option Scheme is 161,328,757 shares of the Company, representing 10% of the total number of issued shares of the Company as at the date of the 2022 AGM. The details of the refreshment of the scheme mandate limit under the Share Option Scheme are set out in the circular of the Company dated 27 July 2022.

During the Year and the year ended 31 March 2024, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 31 March 2025, there were no outstanding share options under the Share Option Scheme.

As at 31 March 2025 and up to the date of this report, the total number of share options available for grant by the Company under the Share Option Scheme was 161,328,757, representing 10% of the shares of the Company in issue.

## Final Dividend

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

## Significant Investment

### Subscription

On 28 March 2025, the Group, through its indirect wholly-owned subsidiary, Guangzhou Jiasheng Electronic Trading Company Limited* (廣州嘉升電子貿易有限公司) ("Guangzhou Jiasheng"), entered into a capital injection agreement, and conditionally agreed to subscribe for approximately 15.12% of the enlarged registered capital of Beijing Weihang Yining Health Management Group Company Limited* (北京偉航奕寧健康管理集團有限公司) (the "Target Company"). The subscription total amount is RMB28,500,000 (equivalent to approximately HK$30,495,000), of which RMB1,781,300 was injected as registered capital, and the remaining balance of RMB26,718,750 was injected to the Target Company's capital reserves ("Capital Injection"). The principal activity of the Target Company is operation of artificial intelligence medical system with assisting high-end medical resource integrated health management platform. The Target Company shall be classified as an associated company of the Group and accounted for using equity method in the consolidated financial statements of the Group. The financial results of the Target Company will not be consolidated into the consolidated financial statements of the Group. Up to the date of this report, the completion of the Capital Injection has taken place.

Further details of the subscription are set out in the announcement dated 28 March 2025 and the supplemental announcement dated 30 May 2025 published by the Company.

* *For identification purpose only.*

# MANAGEMENT DISCUSSION AND ANALYSIS

## Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plans for material investments or capital assets acquisitions for the coming 12 months.

## Outlook

### PCB Business Segment

The PCB business segment is closely related to the macroeconomic environment as the PCB products are mainly applied in the consumer products such as automobiles and electronics devices. The trade tensions started in 2025 imposed downside risk to the global economy, and the customers became precautionary, which was reflected in the drop of the sales in the first quarter of 2025 when compared to the same period of the last year. However, with the sign of relief of the trade tension recently, we can see the sales amount start to rebound, and hopefully will continue to improve.

### Printing Business Segment

The escalating trade tensions across the global caused the customers to become precautionary which reflected in the dropped sales amount in the first quarter of 2025. However, based on the incoming orders, we expect the sales will return to stable in the next half year. The unpredictability of the global economic environment intensified the downside risk; the management will closely monitor and act accordingly, and will continue to implement cost control measures and optimise the inventory management.

### Trading of Petroleum and Energy Products and Related Business Segment

The legal proceedings against the two then subsidiaries of the Company (including Pacific Dragon and DML) initiated by Societe Generale, Singapore Bank in August 2019 had been vigorously defended by the Company. On 10 July 2020, the Hong Kong High Court handed down its decision that the injunction continued but only on a proprietary basis, and only in the sums totaling HK$10.2 million and discharge of the injunction would be permitted if such amount was paid into the Court.

In November 2020, DML paid the injuncted amount of approximately HK$6.8 million to the Court. The injunction order against DML was discharged by the order of the Court dated 14 December 2020 and therefore the bank balances held by DML were released from restriction of use. On 29 June 2022, DML ceased to be a subsidiary of the Company under the Winding-up Order and the injuncted amount paid by DML was derecognised upon de-consolidation.

As at 31 March 2021, Pacific Dragon had the bank balances of approximately HK$2.7 million which were restricted from being used. In April 2021, Pacific Dragon paid the injuncted amount of approximately HK$3.5 million into the Court. The injunction order against Pacific Dragon was discharged by the order of the Court dated 18 May 2021 and therefore the bank balances held by Pacific Dragon were released from restriction of use. During the year ended 31 March 2025, Pacific Dragon was disposed of and ceased to be a subsidiary of the Group as set out in Note 29 to the consolidated financial statements. The injuncted amount of approximately HK$3,446,000 paid by Pacific Dragon was derecognised.

With reference to the opinion of the Group's lawyer, the Group is of view that we have a reasonable ground of defense and will continue to defend the case.

Details of the legal proceedings are set out in Note 34 to the consolidated financial statements.

The international crude oil price fluctuated widely at medium level and dropped further. It is foreseen that the global commodity demand will remain growth. The Group is actively seeking for trading opportunities and try to resume the trading business. On 22 May 2023, the Company entered into a non-binding memorandum of understanding with an independent third party (as defined in the Listing Rules), pursuant to which, among others, both parties proposed to set up a joint venture which is planned to be engaged in the trading of energy and resources related products and commodities so as for the Group to resume the trading business. The group is still negotiating with the potential trading partner regarding the operational decision and exploring the trading opportunity. Up to the date of this report, a mutual agreement has not been reached yet.

### Investments in Funds Business Segment

The Group, through Digital Mind, entered into a joint venture agreement in July 2022, in relation to the subscription of the 40% of equity interests in Noricap Fund which is engaged in investment holdings and subscription and management of a special purpose fund ("SP Fund") or making other investments as agreed with the joint venture partners. Details of Noricap Fund are set out in Note 14 to the consolidated financial statements.

Prior to the completion of set-up of SP Fund, Noricap Fund is actively looking for potential investment opportunities. The Group has provided a loan of approximately HK$19.8 million with the terms stipulated in the joint venture agreement to Noricap Fund for making temporary investments with stable return, and LBG Equity Investments (HK) Co., Limited will provide its shareholder's loan following the approval from the relevant authorities in the PRC.

On 29 July 2024, Noricap Fund entered into a sale and purchase agreement with an independent third party, pursuant to which Noricap Fund has conditionally agreed to invest in a company which is principally engaged in the provision of automated trading platform service for cryptocurrency ("Investee"). The Investee has already obtained the licenses from the Securities and Future Commission ("SFC") and other requisite licenses necessary to conduct the key business. Up to the date of this report, the completion has taken place, and Noricap Fund paid out the amount of approximately HK$18.1 million and indirectly acquired approximately 0.86% of the equity shares of the Investee.

The board is of the view that the provision of the shareholder loan for the purpose of making other investments as agreed by the joint venture partners will present an investment opportunity to maximise return of the Group's fund and allow the Group to diversify its business and sources of income.

### Other Investment

As detailed in the sub-headed section "Subscription" under "Significant Investment" above, the Group, through Guangzhou Jiasheng, entered into the Capital Injection Agreement on 28 March 2025, and conditionally agreed to subscribe for the capital of the Target Company. The Board is of the view that the Capital Injection will enable the Group to diversify the scope of its operations. It is in line with the Group's strategy to strengthen its financial performance as the subscription will enable the Group to diversify its income stream.

# REPORT OF THE DIRECTORS

The Directors present herewith their report and the audited consolidated financial statements of the Company and its subsidiaries for the Year.

## Principal Activities

The principal activity of the Company is investment holding. The Group operates its business mainly through four segments: (i) the PCB segment engages in the manufacturing and trading of PCB; (ii) the Printing Business segment engages in the manufacturing and trading of printing and packaging products; (iii) the trading of petroleum and energy products and related business segment; and (iv) investments holding. The principal activities of the principal subsidiaries are set out in Note 15 to the consolidated financial statements.

## Results and Dividends

The Group's results for the Year are set out in the consolidated statement of profit or loss on page 78 of this report.

The Board does not recommend the payment of any dividends in respect of the Year (for the year ended 31 March 2024: Nil).

## Business Review

Further discussion and analysis of the principal activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622), including a fair review of the Group business and a discussion of the principal risks and uncertainties facing the Group, an indication of likely future development in the Group's business, and a discussion on the Company's environmental policies and performance and key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, can be found in the "Chairman's Statement" section on pages 3 to 4, the "Management's Discussion and Analysis" section on pages 9 to 13, this report of the directors, the "Environmental, Social and Governance Report" section on pages 24 to 54, the "Corporate Governance Report" section on pages 55 to 71 and Note 33 to the consolidated financial statements on pages 138 to 143 of this annual report, all of which forms part of this report of the directors.

An analysis using financial key performance indicators is provided in the section handed "Summary Financial Information" in this report of the directors and "Management Discussion and Analysis" on pages 9 to 13 of this annual report.

## Compliance with Laws and Regulations

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the Year.

For more details, please refer to the Environmental, Social and Governance Report on pages 24 to 54 of this report.

## Summary Financial Information

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out below.

### Results

| | Year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | 2022 | 2021 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 (Restated) |
| Revenue | | | | | |
| Continuing operations | **53,097** | 85,584 | 83,758 | 106,471 | 67,886 |
| Discontinued operation | **–** | – | – | 2,767 | 21,219 |
| | **53,097** | 85,584 | 83,758 | 109,238 | 89,105 |
| Loss before income tax from continuing and discontinued operations | **(21,285)** | (11,873) | (25,868) | (29,149) | (66,901) |
| Income tax (expense)/credit from continuing and discontinued operations | **159** | – | (149) | 21 | (75) |
| Loss for the year | **(21,126)** | (11,873) | (26,017) | (29,128) | (66,976) |
| Loss attributable to: | | | | | |
| Owners of the Company | **(21,126)** | (11,873) | (26,017) | (29,128) | (66,976) |

### Assets and Liabilities

| | As at 31 March | | | | |
|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | 2022 | 2021 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Non-current assets | **48,409** | 46,896 | 49,930 | 50,543 | 78,851 |
| Current assets | **56,505** | 78,213 | 94,673 | 125,065 | 100,571 |
| Assets classified as held for sale | **–** | – | – | – | 50,740 |
| Current liabilities | **(31,395)** | (31,282) | (38,376) | (42,801) | (124,029) |
| Liabilities associated with assets classified as held for sale | **–** | – | – | – | (1,959) |
| Net current assets | **25,110** | 46,931 | 56,297 | 82,264 | 25,323 |
| Non-current liabilities | **(1,000)** | (14) | (313) | (146) | (9,052) |
| Total equity | **72,519** | 93,813 | 105,914 | 132,661 | 95,122 |

Note: The revenue figures have been restated as if the vessel chartering business segment had been discontinued during the year ended 31 March 2020.

## Donations

During the Year, the Group made charitable and other donation in the total amount of HK$Nil (2024: HK$11,000).

## 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.

## Share Capital

Details of the Company's authorised and issued share capital are set out in Note 27 to the consolidated financial statements.

## Share Option Scheme

Pursuant to the Company's special general meeting on the Date of Adoption, an ordinary resolution was passed to approve and adopt the Share Option Scheme which was further subject to approval by the Listing Committee of granting the Listing Approval. On 23 June 2017, the Listing Approval was confirmed by the Listing Committee.

The scheme mandate limit under the Share Option Scheme was refreshed by the passing of an ordinary resolution at the 2022 AGM, following which the maximum number of shares that may be issued by the Company upon exercise of all the share options granted under the Share Option Scheme is 161,328,757 shares of the Company, representing 10% of the total number of issued shares of the Company as at the date of the 2022 AGM. The details of the refreshment of the scheme mandate limit under the Share Option Scheme are set out in the circular of the Company dated 27 July 2022.

The purpose of the Share Option Scheme is to provide the incentives or rewards to the eligible persons for their contribution to, and continuing efforts to promote interests of, the Company and to enable the Group to recruit and retain high-calibre employees. Eligible persons of the Share Option Scheme include (i) any Director (whether executive or non-executive, including independent non-executive director) or employee (whether full time or part time) of the Company or any of its subsidiaries or associated companies; (ii) consultant, adviser, supplier or customer of the Company or any of its subsidiaries or associated companies; and (iii) any other group of classes of participants which the Board may, from time to time in its absolute discretion, consider appropriate on basis of such participants' contribution or potential contribution to the development, growth or benefit of the Company or any of its subsidiaries or associated companies. The Share Option Scheme will remain in force for 10 years from the Date of Adoption, unless otherwise terminated or altered. As at 31 March 2025, the remaining life of the Share Option Scheme is approximately 1 year and 8 months. An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant. An offer of grant of an option may be accepted by an eligible person within 28 days from the date of the offer of grant of the option. The Board may in its absolute discretion impose any condition(s) as it deems appropriate with respect to the grant of the option to the eligible persons, including the vesting period (if any).

Upon refreshment of the scheme mandate limit, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not exceed 10% of the total number of shares in issue as at the date of the 2022 AGM i.e. 161,328,757 shares (the "10% Limit") or the date of any shareholders' meeting in refreshing the 10% Limit, if applicable. Unless approved by the shareholders of the Company in accordance with the Listing Rules, the maximum number of shares issued and issuable to each eligible person under the Share Option Scheme in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue as at proposed grant date. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Before the refreshment and as at the beginning of the Year, the total number of options available for grant under the Share Option Scheme was 9,624,000 shares which represented approximately 0.60% of the total number of ordinary shares of the Company in issue. After the refreshment and as at the end of the Year, the total number of options available for grant under the Share Option Scheme was 161,328,757 shares which represented 10% of the total number of ordinary shares of the Company in issue at as the date of this report.

As at 31 March 2025, there was no service provider sublimit adopted under the Share Option Scheme; and no share options were issued to service providers under Rule 17.03(3) of the Listing Rules.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of such options). In addition, any share options granted to an independent non-executive Director or a substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the total number of shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000 within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon payment (with no deadline specified) of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board and commences from the date on which the offer of share options is duly accepted by the grantee in accordance with the Share Option Scheme.

The exercise price of share options is determined by the Board, and shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the share options; and (iii) the nominal value of the Company's shares. During the Year, no share options were granted, exercised, lapsed or cancelled, and there were no outstanding share options under the Share Option Scheme as at 1 April 2024 and 31 March 2025.

## Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## Management Contracts

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

## Equity-Linked Agreements

Save for the Share Option Scheme as disclosed in this report, no equity-linked agreements were entered into by the Company or subsisted at any time during the Year.

## Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year (including sale of treasury shares). As of the end of the Year, no treasury shares were held by the Company.

## Distributable Reserves

As at 31 March 2025 and 31 March 2024, the Company did not maintain any reserve available for distribution to shareholders, calculated under the provisions of the Companies Act 1981 of Bermuda.

The Company's share premium account may be distributed in the form of fully paid bonus shares. Details of movements in the reserves of the Company and the Group during the Year are set out in Note 28 to the consolidated financial statements and in the consolidated statement of changes in equity on page 82 of this report, respectively.

## Major Suppliers and Customers

The percentages of the Group's purchases and sales for the Year attributable to the largest and five largest suppliers and customers of the Group respectively are as follows:

| | | |
|---|---|---|
| a. | Percentage of purchases attributable to the: | |
| | – Largest supplier | 26% |
| | – Five largest suppliers | 55% |
| b. | Percentage of sales attributable to the: | |
| | – Largest customer | 29% |
| | – Five largest customers | 70% |

None of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest suppliers and customers.

# REPORT OF THE DIRECTORS

## Directors

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

### Executive Director:

Mr. Lee Man Kwong *(Chairman)*

### Non-executive Directors:

Mr. Yau Pak Yue
Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)*

### Independent non-executive Directors:

Mr. Leung King Fai *(Resigned on 20 September 2024)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
Ms. Lin Ying *(Appointed on 20 September 2024)*

Mr. Wong Siu Hung, Patrick has been redesignated from an executive Director to a non-executive Director with effect from 1 April 2024.

Ms. Lin Ying has been appointed as an independent non-executive director with effect from 20 September 2024.

Under Bye-Law 99 of the Bye-Laws of the Company, at each annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that save for a director holding office as chairman or managing director, every director shall be subject to retirement by rotation at least once every three years.

Under Bye-Law 102 of the Bye-Laws of the Company, subject to authorisation by the Shareholders in general meeting, any Director be appointed by the Shareholders to fill a casual vacancy shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

In accordance with Bye-Laws 99 and 102 of the Company's Bye-Laws, Mr. Lee Man Kwong, Mr. Yau Pak Yue and Ms. Lin Ying will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company to be held on Tuesday, 23 September 2025 (the "AGM").

The Company has received from each of the independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

# REPORT OF THE DIRECTORS

## Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Company are set out on pages 5 to 8 of this report.

## Directors' Service Contracts

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## Directors' Emoluments

Details of the remuneration of the Directors on named basis during the Year are set out in Note 10 to the consolidated financial statements.

## Litigations

Save as disclosed outstanding litigations set out in Note 34 to the consolidated financial statements, the Group is not a party to any other significant legal proceedings.

## Permitted Indemnity Provisions

A permitted indemnity provision for the benefit of the Directors and officers of the Company is currently in force and was in force throughout the Year. Pursuant to the Bye-Laws of the Company, the Directors and the officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reasons of any act done, concurred in or omitted in or about the execution of their duties. The Company has maintained liability insurance to provide appropriate cover for the Directors and officers of the Group.

## Directors' Interests in Transaction, Arrangements or Contracts of Significance

No Directors or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

## Related Party/Connected Transactions

The significant related party transactions made during the Year were disclosed in Note 32 to the consolidated financial statements. The transactions set out therein fall within the definition of connected transactions under Chapter 14A of the Listing Rules, but are subject to exemptions under Chapter 14A of the Listing Rules and thus are fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

## Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2025, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

| Name of director | Nature of interests | Number of issued ordinary shares held (Long position) | Approximate percentage of the Company's issued share capital (Note) |
|---|---|---|---|
| Lee Man Kwong | Beneficial owner | 10,000 | 0.0006% |

Note:

The approximate percentages were calculated based on 1,613,287,570 shares in issue as at 31 March 2025.

Save as disclosed above, as at 31 March 2025, none of the Directors had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## Arrangement to Purchase Shares or Debentures

Other than the Share Option Scheme disclosed in this annual report, at no time during the Year and at the end of the Year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 31 March 2025, the interests of the substantial shareholders and other persons, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

| Name | Capacity and nature of interest | Number of issued ordinary shares held (Long positions) | Approximate percentage of the Company's issued share capital (Note 4) |
|---|---|---|---|
| Spring Global Enterprises Limited (Note 1) | Beneficial owner | 280,000,000 | 17.36% |
| Ng Man Chan (Note 2) | Beneficial owner/interest in controlled corporation/Interests held jointly with another person | 420,988,000 | 26.10% |
| Li Mi Lai (Note 3) | Interest of spouse/Interests held jointly with another person | 420,988,000 | 26.10% |
| Apact Consultancy (Hong Kong) Company Limited | Investment manager | 103,826,000 | 6.44% |

Notes:

(1) Spring Global Enterprises Limited is wholly-owned by Ng Man Chan. Ng Man Chan is deemed to be interested in all the shares in which Spring Global Enterprises Limited is interested under Part XV of the SFO.

(2) 420,988,000 Shares comprise 120,068,000 Shares directly held by Ng Man Chan, 280,000,000 Shares held through Spring Global Enterprises Limited and 20,920,000 Shares jointly held with his spouse, Li Mi Lai.

(3) Li Mi Lai is the spouse of Ng Man Chan. By virtue of Part XV of the SFO, Li Mi Lai is deemed to be interested in the same number of Shares in which Ng Man Chan is deemed to be interested under Part XV of the SFO. Li Mi Lai also holds 20,920,000 Shares jointly with her spouse, Ng Man Chan.

(4) The approximate percentages were calculated based on 1,613,287,570 Shares in issue as at 31 March 2025.

Save as disclosed above, as at 31 March 2025, no other persons had any interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

# REPORT OF THE DIRECTORS

## Sufficiency of Public Float

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

## Directors' Interest in a Competing Business

During the Year and up to the date of this report, no Directors is considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## Corporate Governance

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 55 to 71 of this annual report.

## Events after Reporting Period

Save as disclosed events after reporting period set out in Note 37 to the consolidated financial statements, there were no significant events affecting the Company that have occurred since the end of the Year.

## Auditor

The consolidated financial statements of the Group for the Year have been audited by Prism Hong Kong Limited, *Certified Public Accountants*, who will retire and, being eligible, offers itself for re-appointment and a resolution for its re-appointment as auditor of the Company will be proposed at the AGM.

Prism Hong Kong Limited was appointed as the auditor of the Company from 27 January 2025 to fill casual vacancy following the resignation of Forvis Mazars CPA Limited on 27 January 2025. Save as disclosed above, there is no change of independent auditor of the Company during the past three years. For details, please refer to the announcement of the Company dated 27 January 2025.

## Environmental, Social and Governance

The Environmental, Social and Governance ("ESG") exercise for the Year have been undertaken by a third party consultant which enables the Company to present a succinct and balanced account of our ESG related matters to our stakeholders in a transparent manner which are set out in the ESG Report on pages 24 to 54 of this report.

On behalf of the Board

**Lee Man Kwong**
*Chairman*

Hong Kong
24 June 2025

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

### Report Overview

Daisho Microline Holdings Limited ("Daisho Microline" together with its subsidiaries, collectively known as the "Group", "We"), is pleased to present our Environmental, Social and Governance Report (the "ESG Report" or the "Report") to our stakeholders. This Report describes the ESG activities, challenges and measures taken by the Group from 1 April 2024 to 31 March 2025 (the "Reporting Period", the "Year" or "2025").

### Reporting Scope

The reporting scope is consistent with the annual report and covers all the continuing operations that are the principal source of revenue of the Group, which includes the head office in Hong Kong, PCB business and printing business operated in Hong Kong and the People's Republic of China (the "PRC") and has no significant changes compared to last year. The Group will continue to assess the major ESG aspects of different businesses to determine whether to expand the scope of reporting.

### Reporting Framework

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Exchange"). During the preparation for this Report, the Group applied the reporting principles stipulated in the ESG Reporting Guide as follows:

**Materiality:** A high priority is given to issues important to the Group and its stakeholders. Throughout the interaction with internal management, employees and external stakeholders, the Group has identified various material sustainability issues that need to be addressed. The preparation of this Report was based on these material issues. Please refer to the Stakeholder Engagement and Materiality Assessment sections for further details.

**Quantitative:** Quantitative information is provided so that a measurable target can be set and the ESG performance can be evaluated objectively. Additional clarifications have been added to the quantitative data in this Report to explain any standards, methodologies and conversion factors used in calculating emissions and energy consumption.

**Balance:** In this Report, the Group provides an unbiased picture of its ESG performance by reviewing and disclosing the achievements, areas for improvement, and plans.

**Consistency:** This Report's scope and preparation are substantially consistent with the previous year, and explanations regarding data with a change in the scope of disclosure and calculation methodologies are provided.

### Forward-looking Statements

This Report contains forward-looking statements based on the current expectations, estimates, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. The forward-looking statement is not a guarantee of future performance and is subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ from the assumptions and statements in this Report.

### Contact Us

We welcome stakeholders to provide opinions and suggestions. You are welcome to provide valuable feedback on this ESG Report or our sustainability performance at:
Email: dminfo@dmgroup567.com

## BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE

### Board Statement

The Board is pleased to present the ESG initiatives, strategies, plans and performance of the Group, and demonstrate its commitment to sustainable development in this ESG Report. Sustainability affects every part of our business. The Group uses both top-down and bottom-up approaches to engage employees and stakeholders in long-term sustainable development. The Board oversees making sure our risk management and internal control systems work effectively. We have created an ESG governance framework to align our sustainability efforts with our strategic growth and to integrate ESG principles into our daily operations.

The diagram below provides an illustration of our governance infrastructure, on the decision-making level and the management and implementation level:

**Board-Decision Making Level**

- Oversee all ESG related approaches, strategies and policies
- Assess critical issues, risks and opportunities
- Set goals and specific indicators and oversee the Group's sustainable development performance

**ESG Working Group-Management and Implementation Level**

- Identity and report on major ESG issues, risks and opportunities
- Implement sustainable development initiatives, review related policies, evaluate and make recommendations on governance and strategy issues
- Evaluate sustainable development performance and progress based on goals

### The Board

The Board is responsible for overseeing all ESG issues of the Group. It holds the ultimate responsibility for monitoring the Group's ESG performance, management strategies, and policies. To improve our ESG efforts and spot potential risks and opportunities, the Board regularly works with the ESG Committee to assess important ESG issues based on stakeholder feedback.

The Board sets long-term and short-term sustainability goals to inspire and encourage innovation. We have strong support for our policies and frameworks that guide us on our sustainability journey.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ESG Working Group

Duties of the ESG Working Group include ESG data collection and data analysis for the ESG report. The ESG Working Group is also responsible for monitoring and evaluating the ESG performance to ensure regulations are fully complied. Regular meetings are carried out to assess the effectiveness of the current policies for ongoing improvements.

The ESG Working Group discusses material ESG topics in a timely manner and integrated ESG concerns into strategy development for risk management and opportunities optimisation. Through analysis and discussion, the ESG Working Group sets out different ESG initiatives as part of the sustainable development process, turning the identified threats into opportunities through policy formulation and implementation.

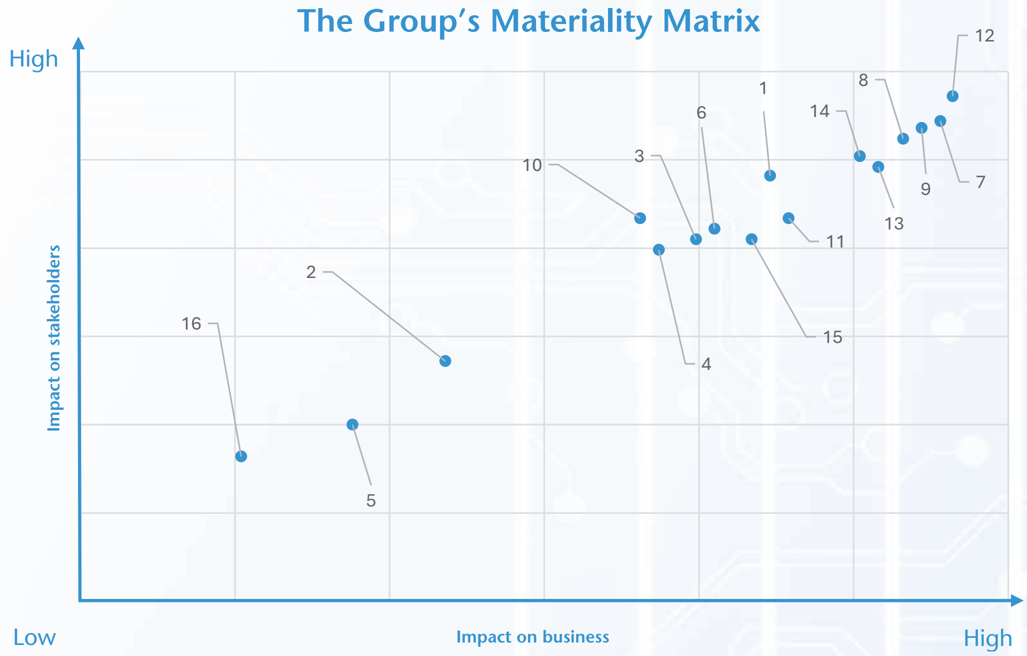
## STAKEHOLDER ENGAGEMENT

The Group recognises the importance of stakeholder feedback regarding its sustainable development efforts. To foster better communication, we actively encourage stakeholders to share their feedback on the Group's strategy through various channels. We are dedicated to understanding and meeting stakeholders' evolving expectations, aiming to enhance our ESG performance and create more value for the broader community.

| Stakeholders | Key communication channels | Concerns |
|---|---|---|
| **Shareholders and Investors** | • General meetings (annual and special general meetings)<br>• Interim and annual reports<br>• Announcements and circulars | • Complying with relevant laws and regulations<br>• Disclosure of latest corporate information in due course<br>• Financial results<br>• Corporate sustainability |
| **Customers** | • Emails<br>• Customer meetings<br>• After-sales services | • Product and service responsibility<br>• Customer information and privacy protection |
| **Employees** | • Staff appraisals<br>• Regular meetings<br>• Emails and telephone calls<br>• Employee handbook<br>• Customised trainings | • Health and safety<br>• Equal opportunities<br>• Remuneration and benefits<br>• Career development |
| **Government and regulatory authorities** | • Company website<br>• Legal counsel<br>• Meetings, emails and telephone calls | • Business ethics<br>• Complying with relevant laws and regulations |
| **Community** | • ESG reports<br>• Press releases and announcements<br>• Interim and annual reports | • Giving back to society<br>• Environmental protection<br>• Compliant operations |

## MATERIALITY ASSESSMENT

Through the materiality review, the ESG Working Group has identified and assessed 16 relevant ESG issues based on the Group's businesses based and circumstances. They are categorised as follows, and the results in the materiality analysis were reviewed and endorsed by the Board.




| | | | |
|---|---|---|---|
| 1. Emission Control | 2. Energy Consumption and Management | 3. Packaging Material Usage | 4. Waste and Wastewater Management |
| 5. Conservation of Natural Environment | 6. Employment Practices | 7. Occupational Health and Safety | 8. Employee Training and Development |
| 9. Labour Standards | 10. Diversity and Equality Relations | 11. Supply Chain Management | 12. Product and Service Quality |
| 13. Intellectual Property Protection | 14. Privacy Protection | 15. Anti-Corruption | 16. Community Investment |

## A. ENVIRONMENTAL

### Environmental Targets

The Group values the concept of sustainable development and is committed to reducing its impact on the environment. In 2022, the Group established a series of environmental targets to respond to the national vision of environmental protection and carbon neutrality, and to enhance its corporate reputation. The Group continuously monitors and reviews the progress of its targets and strives to optimise its environmental management practices to achieve the targets set. The progress towards the target, relevant data and year-on-year comparisons are listed in the table below and subsequent sections.

| Aspects | 2022 (Base Year) | 2030 Targets (Against Base Year) | 2025 (Results) |
|---|---|---|---|
| Electricity consumption intensity ($MWh/m^2$) | 0.21 | ↓ 5% | 0.20 (In Progress) |
| Water consumption intensity (($m^3/m^2$) | 2.41 | ↓ 5% | 2.05 (Achieved) |
| Non-hazardous wastes intensity ($tonnes/m^2$) | 0.003 | ↓ 5% | 0.014 (In Progress) |
| Greenhouse Gas emission intensity ($tCO_2e/m^2$) | 0.12 | ↓ 5% | 0.13 (In Progress) |

### Emissions

The Group is firmly committed to sustainable development as its primary ESG management goal. It proactively incorporates environmental control mechanisms and monitoring measures into its business operations and workplace. Echoing the Paris Agreement of limiting the average global temperature increase to 1.5° C compared to the pre-industrial period, the Group has developed an "Environmental Policy" that provides clear guidelines and measures for resource efficiency and waste management. It regards emissions reduction, and as well as efficient and responsible use of energy, to be the prerequisites for achieving this global ambition.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Relevant laws and regulations include but not are limited to the "Environmental Protection Law of the PRC", the "Atmospheric Pollution Prevention and Control Law of the PRC", the "Water Pollution Prevention and Control Law of the PRC", the "Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes", "Regulation on Urban Drainage and Sewage Treatment", and the "Air Pollution Control Ordinance" and the "Waste Disposal Ordinance" of Hong Kong.

*Air Emissions*

The primary contributors to the Group's air emissions were the usage of petrol and diesel in vehicles and machinery. The following is an overview of the air emissions performance during the Year:

| Types of air emissions | Unit | 2025 | 2024 |
|---|---|---|---|
| **Nitrogen Oxides (NOx)** | kg | 6.42 | 27.93 |
| **Sulphur Oxides (SOx)** | kg | 0.16 | 0.74 |
| **Particulate Matter (PM)** | kg | 0.47 | 2.06 |

We observed a significant reduction in air emissions compared to last year. This decrease can be attributed primarily to changes in the usage of our office vehicle located in Hong Kong. In 2024, the vehicle was utilised for daily round trips between Hong Kong and Mainland China, resulting in higher emissions due to the longer travel distances and increased operational hours. However, during this Reporting Period, the vehicle's usage was limited to operations solely within Hong Kong. This operational shift has substantially reduced mileage and, consequently, the emissions associated with the vehicle.

To ensure compliance with applicable laws, regulations, and standards, the Group is dedicated to monitoring air emissions closely. Furthermore, the Group has taken proactive steps to implement reduction measures and establish monitoring protocols. These initiatives aim to minimise air emissions and mitigate their environmental impact.

**Reduce Air Emission**

| | |
|---|---|
| Regularly maintain and repair vehicles and forklifts to prevent them from generating excess air emissions from broken parts | Phase out unqualified vehicles in accordance with the local emission regulations |
| Perform regular inspections to monitor the concentration of air pollutants, volatile organic compounds, benzene, toluene and xylene to ensure the emissions are within the emission standards set by the government | Install filter bags, scrubber and bio-trickling filter to filter dusts, neutralise gas and deodorise air before air is emitted into the atmosphere |

***GHG Emissions***

The Group's GHG emissions are derived from a range of activities. These include direct **(Scope 1)** emissions such as the combustion of petrol in mobile sources, the combustion of diesel in forklifts, and refrigerant emissions. Indirect emissions consist of energy-related **(Scope 2)** emissions from purchased electricity, as well as other indirect **(Scope 3)** emissions from municipal freshwater processing, paper waste disposal at landfills, and business trips (if applicable). By acknowledging and categorising these emissions, the Group is committed to effectively managing and reducing its environmental impact.

The Group's performance of GHG emissions is summarised below:

| Scopes of GHG emissions[1] | Unit | 2025 | 2024 |
|---|---|---|---|
| **Scope 1 Direct emissions** | **$tCO_2e$** | **38.88** | **146.90** |
| Combustion of petrol for vehicles | $tCO_2e$ | 27.84 | 134.18 |
| Combustion of diesel for forklifts | $tCO_2e$ | 0.48 | 2.16 |
| Release of refrigerants | $tCO_2e$ | 10.56 | 10.56 |
| **Scope 2 Energy indirect emissions** | **$tCO_2e$** | **1,355.43** | **1,460.64** |
| Purchased electricity | $tCO_2e$ | 1,355.43 | 1,460.64 |
| **Scope 3 Other indirect emissions** | **$tCO^2e$** | **269.66** | **686.34*** |
| Electricity used for freshwater processing | $tCO_2e$ | 11.23 | 11.24 |
| Paper waste disposed at landfill | $tCO_2e$ | 1.46 | 1.51 |
| General wastes at landfill | $tCO_2e$ | 256.50 | 673.17* |
| Business air travel | $tCO_2e$ | 0.46 | 0.42 |
| **Total GHG emissions** | **$tCO_2e$** | **1,663.97** | **2,293.88*** |
| **Intensity[2]** | $tCO_2e/m^2$ | 0.13 | 0.18* |

*Note(s):*

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the latest released average carbon dioxide emission factor for national electricity in China, published by the Ministry of Ecology and Environment on December, 2024 and the "CLP 2024 Sustainability Report" published by CLP Holdings Ltd.

2. During the Reporting Period, the total floor area of the Group within the reporting scope was approximately 12,613.00 $m^2$ (2024: 12,613.00 $m^2$). These numbers would also be used for calculating other intensity data in the ESG Report.

* The data has been restated due to an updated calculation model.

The decrease in GHG emissions this year is because the vehicle was only used for operations within Hong Kong. This change has significantly lowered direct emissions (Scope 1). Echoing with the PRC government's goal of "achieving peak emissions by 2030 and carbon neutrality by 2060", the Group will actively respond to the government's emission reduction plan and strive to reduce its GHG emissions intensity within the target period. We have adopted the following emission reduction measures actively under "Air Emissions" and "Energy Management" sections.

***Wastewater Discharge and Treatment***

The Group ensures that wastewater is treated properly and has met the standard of the PRC government before discharge. Wastewater treatment processes, including sedimentation, aerobic and anaerobic digestion and pH adjustment, are applied onsite. The Group monitors the wastewater parameters, such as chemical oxygen demand, total suspended solid, pH, nitrogen content, heavy metal content, etc., and ensures that the effluent meets all permitted effluent limits.

***Waste Management***

- ***Hazardous Wastes***

  During production, the Group generates hazardous waste, including used cloths and empty ink cans. To reduce this waste, we follow waste management principles and aim to manage and dispose of waste properly. The Group has created procedures for handling hazardous waste. Waste from the factory is classified according to the National Hazardous Waste List, stored in designated areas, and collected by licensed professionals.

  The Group's performance of hazardous wastes generation is summarised below:

| Types of hazardous wastes[3] | Unit | 2025 | 2024 |
|---|---|---|---|
| Waste cloths | tonnes | 0.16 | 0.19 |
| Waste ink cans | tonnes | 0.23 | 0.25 |
| **Total hazardous wastes** | tonnes | 0.39 | 0.44 |
| **Intensity[2]** | tonnes/$m^2$ | 0.00003 | 0.00004 |

*Note(s):*

3. Hazardous waste generation from the Hong Kong office was not significant. Relevant data is only derived from the operations in the PRC.

- ***Non-hazardous Wastes***

  The Group's operational activities generate non-hazardous waste, primarily consisting of general waste and paper waste. To ensure proper waste management, the Group takes precautions to prevent the diffusion and leakage of waste, strictly prohibiting any unauthorised disposal. All generated waste is stored in designated areas under strict monitoring. The Group engages licensed collectors to collect and process various types of waste, adhering to regulatory guidelines and maintaining responsible waste management practices.

  The Group's performance of non-hazardous wastes generation is summarised below:

| Types of non-hazardous wastes | Unit | 2025 | 2024* |
|---|---|---|---|
| **Total non-hazardous wastes** (Including general wastes & paper wastes) | tonnes | 172.00 | 454.00 |
| **Intensity[2]** | tonnes/$m^2$ | 0.014 | 0.040 |

* *The data has been restated due to an updated calculation model.*

During the Reporting Period, we reduced the amount of non-hazardous waste. The Group will keep following the environmental principle of "**3R**" (Reduce, Reuse, Recycle) and following measures to minimise waste:

- Office automation systems are used to replace paper-based approval processes, reducing paper consumption. Notices or brochures are made available in electronic formats and uploaded to the company's intranet or internet for readership;
- Company publications, including annual reports, interim reports, and quarterly reports, are printed only as needed;
- Shareholders are encouraged to access the company's corporate communications electronically. This not only saves paper but also provides the most timely, convenient, and effective means of communication with shareholders;
- Draft documents are created in draft mode, with reduced line spacing and printed in smaller font size. This helps save ink, electricity, and paper;
- Double-sided printing or copying is encouraged, and office printers are set to default for black and white and double-sided printing; and
- Recycling boxes are placed next to photocopiers to collect single-sided paper for reuse. For example, they can be used for photocopying or cut into notepaper.

## Use of Resources

The Group upholds and promotes the principle of efficient use of resources. To optimise resources consumption, the Group has formulated the aforementioned "Environmental Policy" to monitor and manage the consumption of fuel, electricity, water and packaging materials.

### *Energy Management*

Energy consumption of the Group includes diesel consumed by mobile machinery, petrol consumed by vehicles, and electricity used at the office. We reduced our direct energy consumption by using fewer vehicles and forklifts. The Group also closely monitors its energy use to ensure it keeps energy consumption low. The Group's performance in energy consumption is summarised below:

| Types of energy | Unit[4] | 2025 | 2024 |
|---|---|---|---|
| Petrol | MWh | 101.45 | 488.90 |
| Diesel | MWh | 1.94 | 8.83 |
| **Direct energy consumption** | **MWh** | **103.39** | **497.73** |
| Purchased electricity[5] | MWh | 2,525.97 | 2,561.17 |
| **Indirect energy consumption** | **MWh** | **2,525.97** | **2,561.17** |
| **Total energy consumption** | **MWh** | **2,629.35** | **3,058.90** |
| **Intensity[2]** | $MWh/m^2$ | 0.21 | 0.24 |

*Note(s):*

4. The unit conversion method of direct energy consumption data is based on the "Energy Statistic Manual" issued by the International Energy Agency.

5. This excluded the electricity consumption in Hong Kong office where the utility expenses were included in the management fee paid and where relevant usage data is not made available.

In line with this principle, the Group has developed the mentioned "Environmental Policy" to effectively monitor and manage the consumption of fuel, electricity, water, and packaging materials. Through the implementation of this policy, the Group aims to optimise resource consumption and minimise waste, contributing to sustainable resource management practices. These measures include, but are not limited to:

- Energy-saving lights and appliances are used in the office premises;
- Corridor lights are not fully turned on, and interval lighting is implemented;
- Unused electrical devices and appliances are unplugged to cut off power supply;
- Computers that are idle or not used within two hours are promptly shut down to ensure power savings;
- During lunch and non-office hours, some lights and air conditioning are turned off;
- Computers are regularly maintained and cleaned to prevent dust accumulation and moisture, reducing electricity consumption;
- Office equipment with energy-efficient features is purchased;
- Before leaving, turn off electric devices such as water dispensers, computers, printers, and air conditioning units, and unplug them to disconnect from the power source;
- Wear lightweight office attire during summer, and maintain room temperature at 26º C; and
- Enable standby or hibernate mode for personal computers.

***Water Management***

As extreme weather events like droughts and floods become more common and severe, it's important for businesses to adopt sustainable practices and save water. The Group aims to use water more efficiently and support the ecosystems where we operate. To reduce pollution and protect local water quality, we make sure our water discharges are safe and meet local regulations. During the Reporting Period, the Group did not encounter any issue in sourcing water that was fit for purpose due to it's geographic location that its operation located.

The Group's performance of water consumption is summarised below:

| Indicators | Unit | 2025 | 2024 |
|---|---|---|---|
| **Total water consumption**[6] | $m^3$ | 25,822 | 25,842 |
| **Intensity**[2] | $m^3/m^2$ | 2.05 | 2.05 |

*Note(s):*

6. This excluded the water consumption in Hong Kong office where the utility expenses were included in the management fee paid and where relevant usage data is not made available.

To actively mitigate water consumption, the Group closely monitors its monthly water usage and implements various initiatives to control consumption. These initiatives aim to promote water conservation and ensure responsible water management practices:

- Extend the drainage pipe of the air conditioning unit into a bucket, which can collect one liter of water every two hours. The saved water can be used for watering plants or mopping the floor;
- In the restroom, use a high-flow flush for solid waste and a low-flow flush for liquid waste, based on the water requirements for flushing; and
- Post water-saving labels as reminders and install automatic water taps.

***Use of Packaging Materials***

In alignment with its operational requirements, the Group utilises packaging materials such as paper boxes, bubble wrap, and plastic tape to ensure the protection of its products. The Group is actively focused on optimising its packaging methods by selecting the most effective materials while prioritising options that are non-toxic and recyclable. These initiatives are aimed at promoting sustainable packaging practices and reducing the Group's environmental footprint, thereby reinforcing its commitment to sustainability and responsible resource management.

The Group's performance of packaging materials is summarised below:

| Types of packaging materials | Unit | 2025 | 2024 |
|---|---|---|---|
| Paper box | tonnes | 69.00 | 122.40 |
| Plastic tape | tonnes | 9.86 | 2.67 |
| **Total packaging materials consumption** | **tonnes** | **78.86** | **125.07** |
| **Intensity**[2] | **tonnes/$m^2$** | **0.0063** | **0.0099** |

Acknowledging the environmental impact of packaging materials, the Group strives to improve the sustainability of its packaging in three ways:

- Eliminate excessive packaging
- Source more recyclable and biodegradable packaging materials
- Reuse packaging as much as possible

### The Environment and Natural Resources

The Group recognises its responsibility to minimise the negative impact of its operations on natural resources and the environment, aligning with its commitment to sustainable development and long-term value creation. This is achieved through the implementation of the "Environmental Policy," which includes continuous monitoring, risk mitigation measures, and compliance with relevant laws and regulations. By upholding these principles, the Group aims to promote environmental sustainability and fulfill its obligations to the broader community.

### Climate Change

The Group needs to regularly identify potential risks associated with climate change and analyse their potential impact on its operations. The identified climate-related risks can be categorised into two main types: physical risks and transition risks. The Group should incorporate climate change risk factors into its enterprise risk management process. Annual risk assessments should be conducted to determine if any adjustments are needed based on the identified risks, and relevant information should be recorded in the risk repository.

| Physical Risks | Transition Risks |
|---|---|
| Physical risks refer to risks caused by extreme weather events. These events include, but are not limited to, typhoons, heavy rain, and flooding. In the event of such emergencies, the company should closely monitor the latest weather updates and recommendations issued by local authorities. Additionally, the company should proactively take the following measures to minimise the potential impact of extreme weather events on its business: | The development of policies and regulations on climate change for carbon reduction may pose potential risks to the Group. These regulations may increase related compliance costs. Failure to meet climate change compliance requirements may also expose the Group to the risk of claims and litigation, which may result in a possible loss of corporate reputation. |
| **Mitigation Strategy** | |
| **Physical Risks**<br>• To prevent accidents or property damage caused by storms in the workplace, including but not limited to office spaces, regular inspections of drainage facilities should be conducted to ensure their effectiveness.<br>• The Group should organise regular emergency evacuation drills and daily emergency response exercises to enhance employees' emergency preparedness. The aim is to minimise building damage and personal injuries caused by floods.<br>• The Group has purchased insurance for its employees and assets and formulated contingency plans to reduce or avoid losses when extreme weather affects its business premises.<br>• The Group will identify these risks and prioritise those with material impacts on the Group so that preventive measures can be taken as soon as possible.<br>**Transition Risks**<br>• Assess the risks and opportunities associated with climate change and any related financial implications to gain a deeper understanding of the impact on its business.<br>• Develop appropriate procedures and measures to prevent or minimise the damage caused by climate change and capitalise on potential opportunities.<br>• Consider climate change as a factor when planning for new operational locations.<br>• Incorporate climate change risks into the company's risk management processes.<br>• Report on climate change risks and opportunities in accordance with the framework of IFRS S2 'Climate-related Disclosures' of the IFRS Foundation in future. | |

## B. SOCIAL

### Employment

People are essential for the Group's growth. To achieve its goal of focusing on employee management and to help workers reach their full potential, the Group has created various human resources procedures. These procedures cover topics like pay, hiring and firing, promotions, and employee benefits, as outlined in its "Employee Handbook," "Recruitment and Dismissal Regulations," and "Remuneration and Benefits System."

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare that had a significant impact on the Group. Relevant laws and regulations include are but not limited to the "Labour Law of the PRC", the "Labour Contract Law of the PRC" and the "Employment Ordinance" of Hong Kong.

***Inclusion and Diversity***

Research shows that companies with a mix of genders and ethnic backgrounds tend to do better. The Group understands the value of having different perspectives, experiences, and ideas. Creating a diverse and inclusive workplace boosts employee engagement, which is key to the organisation's growth. The Group aims to build a team that reflects the diversity of its customers.

As such, the Group respects individuals of different cultures and backgrounds. As stipulated in the Employee Handbook, the Group has zero tolerance towards discrimination based on race, colour, national or social origin, religion, age, disability, sexual orientation, gender, or any other status. All decisions in talent management, including recruitment, promotions, appraisals and dismissals, are based on the same equality principle. The Group aims to nurture a harmonious workplace culture through strengthening communication and elimination of discrimination.

The table below illustrates the Group's employment structure.

| Employee composition | 2025 | 2024 |
|---|---|---|
| **Total** | 226 | 263 |
| **By gender** | | |
| Male | 83 | 92 |
| Female | 143 | 171 |
| **By age group** | | |
| 30 or below | 7 | 14 |
| 31-40 | 49 | 66 |
| 41-50 | 104 | 121 |
| 51 or above | 66 | 62 |
| **By geographical region** | | |
| The PRC | 209 | 241 |
| Hong Kong | 17 | 22 |
| Others | 0 | 0 |
| **By employee category** | | |
| Senior management | 16 | 17 |
| Middle management | 30 | 31 |
| Frontline and other employees | 180 | 215 |
| **By employment type** | | |
| Full-time | 225 | 262 |
| Part-time | 1 | 1 |

***Employee Benefits and Welfare***

Fair pay and benefits help keep employees happy, boost team spirit, and improve overall performance. The Group provides a comprehensive and competitive pay and benefits package, regularly updating it to keep up with market changes. In line with the laws in the People's Republic of China (PRC), the Group also follows social insurance contribution requirements. Moreover, all employees in Hong Kong are enrolled in a pension scheme in accordance with the rules and regulations of the Mandatory Provident Fund Schemes Ordinance ("MPF"). It offers non-statutory benefits as additional welfare to employees, such as maternity and parental pay, and educational support. Medical insurance, outstanding employee awards, and long-term service awards are also offered. These measures demonstrate the Group's commitment to fostering employee engagement and providing comprehensive benefits and incentives.


To address the needs and concerns of employees and develop a more engaged workforce, the Group maintains flexible work arrangements and provides flexible hours and alternate schedules for applicable employees. Not only do these measures help to increase engagement and productivity, but they also allow the Group to lower overhead costs on recruitment and staff turnover.

With a strong people-oriented culture supported by good employment practices, the Group has noted an increase in employee morale, as well as better employee retention. The summary of employee turnover rate by gender, age group and geographical region is as follows:

| Employee turnover rate[7] | 2025 | 2024 |
|---|---|---|
| **Total** | 19% | 31% |
| **By gender** | | |
| Male | 19% | 29% |
| Female | 20% | 32% |
| **By age group** | | |
| 30 or below | 71% | 93% |
| 31-40 | 31% | 55% |
| 41-50 | 16% | 22% |
| 51 or above | 11% | 10% |
| **By geographical region** | | |
| The PRC | 20% | 33% |
| Hong Kong | 18% | 9% |
| Others | – | – |

*Note(s):*

7. Turnover rate (per category) = L(x)/E(x)* 100%
   L(x) = Employees in the specified category leaving employment
   E(x) = Number of employees in the specified category

***Employee Engagement***

The Group recognises the importance of engaging employees by listening to their voices and concerns. It offers various effective communication channels to shape an open work environment that encourages idea sharing, promotes interactions, and inspires innovation. Employees are free to voice out their ideas or register their complaints through a variety of communication channels, including internal mailbox, emails and surveys. Communication mechanisms are regularly evaluated to ensure their effectiveness.

## Health and Safety

Providing a healthy and safe work environment is of paramount importance to the Group. The Group has strictly implemented the "Management Regulations on Work-related Injuries and Accidents", which includes procedures for reporting, handling occupational health and safety accidents and providing compensation. To ensure employees strictly observe all safety operation rules, we have also outlined terms of labour protection, working conditions and protection from occupational hazards in the "Employee Handbook".

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to health and safety that had a significant impact on the Group. Relevant laws and regulations include but are not limited to the "Labour Law of the PRC", the "Law of the PRC on the Prevention and Treatment of Occupational Diseases" and the "Occupational Safety and Health Ordinance" of Hong Kong.

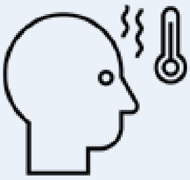
### *Managing Safety Risk*

The Group has established a safety management system to manage safety elements and mitigate the safety risks in the workplace. It strictly complies with corresponding safety requirements during the manufacturing process, identifies safety hazards, conducts regular safety inspections and monitors working procedures.

During the Reporting Period, the Group was not aware of any non-compliance with all relevant laws and regulations that would have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. No work-related fatalities were noted during the past three consecutive years, and the work-related fatality rate was 0%.

| Health & Safety Indicators | Unit | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Work-related fatalities | Numbers | 0 | 0 | 0 |
| Fatality rate | % | 0 | 0 | 0 |
| Lost days due to work injury | Days | 48 | 40 | 9 |

The Group has implemented additional measures to promote behavioural change and improve employee awareness of the importance of health and safety.

| | |
|---|---|
|  | The Group provides employees with personal protective equipment, such as gloves and safety goggles, and offers training on safety measures for risky tasks, such as hot working and lifting operations. |
|  | The Group ensures good ventilation in the work environment to maintain a suitable and comfortable temperature and humidity. |
|  | For departments that are at a higher risk of occupational hazards, regular medical examinations are provided. |
|  | Smoking and setting off firecrackers are strictly prohibited in the factory. |
|  | Each department is responsible for ensuring that employees switch off electricity supply, close doors and windows, and check fire equipment before leaving the factory. |
|  | Employees should exercise caution when handling heavy objects and seek assistance when necessary. |
|  | In the event of a malfunctioning machine, instrument, or switch, or if an employee feels uncomfortable, gets injured, or becomes infected, they should immediately report to their supervisors. |

## Development and Training

Structured skills development programmes are in place across the Group for all employees, who play an integral role in operations. The Group's targeted learning activities aim to address the skills development needs of each core business as well as employees' career development aspirations. The content and structure of its learning programmes are continually refreshed to keep pace with market developments and digitalisation requirements.

### *Training Programmes*

The Group understands the pivotal role of development and training in enabling employees to perform their duties with greater effectiveness and efficiency. To foster talent and facilitate ongoing growth, the Group has implemented a comprehensive "Training Management Policy" within its "Employee Handbook." This policy serves as a guideline for various training processes, including planning, preparation, execution, evaluation, and feedback.

To support this commitment, the Group creates an annual training plan that meets the specific needs of employees in different roles. The training includes various methods, such as orientation and on-the-job training, for a well-rounded approach. Topics covered include operational skills, safety practices, and professional knowledge like ISO standards and electrical engineering. These training programmes help employees better understand the Group's goals and operations, enhancing their skills and expertise.

During the Reporting Period, 82% of the Group's employees received training, with an average training hour of 3.88 hours.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Percentage of employee trained[8] | Average training Hours[9] | Percentage of employee trained[8] | Average training hours[9] |
| **Total** | 82% | 3.88 | 66% | 0.78 |
| **By gender** | | | | |
| Male | 61% | 3.00 | 64% | 0.84 |
| Female | 94% | 4.39 | 67% | 0.75 |
| **By employee category** | | | | |
| Senior management | 13% | 0.63 | 0 | 0 |
| Middle management | 100% | 3.40 | 65% | 1.68 |
| Frontline and other employees | 85% | 4.25 | 71% | 0.71 |

*Note(s):*

8. Percentage of employee trained = number of employees in the specified category who took part in training during the Year ÷ number of employees in the specified category at the end of the Year × 100%.

9. Average training hours = number of training hours received by employees in the specified category during the Year ÷ number of employees in the specified category at the end of the Year.

## Labour Standards

The Group maintains a strict stance against any violations of human rights, particularly in relation to forced, bonded, or compulsory labour, human trafficking, and other forms of slavery and servitude. Additionally, the Group has a zero-tolerance policy towards discrimination, harassment, and bullying.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group. These laws and regulations include, but are not limited to, the "Regulation on Labour Security Supervision" and the "Provisions on the Prohibition of the Use of Child Labour" in the People's Republic of China (PRC), as well as the "Employment Ordinance" in Hong Kong. The Group remains committed to upholding these regulations and ensuring the protection of human rights within its operations.

### *Prevention of Child and Forced Labour*

The Group has detailed all recruitment procedures and requirements in the "Employee Handbook". No teenagers under the statutory minimum working age will be employed. All new employees are required to provide true and accurate personal identification information. The human resources department is responsible for verifying new employees' identification documents, such as identity cards and academic certificates, to ensure that they are legally entitled to work for the Group. When any irregularities are identified, the Group will immediately carry out investigations and impose punishment.

In addition, Furthermore, the Group adheres to a 40-hour work week, with 8 hours per day for 5 days, excluding rest periods. Overtime work is compensated in terms of additional salary and leave, following the guidelines outlined in the "Employee Remuneration and Compensation Management Procedures." Employees are not required to work overtime in their daily operations, and the "Employee Handbook" has stipulated relevant regulations on overtime working hours. All employees have signed the employment contract and agreed to the stipulated terms and conditions. Any violations will be dealt with accordingly.

## Supply Chain Management

We believe that maintaining a responsible and ethical supply chain is crucial for long-term business success, as it not only reduces our environmental impact but also enhances operational resilience and promotes sustainability throughout the business community. The Group's policies have clearly outlined the procurement standards and procedures, as well as the assessment of supplier performance. Suppliers should conduct business ethically, and refrain from providing or accepting bribes and other improper benefits. To achieve this objective, the Group has enhanced its procurement-related policies and procedures. A comprehensive set of policies, including the "Quotation Control Process," "Approval Authority Policy," and "PCB Procurement Management Procedures," have been implemented to standardise and streamline the quotation and procurement processes. These measures ensure consistency and adherence to established guidelines throughout the procurement cycle.

During the supplier selection process, the quality management department, production unit and engineering department arrange on-site audits and review the manufacturing process reports, materials details and test reports of potential suppliers to assess the qualifications of new suppliers and the performance of existing suppliers. Suppliers must comply with regulations such as the Restriction of Hazardous Substances ("**RoHS**") Directive, Waste Electrical and Electronic Equipment ("**WEEE**") Directive, and Registration, Evaluation, Authorisation and Restriction of Chemicals ("**REACH**"). Only companies who pass all audits are qualified to be the Group's suppliers.

***Green Procurement***

The Group has set up a "Green Procurement Management System" to prioritise suppliers that use eco-friendly products and services, helping to reduce environmental risks in the supply chain. It also gives priority to suppliers with environmental management system certifications. During the Reporting Period, we cooperated with 215 suppliers in total, 213 suppliers from PRC and 2 suppliers from HK (2024: 189 PRC suppliers).

The Group assesses the environmental and social performance of its suppliers to ensure they work in an ethical and responsible manner. For existing suppliers, regular performance evaluations are conducted to manage the potential environmental and social risks along its supply chain. Suppliers are assessed and scored based on their quality management, product price, service and punctuality. The Group only continues to cooperate with qualified suppliers that have passed the supplier assessments.

Besides, suppliers are required to sign agreements such as the Letter of Commitment to Restricted Substances and the DML Green Procurement Standards to demonstrate their commitments to product quality and environmental performance. The Group regularly evaluates and monitors suppliers' compliance with these commitment agreements. If any irregularities are found, the Group will require suppliers to take immediate remedial and corrective measures. To ensure the effectiveness of the supply chain management practices, the Group regularly monitors whether the practices are properly implemented through its enterprise risk management process.

## Product Responsibility

We are committed to providing excellent customer experience. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group. Relevant laws and regulations include but are not limited to the "Law of the PRC on the Protection of Consumer Rights and Interests", the "Advertising Law of the PRC", the "Interim Measures for the Administration of Internet Advertising" of the PRC, the "Product Quality Law of the PRC", and the "Trade Descriptions Ordinance" of Hong Kong.

*Product Quality Assurance*

The Group has embedded its approach of delivering best value to its customers into the way it designs and markets its products and services. Its policies require that products must be fit-for-purpose throughout their lifecycle, meeting regulatory requirements and ethical standards. The Group regularly reviews products to ensure they remain relevant and perform in line with expectations and improve or withdraw products that do not meet our customers' needs or standards.

To this end, the Group has established the "Product Safety and Risk Control Procedures" to standardise procedures for the quality management of products and services. It has also established procedures for quality inspections of raw materials upon their arrival in the warehouse. Different departments within the Group take the lead in fulfilling these responsibilities, with their specific roles outlined below:

| Departments | Responsibilities |
|---|---|
| Engineering and technology department | • Conduct risk analysis and risk management<br>• Provide technical support |
| Production unit | • Ensure safety production<br>• Perform risk management |
| Quality management department | • Conduct product safety inspection<br>• Review suppliers' management capabilities regarding product safety |
| Administrative department | • Provide training on product safety responsibilities for employees |

*Engaging with Customers*

To maintain high standards of customer service, the Group has developed "Customer Service Management Guidance" provide detailed instructions to employees on how to handle product orders, customer inquiries and other related matters. The Group also actively communicates with customers and takes immediate measures to resolve any complaints. We have established the "Customer Satisfaction Evaluation Procedures" to ensure that queries and feedback from customers are answered, rectified, and recorded in a systematic manner.

When a complaint is received, the quality management department conducts an internal investigation and analysis. The Group communicates with the customer and responds to the complaint within a specified period. If necessary, the market department arranges the product return process according to the "Customer Complaints and Product Return Procedures".

During the Reporting Period, there were no products recalled for safety and health reasons (2024: nil). The Group received 0 complaints from customers (2024: 0 complaints). We have arranged for exchange and the complaint was resolved through communication.

*Privacy Protection*

Practising good cybersecurity is vital to our business, and we understand the importance of managing the integrity and reliability of our system. To safeguard corporate or customers' personal data, the Group continues to strengthen its information security system and has stipulated the "Personal Data Protection Policies and Procedures Manual". The designated department has been assigned to govern the authorities and accessibility of data. Our risk management process helps to identify and monitor cyber issues, enabling compliance with our cybersecurity policy and applicable regulatory and statutory requirements.

Compliance with the employee confidentiality agreement is mandatory for all employees, any unauthorised access or misuse of such information carries serious consequences, including disciplinary action up to and including termination of employment. Furthermore, the Group strictly prohibits the disclosure of business information, trade secrets, technical details, and other proprietary company secrets. The Group has also installed and updated firewalls to prevent data leakage. The use of pirated and counterfeit software is strictly prohibited. During the Reporting Period, the Group did not receive any substantiated complaints regarding the breach of client privacy, identified leaks, theft, or loss of customer information.

*Advertising and Labelling of Products*

The Group respects the rights of customers and is committed to providing accurate marketing information to assist them in their purchase decisions. We have established the "Marketing Operational Procedures" to strictly regulate and review advertising materials to protect the interests of our customers. The labelling of our products must be accurate, legitimate, clear, and not misleading to avoid any non-compliance with relevant laws and regulations.

*Intellectual Property Rights*

The Group is committed to safeguarding intellectual property rights. A dedicated department is responsible for the protection and management of the Group's and its customers' intellectual properties and technical specifications. Employees are strictly prohibited from copying or disclosing any information, such as designs, techniques, and trade secrets, to third parties without the explicit consent of the Group. These measures are in place to ensure the confidentiality and protection of valuable information and to uphold the Group's commitment to intellectual property rights.

## Anti-corruption

The Group believes that honesty, integrity and fairness are fundamental elements of the organisation. The Group has formulated the "Commercial Bribery Prevention Management and Whistle-blowing Policy" and "Integrity Policy Management Procedures" to prevent, identify and address any instances of alleged or actual bribery or corruption involving the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group. No concluded legal cases regarding corrupt practices have been brought against the Group or its employees during the Year. Relevant laws and regulations include but are not limited to the "Company Law of the PRC", the "Anti-money Laundering Law of the PRC" and the "Prevention of Bribery Ordinance" in Hong Kong.

The Group is committed to upholding the highest ethical standards, including business integrity, honesty and transparency across all operations and businesses. We have zero tolerance for any form of fraud or bribery, and are committed to the prevention, deterrence, detection, and investigation of all forms of fraud and bribery. The Group provides employees with guidelines which stipulate the expected behaviour of employees and specify that employees must not engage in acts or activities with conflicts of interest. The Employee Handbook provides proper examples of ethical behaviours.

Training related to anti-corruption is rendered to our directors, management and employees to boost their awareness of the prevention of any kind of unethical behaviour such as bribery, extortion, fraud and money laundering. During the Reporting Period, the Group provides directors and senior management with anti-corruption materials to enhance their awareness, and there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

***Whistle-blowing Mechanism***

The Group actively promotes a culture of transparency and encourages employees and other stakeholders, such as customers, suppliers, creditors, and debtors, to report any suspicions of improprieties, misconduct, or malpractice. To facilitate this, a confidential reporting channel is available for individuals to disclose their concerns.

Under the Whistleblowing Policy, all reported incidents are treated with the utmost confidentiality, and whistleblowers are protected from unfair dismissal, retaliation, or unwarranted disciplinary actions. Incidents involving fraud and corruption are subject to thorough investigation.

The Internal Audit department plays a vital role in reviewing reported incidents. They engage relevant stakeholders, assess the need for detailed investigations, and escalate findings to the Board and the Audit Committee when necessary. This ensures that reported incidents are appropriately addressed and resolved.

## Community Investment

The Group considers it as a privilege to have the ability to give back to the community. Community involvement reaffirms the Group's commitment to engaging with stakeholders to make lasting impacts. Through community involvement, the Group can also foster its corporate culture, promote networking and offer employees a platform to positively impact the community. To this end, we have established the "Community Investment Policy" to effectively manage our donation and sponsorship activities.

***Community Investment Activities***

The Group will keep working with its partners to support community programs that make a positive impact. We are committed to encouraging our employees to take part in volunteer work and charitable activities during work and free time. Through donations and corporate volunteer efforts, we aim to create lasting positive changes in our communities, building a better future together.

## CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

| Mandatory Disclosure Requirements | Section/Declaration |
|---|---|
| Governance Structure | Board Statement and ESG Governance Structure |
| Reporting Principles | Reporting Framework |
| Reporting Boundary | Reporting Scope |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect A1: Emissions** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Emissions |
| KPI A1.1 | The types of emissions and respective emissions data. | Emissions – Air Emissions |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Emissions – GHG Emissions |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Emissions – Hazardous Wastes |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Emissions – Non-hazardous Wastes |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | Environmental Targets; Emissions – Air Emissions, GHG Emissions; Use of Resources |
| KPI A1.6 | Description of how hazardous and non– hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Environmental Targets; Emissions – Hazardous Wastes, Non-hazardous Wastes |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect A2: Use of Resources** | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | Use of Resources |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility). | Use of Resources – Energy Management |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Use of Resources – Water Management |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them | Environmental Targets; Use of Resources – Energy Management |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Environmental Targets; Use of Resources – Water Management |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Use of Resources – Use of Packaging Materials |
| **Aspect A3: The Environment and Natural Resources** | | |
| General Disclosure | Policies on minimising the issuer’s significant impacts on the environment and natural resources. | The Environment and Natural Resources |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | The Environment and Natural Resources |
| **Aspect A4: Climate Change** | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Climate Change |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Climate Change – Physical Risks, Transition Risks |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect B1: Employment** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti– discrimination, and other benefits and welfare. | Employment |
| KPI B1.1 | Total workforce by gender, employment type (for example, full– or part-time), age group and geographical region. | Employment – Inclusion and Diversity |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Employment – Employee Benefits and Welfare |
| **Aspect B2: Health and Safety** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to providing a safe working environment and protecting employees from occupational hazards. | Health and Safety |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Health and Safety – Managing Safety Risk |
| KPI B2.2 | Lost days due to work injury. | Health and Safety – Managing Safety Risk |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Health and Safety |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect B3: Development and Training** | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work.<br><br>Description of training activities. | Development and Training |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Development and Training – Training Programmes |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | Development and Training – Training Programmes |
| **Aspect B4: Labour Standards** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to preventing child and forced labour | Labour Standards |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Labour Standards – Prevention of Child and Forced Labour |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Labour Standards – Prevention of Child and Forced Labour |
| **Aspect B5: Supply Chain Management** | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Supply Chain Management |
| KPI B5.1 | Number of suppliers by geographical region. | Supply Chain Management |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Supply Chain Management |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Supply Chain Management |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Supply Chain Management – Green Procurement |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect B6: Product Responsibility** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Product Responsibility |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Product Responsibility – Engaging with Customers |
| KPI B6.2 | Number of products and service-related complaints received and how they are dealt with. | Product Responsibility – Engaging with Customers |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Product Responsibility – Intellectual Property Rights |
| KPI B6.4 | Description of quality assurance process and recall procedures. | Product Responsibility – Product Quality Assurance |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Product Responsibility – Privacy Protection |
| **Aspect B7: Anti-corruption** | | |
| General Disclosure | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to bribery, extortion, fraud and money laundering | Anti-corruption |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | Anti-corruption |
| KPI B7.2 | Description of preventive measures and whistleblowing procedures, how they are implemented and monitored. | Anti-corruption – Whistle-blowing Mechanism |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Anti-corruption |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Declaration |
|---|---|---|
| **Aspect B8: Community Investment** | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Community Investment |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Community Investment |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Community Investment |

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The board (the "Board") of directors (the "Director(s)") of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company (the "Shareholders"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as the basis of the Company's corporate governance practices.

Throughout the year ended 31 March 2025 (the "Year"), the Company has complied with the code provisions as set out in the CG Code, except for the code provision C.2.1 of the CG Code as noted hereunder.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Year.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

### Board Composition

The Board currently comprises six members, consisting of one executive Director, two non-executive Directors and three independent non-executive Directors. During the Year and up to the date of this report, the Directors are named as follows:

**Executive Director:**

Mr. Lee Man Kwong *(Chairman)*

**Non-Executive Directors:**

Mr. Yau Pak Yue
Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)* (1)

**Independent Non-Executive Directors:**

Mr. Leung King Fai *(Resigned on 20 September 2024)* (2)
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
Ms. Lin Ying *(Appointed on 20 September 2024)* (3)

The following changes to the Board composition have taken place since the date of the last corporate governance report:

(1) Mr. Wong Siu Hang, Patrick has been redesignated from an executive Director to a non-executive Director with effect from 1 April 2024.

(2) Mr. Leung King Fai resigned as an independent non-executive Director with effect from 20 September 2024 in order to devote more time on his other business engagement.

(3) Ms. Lin Ying has been appointed as an independent non-executive Director with effect from 20 September 2024. Ms. Lin Ying has obtained legal advice referred to in Rule 3.09D of the Listing Rules on 19 September 2024 and has confirmed she understood her obligations as a director.

The biographical information of the Directors are set out on pages 5 to 8 of this annual report.

To the best knowledge of the Directors, there is no other financial, business, family or other material/relevant relationship(s) between the chairman of the Board and among members of the Board.

Pursuant to code provision C.1.5 of the CG Code, the Directors have disclosed to the Company at the time of their appointments and from time to time thereafter the number and nature of offices held in public companies or organisations, other significant commitments, and the identity of the public companies or organisations involved.

### Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Lee Man Kwong is the chairman of the Board (the "Chairman") and the Company has not appointed a chief executive officer. The daily operations of the Group are delegated to the executive Directors and the senior management. The Board is of the view that the current management structure can effectively facilitate the Company's operations and business developments.

## BOARD OF DIRECTORS (continued)

### Independent Non-Executive Directors

During the Year, the Company has met the requirements of Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

The Company has established mechanisms to ensure independent views and inputs are available to the Board, and ensure the independence of the Board as a critical measure to improve the efficiency of the Board, pursuant to code provision B.1.4 of the CG Code. The mechanisms include but is not limited to Directors' access to external professional advisers to obtain additional information and documents from the management on matters to be discussed at Board meetings. The implementation and effectiveness of such mechanism are annually reviewed by the Board.

### Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code states that all Directors including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

All Directors (including the non-executive Directors and the independent non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

The procedure and process of appointment, re-election and removal of the Directors are laid down in the Bye-Laws of the Company (the "Bye-Laws"). The Nomination Committee is responsible for reviewing Board composition, making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, and assessing the independence of independent non-executive Directors.

Under the Bye-Laws, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election.

Under the Bye-Laws, subject to authorisation by the Shareholders in general meeting, any Director be appointed by the Shareholders to fill a casual vacancy shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

Under the Bye-Laws, Mr. Lee Man Kwong, Mr. Yau Pak Yue and Ms. Lin Ying will retire by rotation from office and, being eligible, will offer themselves for re-election at the AGM.

The Board and the Nomination Committee have recommended their reappointment at the AGM. The Company's circular, sent together with this annual report, contains detailed information of the above recommended persons as required by the Listing Rules.

## BOARD OF DIRECTORS (continued)

### Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including the non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations, while the non-executive Directors are responsible for scrutinizing the Group's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

The Directors have timely access to the information of the Company as well as the services and advice from the company secretary and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to its management team.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs to discuss and review the overall strategy as well as the operation and financial performance of the Group and other duties of the Board. Four Board meetings and an annual general meeting were held during the Year. The Chairman also during the Year held a meeting with all independent non-executive Directors without the presence of other Directors. The attendance record of Directors are set out in the table herein. For regular Board meetings, notice of at least 14 days is given to all Directors to ensure that all Directors are given an opportunity to attend and to include matters for discussion in the agenda. Agenda and Board papers are normally sent to all Directors at least 3 days before each regular Board meeting to enable them to make informed decisions with adequate data. All Directors have full access to information of the Group and are able to obtain independent professional advice in performing their duties at the expense of the Company in appropriate circumstances or upon their request.

Minutes of all Board and committees meetings are kept by the company secretary of the Company (the "Company Secretary"). Draft minutes are circulated to all Directors or committee members for review and comment in a timely manner and final version for their records. Minutes are recorded in sufficient detail of the matters considered by the Board and decisions reached. The final versions of minutes/resolutions of the Board and the committees are available for inspection by Directors. Any matters which are material and/or substantial Shareholder(s) (as defined in the Listing Rules) or Directors and their close associates (as defined in the Listing Rules) with a material interest in or may cause potential conflicts of interests are discussed at physical Board meetings (instead of by circulating written resolutions of Directors) and relevant Directors will abstain from voting on the resolutions approving such transactions and are not counted in the quorum of the meetings.

## BOARD OF DIRECTORS (continued)

### Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. The induction materials, including directors' manual and legal and regulatory update have been provided to the Directors upon appointment.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors have participated in the following trainings pursuant to code provision C.1.4 of the CG Code during the Year:

| **Name of Directors** | **Type of Training** |
|---|---|
| *Executive Director* | |
| Mr. Lee Man Kwong *(Chairman)* | A & B |
| *Non-executive Directors* | |
| Mr. Yau Pak Yue | A & B |
| Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)* | A & B |
| *Independent non-executive Directors* | |
| Mr. Leung King Fai *(Resigned on 20 September 2024)* | A & B |
| Dr. Chan Yau Ching, Bob | A & B |
| Dr. Leung Hoi Ming | A & B |
| Ms. Lin Ying *(Appointed on 20 September 2024)* | A & B |

Notes:

Types of trainings

A: Attending training sessions, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

## BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

As at 31 March 2025 and the date of this report, the majority of the members of each committees are independent non-executive Directors and the list of the chairman and members of each board committee is set out in the below sections.

### Audit Committee

The Audit Committee was established in 1999. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The latest terms of reference adopted on 30 December 2022 are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors and one non-executive Director, at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise. During the Year, the arrangement of the Audit Committee fully complied with Rule 3.21 of the Listing Rules. During the Year and up to the date of this report, the composition of the Audit Committee is as follows:

Mr. Leung King Fai *(Chairman) (Resigned on 20 September 2024)*
Ms. Lin Ying (*Chairlady) (Appointed on 20 September 2024)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
Mr. Yau Pak Yue

The main duties of the Audit Committee are to assist the Board in, inter alia, reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment and re-appointment of external independent auditor, and arrangements to enable employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Board has also delegated the responsibility for reviewing the corporate governance related-matters of the Group to the Audit Committee.

## BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

### Audit Committee (continued)

During the Year, the Audit Committee held two meetings to discharge its responsibilities and review and discuss the following matters:

– interim and annual financial results and reports and significant issues on the financial reporting;

– remuneration, terms of engagement and independence of the Company's external independent auditor and re-appointment of the external independent auditor;

– audit and non-audit services and the relevant service fees proposed by the external auditor;

– corporate governance related-matters of the Group;

– effectiveness of the risk management and internal control systems and internal audit function; and

– any other business in accordance with its terms of reference.

The Audit Committee also met the external independent auditor twice during the Year. There was no disagreement between the Board and the Audit Committee on the selection and re-appointment of the Company' external auditor and they both have agreed to recommend the re-appointment of Prism Hong Kong Limited as the Company's external auditor for the ensuing year at the AGM.

### Remuneration Committee

The Remuneration Committee was established in 2005. The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The latest terms of reference adopted on 30 December 2022 are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee currently comprises three independent non-executive Directors and one executive Director. During the Year and up to the date of this report, the composition of the Remuneration Committee is as follows:

Mr. Leung King Fai *(Chairman) (Resigned on 20 September 2024)*
Ms. Lin Ying *(Chairlady) (Appointed on 20 September 2024)*
Mr. Lee Man Kwong
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

## BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

### Remuneration Committee (continued)

The primary functions of the Remuneration Committee include, inter alia, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management as well as the Group's remuneration policy and structure for all Directors and senior management; establishing transparent procedures for developing such remuneration policy structure to ensure that no director and/or any of his associates will participate in deciding his own remuneration; and reviewing and/or approving matters relating to the share schemes as stipulated in Chapter 17 of the Listing Rules.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

Since there were no shares granted under the Share Option Scheme (as defined in the Report of the Directors), no material matters relating to the Share Option Scheme under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Year.

During the Year, the Remuneration Committee held one meeting to review the remuneration packages of all Directors and senior management, make recommendation to the Board on the Group's remuneration policy and structure and transact any other business in accordance with its terms of reference.

### Remuneration Bands of Senior Management

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

| Remuneration by Band | Number of Individuals |
|---|---|
| HK$Nil to HK$1,000,000 | 4 |

Details of emoluments of Directors and the five highest paid individuals are set out in Note 10 to the consolidated financial statements for the Year in this annual report.

Details of the Employees and Remuneration Policy of the Group are also set out in the "Employees and Remuneration Policy" section contained in the Management Discussion and Analysis of this annual report.

## BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

### Nomination Committee

The Nomination Committee was established in 2012. The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The latest terms of reference adopted on 24 June 2025 are available on the websites of the Stock Exchange and the Company.

The Nomination Committee currently comprises one executive Director and three independent non-executive Directors. During the Year and up to the date of this report, the composition of the Nomination Committee is as follows:

Mr. Lee Man Kwong *(Chairman)*
Mr. Leung King Fai *(Resigned on 20 September 2024)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
Ms. Lin Ying *(Appointed on 20 September 2024)*

The principal duties of the Nomination Committee include, inter alia, reviewing the structure, size and composition of the Board, assist the board in maintaining a board skills matrix, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, considering the selection criteria of Directors and developing procedures for nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors and supporting the regular evaluation of the performance of the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects and factors concerning Board diversity as set out in the Company's Board Diversity Policy (the "Board Diversity Policy"). During the Year, Nomination Committee has discussed and considered the measurable objectives for achieving diversity on the Board.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Nomination Policy of the Company (the "Nomination Policy") that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Year, the Nomination Committee held one meeting to review the structure, size and composition of the Board, the Nomination Policy, the Board Diversity Policy, contribution by each Director to perform his responsibilities and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors for re-election at the annual general meeting held on 20 September 2024 and transact any other business in accordance with its terms of reference. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

## BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

### Board Diversity Policy

The Company has adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board. The Board Diversity Policy is available for viewing on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

For the purpose of implementation of the Board Diversity Policy, the following are the measurable objectives:

Selection of candidates to the Board will be based on a series of diversity attributes, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merit and contribution that the candidates will bring to the Board. The Board aims at comprising Directors with different diversity attributes and being commensurate with both the nature and scale of business of the Group.

The Nomination Committee reviews the Board Diversity Policy, as appropriate, to ensure its effectiveness. During the Year, the Board, via the Nomination Committee, conducted an annual review of the implementation and effectiveness of the Board Diversity Policy and is satisfied that the Board Diversity Policy has been properly implemented and is effective.

The Nomination Committee will review annually the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

In relation to the reviewing and assessing of the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. By adopting such criteria, it facilitates the Company to develop a pipeline of candidates to the Board to achieve gender diversity.

During the Year, the Board composition has been reviewed and is considered to be satisfied, having regard to the independence and the Board Diversity Policy.

### Gender Diversity

The Company values gender diversity. As of 31 March 2025:

*At Board level:*
The proportion of female Board representation is a measurable objective of the Company in assessing the implementation of the Board Diversity Policy. The Board recognises the importance of the Board gender diversity for enhancing the corporate governance system and strategic decisions in the boardroom.

Ms. Lin Ying was appointed as an independent non-executive Director on 20 September 2024 (the "Appointment"). After the Appointment and as at the date of this annual report, the Board is of the opinion that the Company achieved the diversity requirements under the Listing Rules as the Board is no longer composed of a single gender. The Board will continue to review the implementation and effectiveness of the Board Diversity Policy on an annual basis to ensure its continued effectiveness.

*At workforce level:*
The Group's overall workforce gender ratio was about 1:1.72 male to female. The higher female ratio is mainly due to the gender availability in the market. While striving to narrow the gender gap of our operations staff, we take into account other factors inclusive of qualifications and skills in determining qualified individual besides gender considerations.

While we believe our future employee recruitment should predominantly be merit-based and do not consider it appropriate to set any target gender ratio for our workforce, we recognise and embrace the benefits of having a diverse workforce, and will continue to enhance the diversity of our workforce, subject to availability of suitable candidates.

Details of gender ratio of the workforce (including senior management) ,being a measurable objective for gender diversity, have been achieved and are set out in the Environmental, Social and Governance Report for the Year in this annual report.

## BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

### Nomination Policy

The Board has delegated its responsibilities and authority to the Nomination Committee of the Company for identification and selection of candidates to stand for election as Directors. The Company has adopted the Nomination Policy that sets out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment or (ii) the Shareholders for election as a Director.

The nomination policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the Year, no candidate was nominated for directorship.

The Nomination Committee will review the nomination policy, as appropriate, to ensure its effectiveness.

## ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance record of each Director at the Board and Board committee meetings and the annual general meeting of the Company held during the Year is set out in the table below:

| | Attendance/Number of Meetings | | | | |
|---|---|---|---|---|---|
| | Board | Audit Committee | Remuneration Committee | Nomination Committee | Annual General Meeting held on 20 September 2024 |
| **Executive Director** | | | | | |
| Mr. Lee Man Kwong | 4/4 | N/A | 1/1 | 1/1 | 1/1 |
| **Non-executive Directors** | | | | | |
| Mr. Yau Pak Yue | 4/4 | N/A | N/A | N/A | 1/1 |
| Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)* | 4/4 | N/A | N/A | N/A | 1/1 |
| **Independent Non-executive Directors** | | | | | |
| Mr. Leung King Fai *(Resigned on 20 September 2024)* | 1/1 | 1/1 | 1/1 | 1/1 | 1/1 |
| Dr. Chan Yau Ching, Bob | 4/4 | 4/4 | 1/1 | 1/1 | 1/1 |
| Dr. Leung Hoi Ming | 4/4 | 4/4 | 1/1 | 1/1 | 1/1 |
| Ms. Lin Ying *(Appointed on 20 September 2024)* | 3/3 | 3/3 | 0/0 | 0/0 | 0/0 |

The Chairman also held a meeting with all independent non-executive Directors without the presence of the other Directors during the Year.

All independent non-executive Directors attended the annual general meeting of the Company held on 20 September 2024 to gain and develop a balanced understanding of the view of the Shareholders.

## CORPORATE GOVERNANCE FUNCTIONS

The Board recognises that corporate governance should be the collective responsibility of Directors and their corporate governance duties include those set out in code provision A.2.1 of the CG Code:

(a) to develop, review and implement the Company's policies and practices on corporate governance;

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

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

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

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

During the Year, the Board reviewed and performed the abovementioned corporate governance functions.

## RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks, including environmental, social and governance ("ESG") risks, it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

## REGULAR INTERNAL CONTROL REVIEW

Given the current operation of the Group, no internal audit department has been set up within the Group. The Group's risk management and internal control systems are reviewed once a year by an external independent internal control consultant. During the Year, the Board engaged an external independent internal control consultant (the "Internal Control Consultant") to perform a review of the Group's internal controls (the "Internal Controls Review") and assist the Company to perform a Group's risk assessment. The scope of work of the Internal Control Consultant was to conduct a gap analysis of the Company's risk management and internal control systems to identify potential areas of improvement, and to perform a high-level Internal Controls Review (through interviews with designated responsible personnel and examined relevant documents) of certain business processes to identify potential internal controls design gaps, and to recommend practical actions to be taken. The Internal Control Consultant adopts a risk-based approach in developing the annual internal audit work plan and reports Internal Control Review observations to the Audit Committee on an annual basis.

## REGULAR INTERNAL CONTROL REVIEW (continued)

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Year.

The Board, as supported by the Audit Committee as well as the management report and the Internal Control Review findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Year, and considered that such systems are effective and adequate. The annual review also covered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

A discussion on the principal risks and uncertainties of the Group are set out in Note 33 to the consolidated financial statements in this annual report.

Whistleblowing procedures are in place to facilitate employees and other stakeholders including but not limited to customers and suppliers of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company conducts its business affairs according to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Future Commission. The Company strictly prohibits the unauthorised use of confidential or inside information by Directors, employees and other relevant persons (for example external service providers and project working team members).

The Board is responsible for the handling and dissemination of inside information. In order to ensure the market, shareholders and stakeholders are fully and promptly informed about the material developments in the Company's business, the Board has adopted continuous disclosure policy and procedures to handle proper information disclosure. Release of inside information is subject to the approval of the Board. All staff of the Company shall not communicate inside information to any external parties unless with approval from the Board. As such, staff shall not respond to market speculation and rumours unless authorised. In addition, all external presentation materials or publication must be pre-vetted before released.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The report of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 72 to 77.

## AUDITOR'S REMUNERATION

The remuneration paid to the Company's external independent auditor of the Company, Prism Hong Kong Limited, in respect of audit services and Forvis Mazars CPA Limited, in respect of non-audit services for the Year was as follows:

| | 2025<br>HK$'000 |
|---|---|
| Audit services | 750 |
| Non-audit services | 150 |
| | 900 |

## NATURE OF NON-AUDIT SERVICES

The non-audit services provided by the auditor of the Company for the year ended 31 March 2025 included agreed-upon procedures on interim financial information for the six months ended 30 September 2024.

The Audit Committee is of the view that the auditor's independence was not affected by the provision of non-audit related services.

## COMPANY SECRETARY

Mr. Ng Yu Ho, the Company Secretary, is responsible for providing advice to the Company on corporate governance matters and relevant updates on applicable laws, rules and regulations so as to uphold good corporate governance practices of the Company. All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Mr. Ng has attended not less than 15 hours training as per the requirement under Rule 3.29 of the Listing Rules.

Mr. Ng's primary contact person at the Company is Mr. Lee Man Kwong, being the Chairman and executive Director.

## SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

## SHAREHOLDERS' RIGHTS (continued)

### Convening a Special General Meeting

Shareholder(s) holding not less than one-tenth (1/10) of the paid-up capital of the Company can deposit with either the registered office or the head office of the Company a written request to convene a special general meeting ("SGM") of the Company for the attention of the chairman of the Board.

The written request must state the purposes of the SGM, signed by the shareholders concerned with correspondence details of those shareholders and may consist of several documents in like form, each signed by one or more of those shareholders.

If the Board does not within 21 days from the date of the deposit of the written request proceed duly to convene a SGM for a day not more than 28 days after the date on which the notice convening the SGM is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of the deposit of the written request.

### Putting Forward Proposals at General Meetings

Any number of shareholders representing not less than one-twentieth (1/20) of the total voting rights of all shareholders of the Company having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than 100 shareholders of the Company could make a written request to the Company at the expense of those shareholders making the written request to give to shareholders notice of any resolution which may properly be moved and is intended to be moved at an annual general meeting, or to circulate to shareholders any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

The written request must be signed by all the shareholders concerned in one or more documents in like form and deposited at the registered office or the head office of the Company for the attention of the Chairman of the Board not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition.

With regard to the procedures for shareholders to propose a person for election as a director of the Company at any general meeting, please refer to the document named "Procedures Shareholders can Use to Propose a Person for Election as a Director" as posted on the Company's website at www.irasia.com/listco/hk/daisho.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

| | |
|---|---|
| Address: | Unit A, 10/F,<br>Fook Hing Industrial Building,<br>33 Lee Chung Street,<br>Chai Wan, Hong Kong<br>(For the attention of the Chairman of the Board) |
| Email: | dminfo@dmgroup567.com |
| Fax: | (852) 2953 0322 |

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

### Constitutional Documents

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

### Policies relating to Shareholders

***Shareholder Communication Policy***

The Company values communication with its shareholders and investors. The Company has adopted a shareholder communication policy (the "Shareholders Communication Policy") with an aim to ensure all Shareholders and investors have equal and timely access to the Company information. Principal channels of communication used by the Company during the Year are set out below:

(a) Annual general meeting;

(b) Financial reports and announcements;

(c) Notice of meeting; and

(d) Company website.

During the Year, the Board conducted a review of the implementation and effectiveness of the Shareholders Communication Policy. Having considered the available channels of communication in place as detailed above, the Board is satisfied that the Shareholders Communication Policy has been properly implemented and is effective.

***Dividend Policy***

The Company has adopted a dividend policy, which sets out the approach for the declaration and payment of dividend by the Board. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

# INDEPENDENT AUDITOR'S REPORT

Prism

To the members of **Daisho Microline Holdings Limited**
*(incorporated in Bermuda with limited liability)*

## Opinion

We have audited the consolidated financial statements of Daisho Microline Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 78 to 148, 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 profit or loss and other 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 financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for Opinion

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

## Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 25 June 2024.

## 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.

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## Key Audit Matters (continued)

**Impairment of property, plant and equipment and intangible assets**

Refer to Notes 12 and 13 to the consolidated financial statements and the accounting policies on pages 97.

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| As at 31 March 2025, the aggregate net carrying amount of the Group's property, plant and equipment and intangible assets relating to the printing and packaging products business segment (the "Printing CGU") amounted to approximately HK$20,203,000.<br><br>The management of the Group performed assessment at the end of each reporting period to consider whether there is any indication that the property, plant and equipment and intangible assets relating to the Printing CGU may be impaired. For the purpose of assessing impairment, the Group engaged an independent professional valuer to provide assistance in assessing the recoverable amount of the Printing CGU. The recoverable amount of the Printing CGU was determined by the management with reference to value-in-use calculation using cash flow projections.<br><br>Based on the impairment assessment, an impairment loss of approximately HK$3,965,000 was recognised on property, plant and equipment and intangible assets attributes to the Printing CGU for the year ended 31 March 2025.<br><br>We have identified the impairment assessment of the property, plant and equipment and intangible assets as a key audit matter because of their significance to the consolidated financial statements and the significant judgement involved in determining assumptions and involved high level of uncertainty. | Our audit procedures in relation to management's assessment on impairment of property, plant and equipment and intangible assets included the following:<br><br>– Assessing the appropriateness of using value-in-use calculation in estimating the recoverable amount of the property, plant and equipment and intangible assets;<br><br>– Evaluating the competence, capabilities and objectivity of the independent professional valuer;<br><br>– Assessing the appropriateness of the methodologies used by the independent professional valuer;<br><br>– Evaluating the reasonableness of key assumptions based on our knowledge of the industry and market and checking arithmetic accuracy of the cash flow forecasts calculation;<br><br>– Involving our valuation specialists to assist us in assessing the appropriateness of methodology and reasonableness of significant assumption used in the impairment assessment of the property, plant and equipment and intangible assets; and<br><br>– Checking, on a sample basis, the accuracy and relevance of the input data provided by management to the independent professional value. |

## Key Audit Matters (continued)

**Expected credit losses ("ECL") assessment of trade receivables and loan to a joint venture (included in "Interests in a joint venture)**

Refer to Notes 14 and 17 to the consolidated financial statements and the accounting policies on pages 91 to 94.

**The key audit matter**

As at 31 March 2025, the Group has trade receivables of approximately HK$6,343,000 (net of loss allowance of approximately HK$169,000) and loan to a joint venture of approximately HK$18,717,000 (net of loss allowance of approximately HK$1,127,000).

At each reporting date, the management of the Group estimates the amounts of ECL on trade receivables and loan to a joint venture based on historical data and are adjusted for forward–looking information that are specific to each debtor.

The management of the Group has considered reasonable and supportable information that is relevant and available without undue cost and effort for this purpose. Such assessment has taken the quantitative and qualitative historical information and also, the forward-looking analysis.

We have identified ECL assessment of trade receivables and loan to a joint venture as a key audit matter because the respective balances were significant to the consolidated financial statements and the ECL assessment of these balances required significant judgement and involved high level of uncertainty.

**How the matter was addressed in our audit**

Our audit procedures in relation to management's assessment on expected credit losses ("ECL") assessment of trade receivables and loan to a joint venture (included in "Interests in a joint venture) included the following:

- Understanding of the Group's credit risk management and practices and assessing the Group's impairment provisioning policy in accordance with the requirements of applicable accounting standards;
- Assessing the application of impairment methodology of ECL, and checking the assumptions and key parameters to external data sources where available;
- Assessing and challenging the reasonableness and relevancy of the external information used by the Group as the forward-looking information;
- Involving our valuation specialists to assist us in assessing the appropriateness of methodology and reasonableness of significant assumptions used in ECL assessment of trade receivables and loan to a joint venture;
- Testing the integrity of information used by management of the Group including testing individual debtors' credit assessment, on a sample basis, through analysing their nature, size and past due status with the underlying supporting documents and comparing the internal credit assessment made by management of the Group on these debtors;
- Checking the aging profile of the trade receivables at the end of the reporting period, on a sample basis, to underlying accounting records and supporting documents; and
- Checking the calculation of ECL based on the methodology adopted by the Group and adequacy of the Group's disclosures in relation to credit risk exposed by the Group in the consolidated financial statements.

## Other Information

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

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

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

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, 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.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Dai Tin Yau.

**Prism Hong Kong Limited**
*Certified Public Accountants*
**Dai Tin Yau**
Practising Certificate Number: P06318

Hong Kong
24 June 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2025

| | Notes | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| **Revenue** | 5 | **53,097** | 85,584 |
| Cost of sales | | **(42,873)** | (67,863) |
| Gross profit | | **10,224** | 17,721 |
| Other income | 7 | **3,540** | 3,483 |
| Selling and distribution expenses | | **(3,999)** | (4,014) |
| Administrative expenses | | **(24,517)** | (27,525) |
| Other operating expenses | | **(2)** | (21) |
| Reversal of (provision for) impairment losses on trade receivables, net | 33 | **416** | (234) |
| Reversal of impairment losses on other receivables | 18(b) | **406** | – |
| Impairment loss on loan to a joint venture | 14 | **(34)** | (1,093) |
| Fair value loss on investments at fair value through profit or loss | 19 | **(35)** | – |
| Impairment losses on property, plant and equipment | 12 | **(3,965)** | – |
| Share of results of a joint venture | 14 | **(130)** | (158) |
| Loss on disposal of subsidiaries | 29 | **(3,106)** | – |
| Finance costs | 8 | **(83)** | (32) |
| **Loss before taxation** | 8 | **(21,285)** | (11,873) |
| Income tax credit | 9 | **159** | – |
| **Loss for the year** | | **(21,126)** | (11,873) |
| **Loss per share** | | | |
| Basic (Hong Kong cents) | 11 | **(1.31)** | (0.74) |
| Diluted (Hong Kong cents) | 11 | **(1.31)** | (0.74) |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2025

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Loss for the year** | **(21,126)** | (11,873) |
| **Other comprehensive expense:** | | |
| *Items that may be reclassified subsequently to profit or loss:* | | |
| Exchange difference on translation of foreign operations | **(168)** | (228) |
| **Total other comprehensive expense for the year** | **(168)** | (228) |
| **Total comprehensive expense for the year** | **(21,294)** | (12,101) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | **22,041** | 27,565 |
| Intangible assets | 13 | **–** | 103 |
| Interests in a joint venture | 14 | **347** | 477 |
| Loan to a joint venture | 14 | **–** | 18,751 |
| Deposits | 18 | **26,021** | – |
| Deposits paid for acquisition of property, plant and equipment | 34(b) | **–** | – |
| | | **48,409** | 46,896 |
| **Current assets** | | | |
| Inventories | 16 | **6,091** | 6,058 |
| Trade and bills receivables | 17 | **6,343** | 24,836 |
| Other receivables, deposits and prepayments | 18 | **4,538** | 9,428 |
| Loan to a joint venture | 14 | **18,717** | – |
| Investments at fair value through profit or loss | 19 | **1,049** | – |
| Tax recoverable | | **–** | 286 |
| Cash and cash equivalents | 20 | **19,947** | 37,605 |
| | | **56,505** | 78,213 |
| **Current liabilities** | | | |
| Trade payables | 21 | **7,385** | 16,342 |
| Other payables and accruals | 22 | **13,418** | 14,703 |
| Lease liabilities | 23 | **1,046** | 237 |
| Amount due to a shareholder | 24 | **7,693** | – |
| Amount due to a joint venture | 25 | **1,853** | – |
| | | **31,395** | 31,282 |
| **Net current assets** | | **25,110** | 46,931 |
| **Total assets less current liabilities** | | **73,519** | 93,827 |
| **Non-current liabilities** | | | |
| Lease liabilities | 23 | **969** | – |
| Deferred tax liabilities | 26 | **31** | 14 |
| | | **1,000** | 14 |
| **NET ASSETS** | | **72,519** | 93,813 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2025

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | 27 | **161,328** | 161,328 |
| Reserves | 28 | **(88,809)** | (67,515) |
| **TOTAL EQUITY** | | **72,519** | 93,813 |

The consolidated financial statements on pages 78 to 148 were approved and authorised for issue by the Board of Directors on 24 June 2025 and signed on its behalf by

**Lee Man Kwong**
*Director*

**Wong Siu Hung, Patrick**
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2025

| | Share capital HK$'000 (Note 27) | Share premium HK$'000 (Note 28(a)) | Contributed surplus HK$'000 (Note 28(b)) | Exchange translation reserve HK$'000 (Note 28(c)) | Accumulated losses HK$'000 | Sub total HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | |
| **At 1 April 2023** | 161,328 | 134,154 | 9,379 | 84,058 | (283,005) | (55,414) | 105,914 |
| Loss for the year | – | – | – | – | (11,873) | (11,873) | (11,873) |
| **Other comprehensive expense for the year** | | | | | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | | | | | |
| Exchange difference on translation of foreign operations | – | – | – | (228) | – | (228) | (228) |
| **Total comprehensive expense for the year** | – | – | – | (228) | (11,873) | (12,101) | (12,101) |
| **At 31 March 2024 and 1 April 2024** | 161,328 | 134,154 | 9,379 | 83,830 | (294,878) | (67,515) | 93,813 |
| Loss for the year | **–** | **–** | **–** | **–** | **(21,126)** | **(21,126)** | **(21,126)** |
| **Other comprehensive expense for the year** | | | | | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | | | | | |
| Exchange difference on translation of foreign operations | **–** | **–** | **–** | **(168)** | **–** | **(168)** | **(168)** |
| **Total comprehensive expense for the year** | **–** | **–** | **–** | **(168)** | **(21,126)** | **(21,294)** | **(21,294)** |
| **At 31 March 2025** | **161,328** | **134,154** | **9,379** | **83,662** | **(316,004)** | **(88,809)** | **72,519** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2025

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Loss before taxation | | **(21,285)** | (11,873) |
| Adjustments for: | | | |
| Amortisation of intangible assets | | **103** | 308 |
| Depreciation | | **4,367** | 4,288 |
| Finance costs | | **83** | 32 |
| Impairment losses of property, plant and equipment | | **3,965** | – |
| Fair value change on investments at fair value through profit or loss | | **35** | – |
| Gain on disposal of financial assets at FVTPL | | **(366)** | – |
| Interest income | | **(206)** | (250) |
| Loss (gain) on disposal of property, plant and equipment, net | | **2** | (5) |
| Write-off of property, plant and equipment | | **–** | 21 |
| Loss on disposal of subsidiaries | 29 | **3,106** | – |
| (Reversal of) provision for impairment losses on trade receivables, net | 33 | **(416)** | 234 |
| Reversal of impairment losses on other receivables | 18(b) | **(406)** | – |
| Impairment loss on loan to a joint venture | 14 | **34** | 1,093 |
| Share of results of a joint venture | 14 | **130** | 158 |
| **Operating cash flows before changes in working capital** | | **(10,854)** | (5,994) |
| Changes in working capital: | | | |
| Inventories | | **(33)** | 6,731 |
| Trade and bills receivables | | **18,887** | (10,361) |
| Other receivables, deposits and prepayments | | **1,638** | 7,445 |
| Trade payables | | **(8,928)** | (5,388) |
| Other payables and accruals | | **(950)** | (225) |
| **Cash used in operations** | | **(240)** | (7,792) |
| Income tax refund/(paid) | | **458** | (256) |
| Bank interest received | | **8** | 52 |
| **Net cash generated from (used in) operating activities** | | **226** | (7,996) |
| **INVESTING ACTIVITIES** | | | |
| Payment for purchase of property, plant and equipment | | **(166)** | (3,256) |
| Proceeds from disposal of property, plant and equipment | | **–*** | 51 |
| Proceeds from disposal of investments at fair value through profit or loss | | **394** | – |
| Deposits paid for the acquisition of an investment | 18 | **(25,474)** | – |
| Purchase of investments at fair value through profit or loss | | **(1,084)** | – |
| **Net cash used in investing activities** | | **(26,330)** | (3,205) |

* The balance represents an amount less than HK$1,000.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2025

| | Notes | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| **FINANCING ACTIVITIES** | | | |
| Advance from a shareholder | | **7,693** | – |
| Advance from a joint venture | | **1,853** | – |
| Repayment for principal of lease liabilities | 23 | **(958)** | (748) |
| Interest paid | | **(83)** | (32) |
| **Net cash generated from (used in) financing activities** | | **8,505** | (780) |
| **Net decrease in cash and cash equivalents** | | **(17,599)** | (11,981) |
| **Cash and cash equivalents at the beginning of the reporting period** | | **37,605** | 49,606 |
| Effect of foreign exchange rate changes, net | | **(59)** | (20) |
| **Cash and cash equivalents at the end of the reporting period** | 20 | **19,947** | 37,605 |

## 1. GENERAL INFORMATION

Daisho Microline Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal place of business is located at Unit A, 10/F, Fook Hing Industrial Building, 33 Lee Chung Street, Chai Wan, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in investments holding, manufacturing and trading of printed circuit boards, trading of petroleum and energy products and related business and manufacturing and trading of printing and packaging products. The principal activities of its subsidiaries are set out in Note 15 to the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Application of amendments to HKFRS Accounting Standards

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

| | |
|---|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current (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 application of the amendments to HKFRS Accounting Standards in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

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

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 and HKFRS 1 | 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 periods beginning on or after 1 January 2027
[4] No mandatory effective date yet determined but available for adoption

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

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

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

*HKFRS 18 – Presentation and Disclosure in Financial Statements*

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

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

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

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### Statement of compliance

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

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The measurement basis used in the preparation of the consolidated financial statements is historical cost except for certain financial instruments that are measured at fair values at the end of each reporting period.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. 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.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Basis of consolidation (continued)

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRS Accounting Standards.

*Allocation of total comprehensive income*

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

*Changes in ownership interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset or liability, an associate, a joint venture or others, as appropriate, from the date when control is lost.

### Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, interests in subsidiaries are stated at cost less impairment loss. The carrying amounts of the interests are reduced to their respective recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's interests in a joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on an acquisition of a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired joint venture. Such goodwill is included in interests in a joint venture. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

| | |
|---|---|
| Leasehold improvements | Over the shorter of term of the lease, or 10 years |
| Machinery and equipment | 10 years |
| Furniture and fixtures | 5 years |
| Motor vehicles | 3-5 years |
| Computers | 5 years |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Intangible assets

*Intangible assets acquired in a business combination – customer relationships*

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

Subsequent to initial recognition, the customer relationships acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is calculated using the straight-line method over the expected lives of the customer relationships, which are determined to be 4 years.

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

### Financial instruments

***Financial assets***

*Recognition and derecognition*

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

*Classification and measurement*

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) equity investment measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Financial instruments** (continued)

***Financial assets*** *(continued)*

*Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and bills receivables, other receivables and deposits, loan to a joint venture (included in interests in a joint venture) and cash and cash equivalents.

***Financial liabilities***

*Recognition and derecognition*

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability categorised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

*Classification and measurement*

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Financial instruments (continued)

***Impairment of financial assets***

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost issued to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

*Measurement of ECL*

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information
(ii) nature of instrument
(iii) industry of debtors
(iv) geographical location of debtors
(v) external credit risk ratings where available

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Financial instruments** (continued)

***Impairment of financial assets** (continued)*

*Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterpart

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Assessment of significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the receivables for which the Group has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### **Financial instruments** (continued)

***Impairment of financial assets** (continued)*

*Assessment of significant increase in credit risk (continued)*

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

*Low credit risk*

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Bill receivables guaranteed by banks and cash and cash equivalent are determined to have low credit risk.

*Simplified approach of ECL*

For trade receivables without significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and 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.

*Credit-impaired financial asset*

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

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Financial instruments (continued)

***Impairment of financial assets** (continued)*

*Write-off*

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

### Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts, if any.

### Revenue recognition

***Revenue from contracts with customers within HKFRS 15***

*Nature of goods or services*

The nature of the goods or services provided by the Group is as follows:

(a) Manufacturing and trading of printed circuit boards;

(b) Trading of petroleum and energy products and related business; and

(c) Manufacturing and trading of printing and packaging products.

*Identification of performance obligations*

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Revenue recognition (continued)

***Revenue from contracts with customers within HKFRS 15 (continued)***

*Timing of revenue recognition*

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of goods is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered and title has been passed.

### Revenue from other sources

***Interest income***

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit–impaired financial assets.

### Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Hong Kong dollars ("HK$") and majority of its subsidiaries used HK$ as their functional currency, except for the subsidiaries operated in the People's Republic of China (the "PRC") and Singapore, which have Renminbi ("RMB") and United States dollars ("US$") as their functional currency. The consolidated financial statements are presented in HK$.

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

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of the reporting period.

- Income and expenses for each statement of profit or loss and other comprehensive income are translated at the average exchange rates.

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

- On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment (including right-of-use assets), intangible assets, interests in a joint venture and the Company's investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

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

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment losses is recognised as an income in profit or loss immediately.

### Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 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 over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account/recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan and the proceeds received.

### Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. 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.

*As lessee*

The Group applies the recognition exemption to short-term leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset (presented in property, plant and equipment) and a lease liability at the commencement date of the lease.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Leases** (continued)

*As lessee (continued)*

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight–line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

| | |
|---|---|
| Leased properties | 2 to 19.5 years |

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Leases** (continued)

*As lessee (continued)*

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

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

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

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;

(b) the Group determines the lease term of the modified contract;

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Leases** (continued)

*As lessor*

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right–of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

*As lessor – operating lease*

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### Employee benefits

*Short term employee benefits*

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

*Defined contribution plans*

The obligations for contributions to defined contribution retirement scheme are recognised as expenses in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

*Termination benefits*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 in the consolidated financial statements. However, any deferred tax arises from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on interest in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### Related parties

A related party is a person or entity that is related to the Group:

(a) A person or a close member of that person's family is related to the Group if 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 the holding company of the Group.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Related parties** (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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. If the Group is itself such a plan, the sponsoring employers are also 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 holding company of the entity).

(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 holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Group and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

### Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management, which is the Group's chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

### Key sources of estimation uncertainty

*(i)* *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets, including property, plant and equipment, right-of-use assets and intangible assets, at the end of each reporting period in accordance with the accounting policies as disclosed in Note 3 to the consolidated financial statements. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined as the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. Owing to inherent risk associated with estimations in the timing and amounts of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from the amount actually received and profit or loss could be affected by accuracy of the estimations.

*(ii)* *Loss allowance for ECL*

The Group's management estimates the loss allowance for financial assets at amortised cost including trade and bills receivables, other receivables and deposits and loan to a joint venture (included in interests in a joint venture) by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of financial assets at amortised cost.

*(iii)* *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 level of future taxable profits together with future tax planning strategies. In cases where the actual future profits generated are different from the original estimate, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such estimate is changed.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### Key sources of estimation uncertainty (continued)

*(iv) Useful lives of property, plant and equipment and intangible assets*

The management determines the estimated useful lives of the Group's property, plant and equipment, and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

*(v) Impairment of interests in a joint venture*

The Group assesses annually if interests in a joint venture disclosed in Note 14 to the consolidated financial statements has suffered any impairment in accordance with HKAS 36. Details of the approach are stated in the accounting policies as disclosed in Note 3 to the consolidated financial statements. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of the joint venture would affect the estimation of impairment loss and cause the adjustment of its carrying amounts.

### Critical accounting judgement

*(i) Classification of a joint arrangement*

As disclosed in Note 14 to the consolidated financial statements, the Group invested in Noricap Fund G.P. Limited ("Noricap Fund") during the year ended 31 March 2023. The Group has 40% equity interest in Noricap Fund and the key strategic financial and operating decisions in relation to Noricap Fund's operation require the unanimous consent of all board members appointed by all the investors of Noricap Fund. The Group has the right to appoint 1 out of 2 board members of Noricap Fund. The directors of the Company assessed whether the Group has control over Noricap Fund based on whether the Group has the practical ability to direct the relevant activities of Noricap Fund unilaterally. After assessment, the directors of the Company concluded that neither the Group nor the joint venture partner has the ability to control Noricap Fund unilaterally and Noricap Fund is therefore considered as jointly controlled by the Group and the joint venture partner. Pursuant to the terms of the contractual arrangement, the Group has the rights to the net assets of Noricap Fund. Accordingly, the investment in Noricap Fund is classified as a joint venture of the Group and accounted for using equity method.

## 5. REVENUE

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Revenue from contracts with customers within HKFRS 15** | | |
| Manufacturing and trading of printed circuit boards | **19,308** | 26,548 |
| Manufacturing and trading of printing and packaging products | **33,789** | 59,036 |
| | **53,097** | 85,584 |

## 5. REVENUE (continued)

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

| **Year ended 31 March 2025** | **Manufacturing and trading of printed circuit boards HK$'000** | **Manufacturing and trading of printing and packaging products HK$'000** | **Total HK$'000** |
|---|---|---|---|
| *Geographical region:* | | | |
| – Hong Kong | **2,042** | **21,221** | **23,263** |
| – Europe | **8,750** | **5,160** | **13,910** |
| – The PRC | **7,162** | **7,408** | **14,570** |
| – South Korea | **1,186** | **–** | **1,186** |
| – Other countries | **168** | **–** | **168** |
| | **19,308** | **33,789** | **53,097** |
| *Timing of revenue recognition:* | | | |
| – at a point in time | **19,308** | **33,789** | **53,097** |
| *Type of transaction price:* | | | |
| – fixed price | **19,308** | **33,789** | **53,097** |

| Year ended 31 March 2024 | Manufacturing and trading of printed circuit boards HK$'000 | Manufacturing and trading of printing and packaging products HK$'000 | Total HK$'000 |
|---|---|---|---|
| *Geographical region:* | | | |
| – Hong Kong | 3,992 | 53,384 | 57,376 |
| – Europe | 14,895 | 4,689 | 19,584 |
| – The PRC | 5,388 | 963 | 6,351 |
| – South Korea | 1,481 | – | 1,481 |
| – North America | 637 | – | 637 |
| – Other countries | 155 | – | 155 |
| | 26,548 | 59,036 | 85,584 |
| *Timing of revenue recognition:* | | | |
| – at a point in time | 26,548 | 59,036 | 85,584 |
| *Type of transaction price:* | | | |
| – fixed price | 26,548 | 59,036 | 85,584 |

## 6. SEGMENT INFORMATION

The directors of the Company have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the directors of the Company consider that the operating segments of the Group comprise:

(i) Manufacturing and trading of printed circuit boards;

(ii) Trading of petroleum and energy products and related business;

(iii) Manufacturing and trading of printing and packaging products; and

(iv) Investments in funds.

Segment results represent the results before taxation earned by each segment without allocation of certain other income generated, certain administrative expenses and other operating expenses incurred by the corporate office, fair value loss on investments at fair value through profit and loss and loss on disposal of subsidiaries and finance costs.

All assets are allocated to reportable segments other than unallocated assets which are mainly cash and cash equivalents and other corporate assets. All liabilities are allocated to reportable segments other than other corporate liabilities.

## 6. SEGMENT INFORMATION (continued)

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of customers; assets and capital expenditure are attributed to the segments based on the locations of the assets.

### (A) By Business Segments

**Year ended 31 March 2025**

| | Manufacturing and trading of printed circuit boards HK$'000 | Trading of petroleum and energy products and related business HK$'000 | Manufacturing and trading of printing and packaging products HK$'000 | Investments in funds HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| Major customer A | – | – | 15,600 | – | 15,600 |
| Major customer C | – | – | 5,695 | – | 5,695 |
| Major customer D | 6,571 | – | – | – | 6,571 |
| Other customers | 12,737 | – | 12,494 | – | 25,231 |
| | 19,308 | – | 33,789 | – | 53,097 |
| **Segment results** | (1,215) | (1) | (10,997) | 10 | (12,203) |
| Unallocated other income | | | | | 374 |
| Unallocated administrative expenses | | | | | (6,232) |
| Fair value loss on investments at fair value through profit or loss | | | | | (35) |
| Loss on disposal of subsidiaries | | | | | (3,106) |
| Finance costs | | | | | (83) |
| Loss before taxation | | | | | (21,285) |
| Income tax credit | | | | | 159 |
| Loss for the year | | | | | (21,126) |

## 6. SEGMENT INFORMATION (continued)

### (A) By Business Segments (continued)

**Year ended 31 March 2024**

| | Manufacturing and trading of printed circuit boards HK$'000 | Trading of petroleum and energy products and related business HK$'000 | Manufacturing and trading of printing and packaging products HK$'000 | Investments in funds HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| Major customer A | – | – | 35,229 | – | 35,229 |
| Major customer B | 15,532 | – | – | – | 15,532 |
| Other customers | 11,016 | – | 23,807 | – | 34,823 |
| | 26,548 | – | 59,036 | – | 85,584 |
| **Segment results** | (2,887) | – | 2,142 | (1,251) | (1,996) |
| Unallocated other income | | | | | 349 |
| Unallocated administrative expenses | | | | | (10,194) |
| Finance costs | | | | | (32) |
| Loss before taxation | | | | | (11,873) |
| Income tax expense | | | | | – |
| Loss for the year | | | | | (11,873) |

"Major customer" is defined as a customer (including a group of entities under common control) with whom revenue from transactions amounted to 10% or more of the Group's revenue.

## 6. SEGMENT INFORMATION (continued)

### (A) By Business Segments (continued)

An analysis of the Group's assets and liabilities by operating segments is set out below:

**At 31 March 2025**

| | Manufacturing and trading of printed circuit boards HK$'000 | Trading of petroleum and energy products and related business HK$'000 | Manufacturing and trading of printing and packaging products HK$'000 | Investments in funds HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|
| Segment assets | 37,429 | – | 46,326 | 19,397 | 1,762 | 104,914 |
| Segment liabilities | (6,364) | – | (21,152) | – | (4,879) | (32,395) |
| Other segment information: | | | | | | |
| Amortisation of intangible assets | – | – | (103) | – | – | (103) |
| Depreciation | (159) | – | (3,530) | – | (678) | (4,367) |
| Impairment loss on loan to a joint venture | – | – | – | (34) | – | (34) |
| Reversal of impairment losses on trade receivables, net | 232 | – | 184 | – | – | 416 |
| Reversal of impairment losses on other receivables | 406 | – | – | – | – | 406 |
| Impairment losses of property, plant and equipment | – | – | (3,965) | – | – | (3,965) |
| Loss on disposal of property, plant and equipment | – | – | (2) | – | – | (2) |
| Share of results of a joint venture | – | – | – | (130) | – | (130) |
| Loss on disposal of subsidiaries | – | – | – | – | (3,106) | (3,106) |
| Fair value loss on investments at fair value through profit or loss | – | – | – | – | (35) | (35) |
| Gain on disposal of investment at fair value through profit or loss | – | – | – | – | 366 | 366 |
| Additions to property, plant and equipment (including right-of-use assets) | 1,059 | – | 505 | – | 1,338 | 2,902 |
| Interest income | – | – | – | 198 | 8 | 206 |

## 6. SEGMENT INFORMATION (continued)

### (A) By Business Segments (continued)

At 31 March 2024

| | Manufacturing and trading of printed circuit boards HK$'000 | Trading of petroleum and energy products and related business HK$'000 | Manufacturing and trading of printing and packaging products HK$'000 | Investments in funds HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|
| **Segment assets** | 16,914 | 3,488 | 83,745 | 19,228 | 1,734 | 125,109 |
| **Segment liabilities** | 13,217 | 282 | 16,810 | – | 987 | 31,296 |
| **Other segment information:** | | | | | | |
| Amortisation of intangible assets | – | – | (308) | – | – | (308) |
| Depreciation | – | – | (3,605) | – | (683) | (4,288) |
| Impairment loss on loan to a joint venture | – | – | – | (1,093) | – | (1,093) |
| Impairment losses on trade receivables, net | (33) | – | (201) | – | – | (234) |
| Gain on disposal of property, plant and equipment, net | – | – | 5 | – | – | 5 |
| Write-off of property, plant and equipment | – | – | (21) | – | – | (21) |
| Share of results of a joint venture | – | – | – | (158) | – | (158) |
| Additions to property, plant and equipment (including right-of-use assets) | – | – | 3,256 | – | – | 3,256 |
| Interest income | – | – | – | 198 | 52 | 250 |

## 6. SEGMENT INFORMATION (continued)

### (B) Geographical Information

*(i) Revenue form external customers*

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Hong Kong | 23,263 | 57,376 |
| Europe | 13,910 | 19,584 |
| The PRC | 14,570 | 6,351 |
| South Korea | 1,186 | 1,481 |
| North America | – | 637 |
| Other countries | 168 | 155 |
| | 53,097 | 85,584 |

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

*(ii) Non-current assets*

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| The PRC | 20,600 | 26,749 |
| Hong Kong | 1,441 | 919 |
| | 22,041 | 27,668 |

The non-current assets information above is based on the locations of assets and excluded interests in a joint venture, loan to a joint venture and deposits.

## 7. OTHER INCOME

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Interest income | 206 | 250 |
| Exchange gain, net | 513 | 564 |
| Rental income | 1,972 | 1,985 |
| Government subsidies (Note) | 246 | 220 |
| Sales of scrap materials | 219 | 393 |
| Gain on disposal of property, plant and equipment, net | – | 5 |
| Gain on disposal of investment at fair value through profit or loss | 366 | – |
| Others | 18 | 66 |
| | 3,540 | 3,483 |

Note: In the opinion of the directors of the Company, there was no unfulfilled condition or contingency relating to the government subsidies.

## 8. LOSS BEFORE TAXATION

This is stated after charging:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Finance costs** | | |
| Interest on lease liabilities | **83** | 32 |

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Staff costs (excluding directors' emoluments in Note 10)** | | |
| Salaries, allowances and benefits-in-kind | **21,495** | 24,585 |
| Contribution to defined contribution plans (Note (i)) | **1,604** | 2,103 |
| | **23,099** | 26,688 |
| **Other items** | | |
| Auditor's remuneration | | |
| – Audit services | **750** | 1,100 |
| – Non-audit services | **150** | 310 |
| Amortisation of intangible assets (included in administrative expenses) | **103** | 308 |
| Cost of inventories (Note (ii)) | **42,873** | 67,863 |
| Depreciation | **4,367** | 4,288 |
| Loss on disposal of property, plant and equipment (included in other operating expenses) | **2** | – |
| Write-off of property, plant and equipment (included in other operating expenses) | **–** | 21 |
| Expenses related to short-term leases | **509** | 569 |

Notes:

(i) For the years ended 31 March 2025 and 2024, there were no forfeited contributions which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement scheme in Hong Kong and the PRC.

(ii) Cost of inventories includes approximately HK$15,113,000 (2024: HK$17,386,000) relating to aggregate amount of certain staff costs, depreciation and other rental and related expenses, which are included in the respective total amounts disclosed separately above.

## 9. INCOME TAX

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Current tax** | | |
| Hong Kong Profits Tax | | |
| Over-provision in prior years | **(172)** | (166) |
| | **(172)** | (166) |
| Singapore corporate income tax ("Singapore CIT") | | |
| Current year | **–** | 10 |
| | **(172)** | (156) |
| Deferred tax (Note 26) | **13** | 156 |
| **Total income tax credit** | **(159)** | – |

For the years ended 31 March 2025 and 2024, PRC Enterprise Income Tax ("PRC EIT") has not been provided as (i) certain Group's entities in the PRC incurred a loss for taxation purposes and (ii) the Group's estimated assessable profits for the years were wholly absorbed by unrelieved tax losses brought forward from previous years.

For the year ended 31 March 2025 and 2024, Hong Kong Profits Tax has not been provided as the Group's entities in Hong Kong incurred a loss for taxation purpose.

For the year ended 31 March 2025, Singapore CIT has not been provided as the Group's entities in Singapore had no assessable profits for the year. Singapore CIT is calculated at 17% of the estimated assessable profits with no Singapore CIT rebate for the year ended 31 March 2024. Singapore incorporated company can also enjoy 75% tax exemption on the first SG$10,000 of normal chargeable income and a further 50% tax exemption on the next SG$190,000 of normal chargeable income during the year ended 31 March 2024.

## 9. INCOME TAX (continued)

### Reconciliation of income tax credit

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Loss before taxation | **(21,285)** | (11,873) |
| Tax calculated at domestic tax rates applicable to loss in the respective tax jurisdictions | **(3,852)** | (2,255) |
| Non-deductible expenses | **2,340** | 1,468 |
| Tax exempted revenue | **(282)** | (18) |
| Unrecognised temporary differences | **(879)** | (192) |
| Unrecognised tax losses | **2,738** | 1,893 |
| Utilisation of previously unrecognised tax losses | **(73)** | (739) |
| Over-provision in prior years | **(172)** | (166) |
| Share of results of a joint venture | **21** | 26 |
| Others | **–** | (17) |
| Income tax credit | **(159)** | – |

## 10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

### 10(a) Directors' emoluments

The emoluments paid or payable to each of the following directors were as follows:

**For the year ended 31 March 2025**

| | Directors' fees HK$'000 | Salaries, allowances and benefits-in-kind HK$'000 | Contribution to defined contribution plans HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Executive director:** | | | | |
| Lee Man Kwong | – | 300 | – | 300 |
| **Non-executive directors:** | | | | |
| Wong Siu Hung, Patrick (Note (i)) | 300 | – | – | 300 |
| Yau Pak Yue | 300 | – | 15 | 315 |
| **Independent non-executive directors:** | | | | |
| Leung Hoi Ming | 150 | – | – | 150 |
| Leung King Fai (Note (ii)) | 71 | – | – | 71 |
| Chan Yau Ching, Bob | 150 | – | – | 150 |
| Lin Ying (Note (iii)) | 79 | | | 79 |
| | 1,050 | 300 | 15 | 1,365 |

## 10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (continued)

### 10(a) Directors' emoluments (continued)

For the year ended 31 March 2024

| | Directors' fees HK$'000 | Salaries, allowances and benefits-in-kind HK$'000 | Contribution to defined contribution plans HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Executive directors:** | | | | |
| Lee Man Kwong | – | 600 | – | 600 |
| Wong Siu Hung, Patrick (Note (i)) | – | 600 | – | 600 |
| **Non-executive director:** | | | | |
| Yau Pak Yue | 600 | – | 18 | 618 |
| **Independent non-executive directors:** | | | | |
| Leung Hoi Ming | 240 | – | – | 240 |
| Leung King Fai (Note (ii)) | 240 | – | – | 240 |
| Chan Yau Ching, Bob | 240 | – | – | 240 |
| | 1,320 | 1,200 | 18 | 2,538 |

Note:

(i) On 1 April 2024, Mr. Wong Siu Hung, Patrick was re-designated from an executive director to a non-executive director of the Company.

(ii) On 20 September 2024, Mr. Leung King Fai, was resigned as an independent non-executive director.

(iii) On 20 September 2024, Ms. Lin Ying, was appointed as an independent non-executive director.

For the years ended 31 March 2025 and 2024, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. No directors of the Company waived or agreed to waive any emoluments in respect of the years ended 31 March 2025 and 2024.

## 10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (continued)

### 10(b) Emoluments of five highest paid individuals

The five highest paid individuals of the Group for the year included one (2024: three) directors of the Company whose emoluments are reflected in the analysis presented above and four (2024: two) non-director individuals whose emoluments are disclosed as follows:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Salaries, allowances and benefits-in-kind | 2,675 | 1,362 |
| Contribution to defined contribution plans | 55 | 46 |
| | 2,730 | 1,408 |

The emoluments fell within the following bands:

| | Number of individuals | |
|---|---|---|
| | 2025 | 2024 |
| Up to HK$1,000,000 | 4 | 2 |

For the years ended 31 March 2025 and 2024, no emoluments were paid by the Group to the highest paid individuals as a payment for loss of office or as an inducement to join or upon joining the Group.

For the years ended 31 March 2025 and 2024, no highest paid individuals as set out above waived or agreed to waive any emoluments.

## 11. LOSS PER SHARE

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

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **Loss:** | | |
| Loss attributable to the owners of the Company, used in basic loss per share calculation | (21,126) | (11,873) |

| | 2025 | 2024 |
|---|---|---|
| **Number of shares:** | | |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | 1,613,287,570 | 1,613,287,570 |

During the years ended 31 March 2025 and 2024, there were no potential dilutive ordinary shares in issue, and therefore, the diluted loss per share is the same as the basic loss per share for the years ended 31 March 2025 and 2024.

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Right-of-use assets HK$'000 (Note 23) | Leasehold improvements HK$'000 | Machinery and equipment HK$'000 | Furniture and fixtures HK$'000 | Motor vehicles HK$'000 | Computers HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|
| **Reconciliation of carrying amount – year ended 31 March 2024** | | | | | | | |
| At the beginning of the reporting period | 21,952 | 1,360 | 4,169 | 993 | 289 | 53 | 28,816 |
| Additions | – | 2,328 | 694 | 62 | 100 | 72 | 3,256 |
| Disposals/write-off | – | (21) | (33) | (2) | (11) | – | (67) |
| Depreciation | (2,620) | (635) | (675) | (235) | (91) | (32) | (4,288) |
| Exchange realignment | – | (29) | (89) | (25) | (8) | (1) | (152) |
| **At the end of the reporting period** | 19,332 | 3,003 | 4,066 | 793 | 279 | 92 | 27,565 |
| **Reconciliation of carrying amount – year ended 31 March 2025** | | | | | | | |
| At the beginning of the reporting period | **19,332** | **3,003** | **4,066** | **793** | **279** | **92** | **27,565** |
| Additions | **2,736** | **–** | **134** | **32** | **–** | **–** | **2,902** |
| Disposals | **–** | **–** | **(1)** | **(1)** | **–** | **–** | **(2)** |
| Depreciation | **(2,774)** | **(644)** | **(589)** | **(241)** | **(64)** | **(55)** | **(4,367)** |
| Impairment loss recognised | **(2,867)** | **(356)** | **(609)** | **(93)** | **(37)** | **(3)** | **(3,965)** |
| Exchange realignment | **(8)** | **(9)** | **(56)** | **(14)** | **(5)** | **–** | **(92)** |
| **At the end of the reporting period** | **16,419** | **1,994** | **2,945** | **476** | **173** | **34** | **22,041** |
| **At 31 March 2025** | | | | | | | |
| Cost | **36,930** | **5,174** | **6,340** | **2,055** | **1,174** | **617** | **52,290** |
| Accumulated depreciation and impairment | **(20,511)** | **(3,180)** | **(3,395)** | **(1,579)** | **(1,001)** | **(583)** | **(30,249)** |
| **Net carrying amount** | **16,419** | **1,994** | **2,945** | **476** | **173** | **34** | **22,041** |
| At 31 March 2024 | | | | | | | |
| Cost | 34,203 | 5,215 | 6,312 | 2,060 | 1,183 | 618 | 49,591 |
| Accumulated depreciation | (14,871) | (2,212) | (2,246) | (1,267) | (904) | (526) | (22,026) |
| Net carrying amount | 19,332 | 3,003 | 4,066 | 793 | 279 | 92 | 27,565 |

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) In respect of the non-financial assets in relation to the Group's printing and packaging products ("Printing") business, the management of the Group estimated the recoverable amount of the cash-generating unit in respect of Printing business as the higher of fair value less costs of disposal and the value in use of the cash-generating unit based on the valuation report prepared by an independent professional valuer. The cash-generating unit consisted of the Printing business composed of the production line of the Printing business (included in property, plant and equipment) and customer relationships (classified as intangible assets in Note 13) (the "Printing CGU") with aggregate carrying values of approximately HK$20,303,000 (2024: HK$27,378,000) and HK$Nil (2024: HK$103,000), respectively.

The management of the Group estimated the recoverable amount of the Printing CGU with reference to a value-in-use calculation using cash flow projections based on financial budgets approved by management covering a 5-year period to be derived from the Printing CGU at 31 March 2025. The significant inputs into this valuation approach are (i) the budgeted gross margin, which is determined based on the Printing CGU's past performance and management's expectations for the market development; (ii) pre-tax discount rate to derive the present value of future cash flows; and (iii) long-term growth rate.

Assumptions are used in the value-in-use calculations of the Printing CGU as at 31 March 2025. The following describes each key assumptions on which management have based their cash flow projections to undertake impairment testing of Printing CGU:

| | **31 March 2025** |
|---|---|
| Budgeted gross margin | 26.5% |
| Pre-tax discount rate | 19.67% |
| Long-term growth rate | 2.5% |

Based on the assessment, impairment losses of approximately HK$3,965,000 were recognised to Printing CGU for the year ended 31 March 2025 (31 March 2024: Nil).

## 13. INTANGIBLE ASSETS

| | Customer relationships HK$'000 |
|---|---|
| **Cost** | |
| At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 | **1,232** |
| **Accumulated amortisation** | |
| At 1 April 2023 | 821 |
| Charge for the year | 308 |
| At 31 March 2024 and 1 April 2024 | 1,129 |
| Charge for the year | 103 |
| **At 31 March 2025** | **1,232** |
| **Net carrying amount** | |
| **At 31 March 2025** | – |
| At 31 March 2024 | 103 |

For the purpose of the impairment assessment, the customer relationships have been allocated to the Printing CGU and were included in the impairment assessment of the Printing CGU (Note 12).

## 14. INTERESTS IN A JOINT VENTURE AND LOAN TO A JOINT VENTURE

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Unlisted shares, at cost | **156** | 156 |
| Share of results | **191** | 321 |
| | **347** | 477 |
| Loan to a joint venture (Note a) | | |
| – current | **18,717** | – |
| – non-current | **–** | 18,751 |
| | **18,717** | 18,751 |

Note:

(a) Loan to a joint venture with a principal amount of HK$19,844,000 (2024: HK$19,844,000) carries a fixed interest rate of 1% per annum and is unsecured and repayable on 28 July 2025. As at 31 March 2025, impairment loss of HK$1,127,000 (2024: HK$1,093,000) was made to the loan to a joint venture.

### ECL assessment on loan to a joint venture

The movements on the loss allowance on loan to a joint venture during the year is summarised below.

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| At the beginning of the reporting period | **1,093** | – |
| Increase in loss allowance | **34** | 1,093 |
| **At the end of the reporting period** | **1,127** | 1,093 |

Information about the Group's exposure to credit risks and loss allowance on loan to a joint venture is included in Note 33 to the consolidated financial statements.

## 14. INTERESTS IN A JOINT VENTURE AND LOAN TO A JOINT VENTURE (continued)

Details of the joint venture are as follows:

| Name of the joint venture | Place of incorporation/ business | Particulars of registered and paid-up share | Proportion of value of registered and paid-up share capital indirectly held by the Company | Principal activities |
|---|---|---|---|---|
| Noricap Fund | The Cayman Islands/ Hong Kong | US$50,000 | 40% (2024: 40%) | Investment holdings and subscription and management of special purpose fund ("SP Fund") which is yet to commence |

The above joint venture is accounted for using the equity method in the Group's consolidated financial statements.

On 29 July 2024, the joint venture, "Noricap Fund" entered into a sales and purchase agreement with an independent third party (the "Vendor"), pursuant to which Noricap Fund conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire interests of Full Smart Inc Limited (the "Target Company") at a consideration of approximately United States dollars ("USD") 3,700,000 (equivalent to approximately HK$28,775,000) (the "Acquisition"). The Target Company indirectly holds approximately 1.72% equity interests of a company (the "Investee") which is principally engaged in the provision of automated trading platform service for cryptocurrency in Hong Kong.

During the year ended 31 March 2025, a refundable deposit for the Acquisition of approximately HK$18,060,000 was paid to the Vendor by Noricap Fund. Subsequent to the reporting period ended 31 March 2025, Noricap Fund indirectly acquired approximately 0.86% of the equity interests of the Investee.

The registered capital of the Target Company is not yet being fully paid up. There is commitment of HK$10,800,000, net of the deposits paid of HK$18,060,000 in respect of the investment in the Target Company. There are no contingent liabilities in relation to the joint venture itself.

### Arrangements with joint venture partner

Pursuant to the JV Arrangement Agreement, each of Digital Mind and LBG is entitled to appoint 1 out of 2 board members of Noricap Fund and the key strategic financial and operating decisions in relation to Noricap Fund's operation require the unanimous consent of all board members. In the opinion of the directors of the Company, these key decisions related to the activities that significantly affect the returns of Noricap Fund. Accordingly, neither Digital Mind nor LBG has the ability to control Noricap Fund unilaterally and Noricap Fund is therefore considered as jointly controlled by Digital Mind and LBG. As the Group has rights to the net assets of the joint arrangement, Noricap Fund is accounted for as a joint venture of the Group.

### Relationship with the joint venture

Noricap Fund is engaged in investment holdings and subscription and management of SP Fund which presents an investment opportunity to maximise return on the Group's funds by making investments in emerging sectors and diversify the income stream and business risks.

## 14. INTERESTS IN A JOINT VENTURE AND LOAN TO A JOINT VENTURE (continued)

**Financial information of an individual material joint venture**

Summarised financial information of the joint venture of the Group, which is considered to be material, is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| **At 31 March:** | | |
| **Summarised statement of financial position** | | |
| Current assets | **20,648** | 20,973 |
| Current liabilities | **(20,177)** | (134) |
| Non-current liabilities | **–** | (19,844) |
| **Net assets** | **471** | 995 |
| **Included in above:** | | |
| Cash and cash equivalents (Remark) | **26** | – |
| Current financial liabilities (excluding trade and other payables and provisions) | **(19,844)** | – |
| Non-current financial liabilities (excluding trade and other payables and provisions) | **–** | (19,844) |
| **Reconciliation:** | | |
| Group's ownership interests | **40%** | 40% |
| Group's voting rights | **50%** | 50% |
| Group's share of net assets of the joint venture | **189** | 398 |
| Unrealised gains or losses from intra-group transactions | **158** | 79 |
| **Carrying amount of the Group's interests in the joint venture** | **347** | 477 |

## 14. INTERESTS IN A JOINT VENTURE AND LOAN TO A JOINT VENTURE (continued)

**Financial information of an individual material joint venture** (continued)

| | **2025** | 2024 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **For the year ended 31 March:** | | |
| **Summarised statement of profit or loss and other comprehensive income** | | |
| Revenue | **–** | – |
| Loss for the year | **(524)** | (593) |
| Total comprehensive loss | **(524)** | (593) |
| **Included in above:** | | |
| Interest expense | **119** | 119 |

## 15. SUBSIDIARIES

Details of principal subsidiaries are as follows:

| Name of subsidiary | Class of shares held | Place of incorporation and business | Attributable equity interest indirectly held by the Company | Issued/registered and fully paid-up capital | Principal activities | Legal form of corporate existence |
|---|---|---|---|---|---|---|
| 華鋒微綫電子(惠州)工業有限公司 (Huafeng Microline (Huizhou) Circuits Limited*) ("Huafeng") | Registered | The PRC | 100% (2024: 100%) | US$37,200,000 | Manufacture of printed circuit boards | Wholly foreign – owned enterprise |
| Huafeng Microline (SG) Pte. Ltd. (Note 1) | Ordinary | Singapore | 100% (2024: 100%) | SG$100 | Trading of printed circuit boards | Private limited liability company |
| 廣州嘉升電子貿易有限公司 (Guangzhou Jiasheng Electronic Trading Co., Ltd.*) | Registered | The PRC | 100% (2024: 100%) | HK$500,000 | Trading of printed circuit boards | Wholly foreign – owned enterprise |
| 新高準柯式印刷(深圳)有限公司 (New Spring Offset Printing (Shenzhen) Limited*) | Registered | The PRC | 100% (2024: 100%) | HK$1,200,000 | Manufacture and trading printing & packaging products | Wholly foreign – owned enterprise |
| New Spring (SW) Printing Packaging Limited | Ordinary | Hong Kong | 100% (2024: 100%) | HK$10,000 | Trading of printing & packaging products | Private limited liability company |
| Digital Mind | Ordinary | The British Virgin Islands | 100% (2024: 100%) | US$1 | Investment holdings | Private limited liability company |
| Pacific Dragon (Hong Kong) Energy Limited (Note 2) | Ordinary | Hong Kong | N/A (2024: 100%) | N/A | Trading of petroleum and energy products and related business | Private limited liability company |

Note:

(1) Huafeng (SG) was incorporated during the year ended 31 March 2024.

(2) Disposal during the year ended 31 March 2025.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results 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 of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding during the reporting period or at the end of the reporting period.

* English name for identification purpose only

## 16. INVENTORIES

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| Raw materials | 2,586 | 2,848 |
| Work-in-progress | 2,717 | 2,015 |
| Finished goods | 788 | 1,195 |
| | 6,091 | 6,058 |

## 17. TRADE AND BILLS RECEIVABLES

| | Notes | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| Trade receivables from third parties | 17(a) | 6,512 | 25,394 |
| Less: Loss allowance | 33 | (169) | (588) |
| | 17(a) | 6,343 | 24,806 |
| Bills receivables | 17(b) | – | 30 |
| | | 6,343 | 24,836 |

### 17(a) Trade receivables

Included in the balances are the trade receivables (before loss allowance) from contracts with customers within HKFRS 15:

| | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|
| At the beginning of the reporting period | 25,394 | 14,939 |
| At the end of the reporting period | 6,512 | 25,394 |

## 17. TRADE AND BILLS RECEIVABLES (continued)

### 17(a) Trade receivables (continued)

The Group's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 120 days (2024: 30 to 120 days). At the end of the reporting period, the ageing analysis of trade receivables (before loss allowance) by delivery date is as follows:

| | **2025** | 2024 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Less than 1 month | **2,603** | 14,544 |
| 1 to 2 months | **1,237** | 750 |
| 2 to 3 months | **2,009** | 5,656 |
| Over 3 months | **663** | 4,444 |
| | **6,512** | 25,394 |

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

| | **2025** | 2024 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Not past due | **5,271** | 20,398 |
| Less than 1 month | **615** | 3,044 |
| 1 to 2 months | **140** | 1,214 |
| 2 to 3 months | **190** | – |
| Over 3 months | **127** | 150 |
| | **6,343** | 24,806 |

Information about the Group's exposure to credit risks and loss allowance on trade receivables is included in Note 33 to the consolidated financial statements.

### 17(b) Bills receivables

At 31 March 2024, all bills receivables are interest-free and guaranteed by banks in the PRC and have maturities of less than six months.

## 18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Notes | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| Deposits and other receivables (note a & c) | | **28,321** | 3,835 |
| Less: Loss allowance | | **(512)** | (937) |
| | | **27,809** | 2,898 |
| Prepayments | | **605** | 854 |
| Security deposit paid in respect of an injunction order | 29, 34(b) | **–** | 3,446 |
| Value-added tax recoverable | | **1,803** | 1,929 |
| Other prepaid expenses | | **162** | 301 |
| | | **2,570** | 6,530 |
| | | **30,379** | 9,428 |
| Analysis as: | | | |
| – Current | | **4,358** | 9,428 |
| – Non-current | | **26,021** | – |
| | | **30,379** | 9,428 |

**(a)** Included in deposits and other receivables, there are deposits of approximately HK$25,474,000 paid for acquisition of an associated company. The transaction subsequently completed after the reporting period ended of 31 March 2025. Please refer to Note 37 for details.

**(b)** **Loss allowance**

The movements on the loss allowance on deposits and other receivables during the year is summarised below:

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| At the beginning of the reporting period | **937** | 937 |
| Decrease in loss allowance | **(406)** | – |
| Exchange realignment | **(19)** | – |
| **At the end of the reporting period** | **512** | 937 |

Information about the Group's exposure to credit risks and loss allowance on deposits and other receivables is included in Note 33 to the consolidated financial statements.

**(c)** Included in deposits and other receivables, as at 31 March 2025, there are consideration receivable HK$100,000 (2024: Nil) for disposal of certain subsidiaries (Note 29).

## 19. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March 2025, investment at fair value through profit or loss represented wealth management products placed at a financial institution in the PRC. There are no fixed or determinable returns of the wealth management product.

## 20. CASH AND CASH EQUIVALENTS

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows | **19,947** | 37,605 |

Bank balances in total of approximately HK$19,829,000 (2024: HK$37,210,000) carry interest at floating rates based on daily bank deposit rates. At 31 March 2025 and 31 March 2024, short-term time deposits are made between one month and three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing short-term deposit rates.

At 31 March 2025, bank balances that were placed with banks in the PRC amounted to approximately HK$4,578,000 (2024: HK$1,928,000). Remittance of funds out of the PRC is subject to the exchange controls imposed by the PRC government.

## 21. TRADE PAYABLES

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Trade payables to third parties | **7,385** | 16,342 |

The trade payables are non-interest bearing and the Group is normally granted with a credit term ranging from 30 to 90 days (2024: 30 to 90 days).

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

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Less than 1 month | **2,817** | 3,948 |
| 1 to 2 months | **1,609** | 3,566 |
| 2 to 3 months | **150** | 5,589 |
| Over 3 months | **2,809** | 3,239 |
| | **7,385** | 16,342 |

## 22. OTHER PAYABLES AND ACCRUALS

| | Note | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|---|
| Salaries payables | | **1,822** | 2,384 |
| Accruals | | **9,887** | 9,566 |
| Contract liabilities | (a) | **429** | 565 |
| Others | | **1,280** | 2,188 |
| | | **13,418** | 14,703 |

### (a) Contract liabilities

At 31 March 2025, contract liabilities comprised of approximately HK$429,000 (2024: HK$565,000) of deposits received from customers on sale of printing and packaging products.

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Revenue recognised in the year that was included in contract liabilities at beginning of year | **565** | 394 |
| Significant changes in contract liabilities during the year: | | |
| Increase due to operations in the year | **1,503** | 930 |
| Transfer of contract liabilities to revenue | **1,639** | 759 |

The Group expects the transaction price of approximately HK$429,000 allocated to the unsatisfied performance obligations will be recognised as revenue within one year or less.

## 23. LEASES

### As lessee

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| **Right-of-use assets (Note 12)** | | |
| Leased properties | **17,953** | 19,332 |

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| **Lease liabilities** | | |
| Current | **1,046** | 237 |
| Non-current | **969** | – |
| | **2,015** | 237 |

## 23. LEASES (continued)

### As lessee (continued)

The present value of lease liabilities is summarised as below:

| | Lease payments | | Present value of lease payments | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Amount payable: | | | | |
| Within one year | **1,116** | 240 | **1,046** | 237 |
| More than one year, but not exceeding two years | **498** | – | **471** | – |
| More than two years, but not exceeding five years | **521** | – | **498** | – |
| | **2,135** | 240 | **2,015** | 237 |
| Less: future finance charges | **(120)** | (3) | | |
| Total lease liabilities | **2,015** | 237 | | |

The depreciation of the right-of-use assets charged to profit or loss during the year ended 31 March 2025 amounted to approximately HK$2,774,000 (2024: HK$2,620,000).

The operating lease expenses on short-term leases recognised in profit or loss during the year ended 31 March 2025 amounted to approximately HK$509,000 (2024: HK$569,000).

At 31 March 2025, the Group was committed to approximately HK$699,000 (2024: HK$272,000) for short-term lease.

The total cash outflow for leases for the year ended 31 March 2025 was approximately HK$1,550,000 (2024: HK$1,349,000).

### As lessor

***Operating lease***

The Group sub-leases certain of its right-of-use assets to independent third parties under operating leases, which had a lease term of one year for the years ended 31 March 2025 and 2024. The sub-leases do not include purchase or termination options.

Rental income is included in other income (Note 7) and do not contain any variable lease payments. The risks associated with rights that the Group retains to underlying assets are not considered significant, however, the Group employs strategies to further minimise these risks by ensuring all sub-lease contracts include clauses requiring the lessees to compensate the Group when a leased property has been subject to excess wear-and-tear during the lease term.

At the end of the reporting period, there are no future rental receivables under non-cancellable operating leases for certain right-of-use assets of the Group.

## 24. AMOUNT DUE TO A SHAREHOLDER

The carrying amount of approximately HK$7,693,000 as at 31 March 2025 (31 March 2024: Nil) represented the amount due to a substantial shareholder, Mr. Ng Man Chan, with aggregate gross amount of approximately HK$7,693,000 (2024: Nil). As at 31 March 2025, the amount due is unsecured, non-interest bearing and repayable on demand.

## 25. AMOUNT DUE TO A JOINT VENTURE

The amount due was non-trade in nature, interest-free and repayable on demand.

## 26. DEFERRED TAXATION

The followings are the deferred tax (assets) liabilities recognised and movements thereon during the year:

| | Assets | Liabilities | |
|---|---|---|---|
| | Tax losses | Depreciation allowance | Total |
| | HK$'000 | HK$'000 | HK$'000 |
| At 1 April 2023 | (224) | 76 | (148) |
| Charge (credit) to profit or loss (Note 9) | 218 | (62) | 156 |
| Exchange realignment | 6 | – | 6 |
| At 31 March 2024 and 1 April 2024 | – | 14 | 14 |
| Charge to profit or loss (Note 9) | – | 13 | 13 |
| Exchange realignment | – | 4 | 4 |
| **At 31 March 2025** | – | 31 | 31 |

### Unrecognised deferred tax assets arising from

| | 2025 | 2024 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Tax losses arising in Hong Kong | 35,639 | 45,701 |
| Tax losses arising in the PRC | 13,387 | 18,943 |
| | 49,026 | 64,644 |

No tax losses arising in Hong Kong expire under current tax legislation, while the tax losses arising in the PRC will expire in one to five years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

## 27. SHARE CAPITAL

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **No. of shares** | **HK$'000** | No. of shares | HK$'000 |
| Ordinary share of HK$0.1 each | | | | |
| Authorised: | | | | |
| At the beginning of the reporting period | **4,000,000,000** | **400,000** | 2,000,000,000 | 200,000 |
| Increase (Note) | **–** | **–** | 2,000,000,000 | 200,000 |
| At the end of the reporting period | **4,000,000,000** | **400,000** | 4,000,000,000 | 400,000 |
| Issued and fully paid: | | | | |
| At the beginning of the reporting period and at the end of the reporting period | **1,613,287,570** | **161,328** | 1,613,287,570 | 161,328 |

Note:

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 22 September 2023, the authorised share capital of the Company was increased by HK$200,000,000 by creating an additional 2,000,000,000 new ordinary shares of HK$0.1 each.

## 28. RESERVES

### (a) Share premium

The application of share premium is governed by section 40 of the Bermuda Companies Act 1981. Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to the share premium account.

### (b) Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of the Company's shares issued pursuant to the Group's reorganisation in 1989 and the nominal value of the shares and the share premium account of the subsidiaries acquired.

### (c) Exchange translation reserve

Exchange translation reserve has been set up and is dealt with in accordance with the accounting policies adopted for foreign currency translation as set out in Note 3 to the consolidated financial statements.

## 29. LOSS ON DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2025, the Group disposed of, to an independent third party, the entire interest in Unique Technology (BVI) Limited, Daisho Microline Investment Limited, Pacific Dragon (HK) Energy Limited, Frequent Luck Limited, Newglory Ltd, Juko Electronics Company Limited, Tiny Electronics Limited, Daisho Microline Management Limited and Juko Electronics Industrial Company Limited (the "Disposed Subsidiaries") for a cash consideration of HK$100,000.

The net assets of the Disposed Subsidiaries at the date of disposal were as follows:

| | HK$'000 |
|---|---|
| Net assets disposed of: | |
| Other receivables, deposits and prepayments | 42 |
| Security deposit paid in respect of an injection order (Note 18) | 3,446 |
| Other payables and accruals | (282) |
| | 3,206 |
| Loss on disposal: | |
| Consideration receivable | 100 |
| Net assets disposed of | (3,206) |
| | (3,106) |
| Net cash inflow arising on disposal: | |
| Cash consideration received | –* |

* As at 31 March 2025, the consideration was not settled and included in "Other receivables, deposits and prepayments".

## 30. SHARE-BASED PAYMENTS

Pursuant to the Company's special general meeting on 22 November 2016 (the "Date of Adoption"), an ordinary resolution was passed to approve and adopt the new share option scheme of the Company (the "Scheme") which was further subject to approval by the Listing Committee of the Stock Exchange (the "Listing Committee") granting the approval for the listing of, and permission to deal in, any ordinary share of the Company which may fall to be issued pursuant to the exercise of the options (the "Listing Approval"). On 23 June 2017, the Listing Approval was confirmed by the Listing Committee.

The purpose of the Scheme is to provide incentives or rewards to the eligible persons for their contribution to, and continuing efforts to promote interests of, the Company and to enable the Group to recruit and retain high-calibre employees. Eligible persons of the Scheme include (i) any director (whether executive or non-executive, including independent non-executive director) or employee (whether full time or part time) of the Company or any of its subsidiaries or associated companies; (ii) consultant, adviser, supplier or customer of the Company or any of its subsidiaries or associated companies; and (iii) any other group of classes of participants which the Board of Directors may, from time to time in its absolute discretion, consider appropriate on basis of such participants' contribution or potential contribution to the development, growth or benefit of the Company or any of its subsidiaries or associated companies. The Scheme will remain in force for 10 years from the Date of Adoption, unless otherwise terminated or altered.

## 30. SHARE-BASED PAYMENTS (continued)

The scheme mandate limit under the Scheme was refreshed by the passing of an ordinary resolution at the annual general meeting of the Company held on 23 September 2022 (the "Date of Refreshment").

Upon refreshment of the scheme mandate limit, the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not exceed 10% of the total number of shares in issue as at the Date of Refreshment of the Scheme (the "10% Limit") or the date of any shareholders' meeting in refreshing the 10% Limit, if applicable. The maximum number of shares issued and issuable to each eligible person under the Scheme in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue at proposed grant date. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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 an independent non-executive director or a substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the total number of shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000 within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board of Directors and commences from the date on which the offer of share options is duly accepted by the grantee in accordance with the Scheme.

The exercise price of share options is determinable by the Board of Directors, and shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the share options; and (iii) the nominal value of the Company's shares.

No share option has been granted or exercised under the Scheme during the years ended 31 March 2025 and 2024.

## 31. OTHER CASH FLOW INFORMATION

### (a) Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transactions:

During the year ended 31 March 2025, the Group recognised right-of-use assets by incurring lease liabilities of approximately HK$2,736,000.

## 31. OTHER CASH FLOW INFORMATION (continued)

### (b) Reconciliation of liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

**For the year ended 31 March 2025**

| | Amount due to a joint venture HK$'000 | Amount due to a shareholder HK$'000 | Lease liabilities HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1 April 2024 | – | – | 237 | 237 |
| **Non-cash transactions:** | | | | |
| Finance costs | – | – | 83 | 83 |
| Additions of lease liabilities | – | – | 2,736 | 2,736 |
| **Change in cash flow:** | | | | |
| Advance from a joint venture | 1,853 | – | – | 1,853 |
| Advance from a shareholder | – | 7,693 | – | 7,693 |
| Repayment of lease liabilities | – | – | (958) | (958) |
| Interest paid | – | – | (83) | (83) |
| **At 31 March 2025** | **1,853** | **7,693** | **2,015** | **11,561** |

For the year ended 31 March 2024

| | Amount due to a joint venture HK$'000 | Amount due to a shareholder HK$'000 | Lease liabilities HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1 April 2023 | – | – | 985 | 985 |
| **Non-cash transactions:** | | | | |
| Finance costs | – | – | 32 | 32 |
| **Change in cash flow:** | | | | |
| Cash outflow in financing activities: | | | | |
| Repayment of lease liabilities | – | – | (748) | (748) |
| Interest paid | – | – | (32) | (32) |
| At 31 March 2024 | – | – | 237 | 237 |

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions information disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties:

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, representing amounts paid to the Company's directors and senior executives, is as follows:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Salaries, allowances and benefits-in-kind | **3,719** | 5,293 |
| Contribution to defined contribution plans | **79** | 130 |
| | **3,798** | 5,423 |

The remuneration was based on the terms mutually agreed between the Group and the related parties.

### (b) Related party transactions

During the years ended 31 March 2025 and 2024, the Group had the following transactions with related parties. In the opinion of the management of the Group, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Lease, interest payment and management fee paid to a company controlled by a shareholder (note) | **923** | 929 |
| Interest income from a joint venture | **198** | 198 |

Note: During the year ended 31 March 2025, the Group entered into lease with 2 years lease terms in respect of a warehouse from Mr. Ng Man Chan, the substantial shareholder of the Company. During the year ended 31 March 2025, the amounts of rent payable by the Group under the lease is approximately HK$74,000 per month (2024: HK$74,000 per month). As at 31 March 2025, the total carry amounts of such right-of-use assets and lease liability are approximately HK$1,049,000 and HK$1,110,000 (2024: HK$254,000 and HK$237,000) respectively.

In the opinion of the directors of the Company, these related party transactions were conducted in the ordinary course of business of the Group.

## 33. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise loan to a joint venture, cash and cash equivalents, lease liabilities, trade and bills receivables, other receivables and deposits, investments at fair value through profit or loss, trade payables, other payables and accruals, amount due to a shareholder and amount due to a joint venture. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The accounting policies for financial instruments have been applied to the line items below:

| | **2025**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| **Financial assets:** | | |
| Financial assets at amortised cost | **72,816** | 87,536 |
| Investments at fair value through profit and loss | **1,049** | – |
| **Total** | **73,865** | 87,536 |
| **Financial liabilities:** | | |
| Financial liabilities at amortised cost | **29,920** | 30,480 |

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

### Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

## 33. FINANCIAL RISK MANAGEMENT (continued)

**Credit risk** (continued)

***Trade receivables***

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtor balances are monitored on an ongoing basis and the Group's exposure to bad debts is being managed.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer as well as the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group had a concentration of credit risk as 30% (2024: 43%) and 71% (2024: 92%) of the Group's trade receivables was due from the Group's largest customer and the five largest customers, respectively. The Group manages the concentration of credit risk by continuously broadening the customer base of the Group.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and 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. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2025 and 2024.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 31 March 2025 and 2024 is summarised below.

## 33. FINANCIAL RISK MANAGEMENT (continued)

**Credit risk** (continued)

***Trade receivables** (continued)*

**At 31 March 2025**

| | Expected loss rate % | Gross carrying amount HK$'000 | Loss allowance HK$'000 |
|---|---|---|---|
| Not past due | **1.48** | **5,350** | **79** |
| Less than 1 month past due | **1.44** | **624** | **9** |
| 1 to 2 months past due | **1.41** | **142** | **2** |
| 2 to 3 months past due | **1.51** | **193** | **3** |
| More than 3 months past due | **37.44** | **203** | **76** |
| | | **6,512** | **169** |

At 31 March 2024

| | Expected loss rate % | Gross carrying amount HK$'000 | Loss allowance HK$'000 |
|---|---|---|---|
| Not past due | 1.37 | 20,681 | 283 |
| Less than 1 month past due | 1.39 | 3,087 | 43 |
| 1 to 2 months past due | 1.46 | 1,232 | 18 |
| 2 to 3 months past due | N/A | – | – |
| More than 3 months past due | 61.93 | 394 | 244 |
| | | 25,394 | 588 |

The Group does not hold any collateral over trade receivables at 31 March 2025 and 2024.

At 31 March 2025 and 2024, in the opinion of the Company's directors, there was no credit-impaired trade receivables.

## 33. FINANCIAL RISK MANAGEMENT (continued)

**Credit risk** (continued)

***Trade receivables** (continued)*

At the end of the reporting period, the Group recognised loss allowance of approximately HK$169,000 (2024: HK$588,000) on the trade receivables. The movement in the loss allowance for trade receivables during the year is summarised below:

| | **2025** | 2024 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| At the beginning of the reporting period | **588** | 361 |
| (Decrease) increase in allowance | **(416)** | 234 |
| Exchange realignment | **(3)** | (7) |
| **At the end of the reporting period** | **169** | 588 |

During the year ended 31 March 2025, the increase in loss allowance on trade receivables was mainly due to the decrease in gross balances of the trade receivables.

During the year ended 31 March 2024, the increase in loss allowance on trade receivables was mainly due to the increase in gross balances of the trade receivables.

***Other receivables and deposits and loan to a joint venture***

Except for a debtor included other receivables and deposits which was identified to have significant increase in credit risk, the management of the Group considers that the other receivables and deposits and loan to a joint venture have low credit risk based on their strong capacities to meet their contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables and deposits and loan to a joint venture is measured on 12-month ECL and reflects the short maturities of the exposures. In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case.

Except for a debtor included in other receivables and deposits which was identified to have significant increase in credit risk and impairment loss of approximately HK$512,000 (2024: HK$937,000) was made as at 31 March 2025, the management of the Group considers the ECL of other receivables and deposits to be insignificant after taking into account the financial position and credit quality of the counterparties.

No significant increase in credit risk was identified since the initial recognition of loan to a joint venture. Based on the change in credit quality since the investment was made, an impairment loss on loan to a joint venture of approximately HK$1,127,000 (2024: 1,093,000) was recognised as at 31 March 2025.

## 33. FINANCIAL RISK MANAGEMENT (continued)

### Credit risk (continued)

***Other receivables and deposits and loan to a joint venture*** *(continued)*

The movements in loss allowance for ECL in other receivables and deposits and loan to a joint venture are included in Notes 18(b) and 14 to the consolidated financial statements, respectively.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2025 and 2024.

***Cash and cash equivalents***

The credit risk on cash and cash equivalent is limited because the counterparties are banks and other financial institution with high credit ratings assigned by international credit-rating agencies.

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade debtors) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its operation needs at any time.

The maturity profile of the Group's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

| | Weighted average effective interest rate % | Within 1 year or on demand HK$'000 | More than one year, but not exceeding two years HK$'000 | More than two year, but not exceeding five years HK$'000 | Total HK$'000 | Carrying amount as at 31 March 2025 HK$'000 |
|---|---|---|---|---|---|---|
| **At 31 March 2025** | | | | | | |
| Trade payables | N/A | 7,385 | – | – | 7,385 | 7,385 |
| Financial liabilities included in other payables and accruals | N/A | 12,989 | – | – | 12,989 | 12,989 |
| Amount due to a shareholder | N/A | 7,693 | – | – | 7,693 | 7,693 |
| Amount due to a joint venture | N/A | 1,853 | – | – | 1,853 | 1,853 |
| | | 29,920 | – | – | 29,920 | 29,920 |
| Lease liabilities | 4.62% | 1,116 | 498 | 521 | 2,135 | 2,015 |

## 33. FINANCIAL RISK MANAGEMENT (continued)

**Liquidity risk** (continued)

| | Weighted average effective interest rate % | Within 1 year or on demand HK$'000 | More than one year, but not exceeding two years HK$'000 | More than two year, but not exceeding five years HK$'000 | Total HK$'000 | Carrying amount as at 31 March 2024 HK$'000 |
|---|---|---|---|---|---|---|
| At 31 March 2024 | | | | | | |
| Trade payables | N/A | 16,342 | – | – | 16,342 | 16,342 |
| Financial liabilities included in other payables and accruals | N/A | 14,138 | – | – | 14,138 | 14,138 |
| | | 30,480 | – | – | 30,480 | 30,480 |
| Lease liabilities | 5.05% | 240 | – | – | 240 | 237 |

### Fair value

The financial assets stated at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial assets stated at FVTPL is determined (in particular, the valuation techniques and inputs used).

| **Financial instruments** | **Fair value hierarchy** | **Fair value as at** | | **Valuation technique and key inputs** | **Significant unobservable** | | **Relationship of key inputs and significant unobservable inputs to fair value** |
|---|---|---|---|---|---|---|---|
| | | **2025 HK$'000** | 2024 HK$'000 | | **2025** | 2024 | |
| Wealth management product | Level 2 | **1,049** | – | Present value quoted by the relevant financial institution | **N/A** | N/A | N/A |

During the year ended 31 March 2025, there were no transfers between levels of fair value hierarchy.

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

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirement.

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 2024.

## 34. LITIGATIONS

### (a) Litigation with Societe Generale

On 17 September 2019, the Group received an amended writ of summons (the "Writ") issued by Societe Generale, Singapore Branch (the "Plaintiff") in which, among others, Pacific Dragon (Hong Kong) Energy Limited ("Pacific Dragon") and DML, two then wholly-owned subsidiaries of the Company, have been joined as additional defendants to the proceedings of the High Court (case number: HCA 1617/2019) which were originally issued against, among others, (1) Ms. Cheung, an ex-director of the Company who resigned on 4 September 2019 and an ex-shareholder of the Company holding approximately 20.84% interest in the Company on trust for her family until she ceased to hold any of the interest on trust for her family on 14 August 2019, and (2) Inter-Pacific Petroleum Pte Ltd ("Inter-Pacific Petroleum"), a wholly owned subsidiary of Inter-Pacific Group Pte Ltd ("Inter-Pacific Group"). Pursuant to the Writ, the Plaintiff claims, among other things, against Inter-Pacific Petroleum for payment for breach of certain trade finance facilities granted to Inter-Pacific Petroleum in the outstanding sum at 28 August 2019 of approximately US$89,849,000.

In connection with the Writ, the Plaintiff obtained an injunction order against, among others, Pacific Dragon and DML, pursuant to which (1) Pacific Dragon is restricted from disposing of or dealing with the sum of approximately US$24,963,000 paid into its bank account during the period from 1 June 2019 to 31 August 2019 and any of its assets whether within or outside Hong Kong up to the same value; and (2) DML is restricted from disposing of or dealing with the sum of approximately US$6,653,000 paid into its bank account during the period from 1 June 2019 to 31 August 2019 and any of its assets whether within or outside Hong Kong up to the same value. The injunction order was continued on the return hearing held on 20 September 2019. The hearing has been adjourned to be heard on 5 February 2020. The above details have been disclosed in the Company's announcements dated 4 September 2019, 18 September 2019 and 29 October 2019 respectively.

On 22 June 2020, the hearing was held and the judgement handed down on 10 July 2020. According to the decision of the Court dated 10 July 2020, the aggregate amount injuncted against Pacific Dragon and DML should be reduced to approximately HK$10,229,000 and the injunction is permitted to be discharged if the same amount injuncted is paid into the Court. Pacific Dragon and DML were also awarded costs to be paid by the Plaintiff.

DML and Pacific Dragon have paid the injuncted amounts of approximately HK$6,783,000 and HK$3,446,000 to the Court in November 2020 and in April 2023, respectively. Accordingly, the injunction order was discharged against DML and Pacific Dragon by order of the Court.

On 29 June 2022, DML ceased to be subsidiary of the Group under the Winding-up Order and the injuncted amount of approximately HK$6,783,000 paid by DML was derecognised upon de-consolidation of DML.

During the year ended 31 March 2025, Pacific Dragon was disposed and ceased to be a subsidiary of the Group (Note 29). The injuncted amount of approximately HK$3,446,000 (Note 18) paid by Pacific Dragon was derecognised due to the disposal of subsidiary.

Save as disclosed above, there is no further update for the above litigation up to the date of this report.

With reference to the opinion of the Group's lawyer, the directors of the Company are of view that the Group has a reasonable ground of defense.

## 34. LITIGATIONS (continued)

### (b) Litigation with Inter-Pacific Group

In November 2019, the Group instructed its lawyer to issue a legal letter to Inter-Pacific Group, demanding Inter-Pacific Group to return the deposit of HK$14,574,000 to the Group which had paid to Inter-Pacific Group for the acquisition of the two of the four vessels, namely Pacific Energy 8 and Pacific Energy 168, pursuant to the sale and purchase agreement dated 29 September 2017 (the "SPA").

Pursuant to the SPA, the third consideration would be satisfied by the Group in the following manner: (i) on the date the SPA, a cash payment of HK$14,574,000 (the "Third Deposit"); (ii) at third completion a cash payment of HK$10,151,000 and the balance of the remaining third consideration, equivalent to HK$72,435,000, will be settled by the Group issuing to Inter-Pacific Group (or its designated nominee) the promissory note in the principal amount of HK$72,435,000.

In the event that the conditions specified in the SPA are not fulfilled or waived on or before 30 September 2019, the Third Deposit shall be returned by Inter-Pacific Group to the Group (or such persons as it may direct), without interest, in immediately available funds within five business days from the 30 September 2019. As the conditions precedent of the SPA with respect to the acquisition of Pacific Energy 8 and Pacific Energy 168 have not been fulfilled, in particular, Mortgage 8 and Mortgage 168 (as defined in the Company's circular dated 27 December 2017) have not been discharged in full by 30 September 2019 and the SPA had been terminated accordingly. Inter-Pacific Group had to fulfill its obligation to return the Third Deposit to the Group by the prescribed deadline.

Therefore, the Group issued a legal letter to demand Inter-Pacific Group to make an immediate repayment of the Third Deposit in the sum of HK$14,574,000 to the Group.

Inter-Pacific Group was placed under liquidation by the Singapore Court on 27 March 2020 pursuant to the Order of Court HC/ORC 2247/2020. In June 2020, the Company has filed the proof of debt to the liquidators.

Up to the date of this report, there is no further update for the above litigation.

In view of the fact that Inter-Pacific Group was known to have financial difficulties, an impairment loss on the refundable deposits of approximately HK$14,574,000 was fully charged to profit or loss during the year ended 31 March 2020.

As at 31 March 2025, the carrying amount of deposits paid for acquisition of property, plant and equipment is nil (2024: nil), net of impairment loss of approximately HK$14,574,000 (2024: HK$14,574,000).

## 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Notes | 2025<br>HK$'000 | 2024<br>HK$'000 |
|---|---|---|---|
| **Non-current asset** | | | |
| Interests in subsidiaries | | –* | – |
| **Current assets** | | | |
| Amounts due from subsidiaries | | **58,048** | 60,433 |
| Prepayments | | **542** | 550 |
| Cash and cash equivalents | | **112** | 435 |
| | | **58,702** | 61,418 |
| **Current liability** | | | |
| Other payables and accruals | | **1,083** | 550 |
| **Net current assets** | | **57,619** | 60,868 |
| **Total assets less current liabilities** | | **57,619** | 60,868 |
| **NET ASSETS** | | **57,619** | 60,868 |
| **Capital and reserves** | | | |
| Share capital | 26 | **161,328** | 161,328 |
| Reserves | 35(a) | **(103,709)** | (100,460) |
| **TOTAL EQUITY** | | **57,619** | 60,868 |

* The balance represents an amount less than HK$1,000.

This statement of financial position was approved and authorised for issue by the Board of Directors on and signed on its behalf by

**Lee Man Kwong**
*Director*

**Wong Siu Hung, Patrick**
*Director*

## 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

### 35(a) Movement of the reserves

| | Share premium HK$'000 (Note 28(a)) | Contributed surplus HK$'000 (Note 28(b)) | Accumulated losses HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1 April 2023 | 134,154 | 38,295 | (268,366) | (95,917) |
| Loss and total comprehensive expense for the year | – | – | (4,543) | (4,543) |
| At 31 March 2024 and 1 April 2024 | 134,154 | 38,295 | (272,909) | (100,460) |
| Loss and total comprehensive expense for the year | – | – | (3,249) | (3,249) |
| **At 31 March 2025** | 134,154 | 38,295 | (276,158) | (103,709) |

The Company's contributed surplus is derived from the difference between the combined net assets of the subsidiaries acquired and the nominal value of the Company's shares issued pursuant to the same reorganisation described in Note 28(b) to the consolidated financial statements. Under the Bermuda Companies Act 1981, a company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

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

## 36. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap of HK$1,500 per month. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

During the year ended 31 March 2025, the total contribution to the defined contribution schemes charged to profit or loss amounted to HK$138,000 (2024: HK$153,000).

## 36. RETIREMENT BENEFIT SCHEMES (continued)

### Long service payment liabilities

***Obligation to long service payments ("LSP") under Hong Kong Employment Ordinance***

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment) × 2/3 × Years of service. Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's Mandatory Provident Fund contributions, plus/minus any positive/negative returns thereof (collectively, the "Eligible Offset Amount"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment Ordinance came into effect prospectively from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

The directors of the Company consider that the impact of the LSP obligation due to the Amendment Ordinance has no material effect on the results and the financial position of the Group.

## 37. EVENTS AFTER THE REPORTING PERIOD

In addition to information disclosed elsewhere in the consolidated financial statements, subsequent to 31 March 2025, the Group has the following subsequent event:

On 28 March 2025, the Group and certain shareholders (the "Shareholders") of the Beijing Weihang Yining Health Management Group Company Limited (the "Target Company") entered into a capital injection agreement, pursuant to which, the Shareholders conditionally agreed to allot and the Group conditionally agreed to subscribe for the registered capital in the Target Company at a consideration of RMB28,500,000 (equivalent to approximately HK$30,495,000) (the "Subscription"). Upon completion of the Subscription, the Group shall hold approximately 15.12% of the enlarged registered capital of the Target Company. The transaction was completed in May 2025.