

CDH 中發展控股有限公司

Central Development Holdings Limited

Incorporated in the Cayman Islands with limited liability
Stock Code : 00475

2024/25
ANNUAL
REPORT

CONTENTS

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	4
Directors and Company Secretary	15
Corporate Governance Report	18
Report of the Directors	41
Independent Auditor's Report	59
Consolidated Statement of Profit or Loss and Other Comprehensive Income	64
Consolidated Statement of Financial Position	65
Consolidated Statement of Changes in Equity	67
Consolidated Statement of Cash Flows	68
Notes to the Consolidated Financial Statements	70
Five Years Financial Summary	156

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Hao (*Chairman*)

Mr. Hu Yangjun

Mr. Li Wei Qi, Jacky (re-designated on 24 January 2025)

Mr. Chan Wing Yuen, Hubert (*Chief executive officer*)
(resigned as executive Director and chief executive officer on 24 January 2025)

Mr. Zhang Bing

Independent non-executive Directors

Mr. Jin Qingjun

Ms. Sun Ivy Connie (resigned on 24 January 2025)

Ms. Zhong Yingjie, Christina

Mr. Lan Yadong (appointed on 24 January 2025)

AUDIT COMMITTEE

Ms. Zhong Yingjie, Christina (*Chairman*)

Mr. Jin Qingjun

Ms. Sun Ivy Connie (resigned on 24 January 2025)

Mr. Lan Yadong (appointed on 24 January 2025)

REMUNERATION COMMITTEE

Mr. Jin Qingjun (*Chairman*)

Mr. Chan Wing Yuen, Hubert

(resigned on 24 January 2025)

Ms. Sun Ivy Connie (resigned on 24 January 2025)

Mr. Li Wei Qi, Jacky (appointed on 24 January 2025)

Mr. Lan Yadong (appointed on 24 January 2025)

NOMINATION COMMITTEE

Mr. Jin Qingjun (*Chairman*)

Mr. Chan Wing Yuen, Hubert

(resigned on 24 January 2025)

Ms. Sun Ivy Connie (resigned on 24 January 2025)

Mr. Li Wei Qi, Jacky (appointed on 24 January 2025)

Mr. Lan Yadong (appointed on 24 January 2025)

COMPANY SECRETARY

Mr. Chow Chi Shing

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2202, 22/F., Chinachem Century Tower

178 Gloucester Road

Wanchai

Hong Kong

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3, Building D,

P.O. Box 1586,

Gardenia Court, Camana Bay,

Grand Cayman, KY1-1100,

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre,

16 Harcourt Road,

Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

AUDITOR

Prism Hong Kong Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

COMPANY WEBSITE

www.475hk.com

STOCK CODE

475



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “Board”) of directors (the “Directors”) of Central Development Holdings Limited (the “Company”), I hereby present the annual report of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2025 (the “Current Year”).

Last year witnessed international trade barriers, geopolitical instability and weakened consumer confidence, which had brought formidable challenges to the Group’s business operations. The economy of the People’s Republic of China (the “PRC”) has made steady progress on its path to recovery, albeit at a constantly cautious pace of growth, demonstrating the challenges from adjustments in economic structure. That being said, the Group has successfully achieved stable growth in results with its flexible response strategies and healthy business foundation.

During the Current Year, the Group recorded total revenue of approximately HK\$228.1 million, representing an increase of approximately 21.0% as compared to the year ended 31 March 2024 (the “Previous Year”). The growth was driven by the strong performance of the energy business, in particular the significant increase in revenue from the sales of liquefied natural gas (“LNG”).

We further consolidated our market position in terms of the energy business by strengthening supply chain synergy and expanding our distribution network. During the Current Year, we established a sales office in Shenzhen, which marked a success in expanding our LNG business to more cities in the PRC, thus seizing the opportunity of growing demand for clean energy. The continuous year-on-year growth in natural gas consumption in the PRC reflects the market’s ongoing demand for clean energy. As a result, the Group’s energy business recorded steady growth, further consolidating our competitive advantage in the energy market. However, as affected by the intensified competition in both Hong Kong and the mainland markets, the jewelry business of the Group recorded a decline in revenue.

Looking ahead, uncertain global economy and intensified market competition will continue to pose challenges to the Group’s operations. The Group will remain committed to the development strategy of diversifying energy products and uphold the operating principle of “maintaining a healthy, stable and long-term business” in a way that further strengthens supply chain synergy and market competitiveness. At the same time, we will actively seek new growth drivers, especially in the clean energy sector, with a view to achieving breakthroughs amidst changes.

On behalf of the Board, I would like to express my sincere gratitude to all employees and the management team for their hard work and solidarity in successfully meeting various challenges for the Current Year. At the same time, I would also like to express my sincere gratitude to our shareholders, customers and business partners for your continued trust and support to the Group.

Wu Hao

Chairman and Executive Director

Hong Kong, 27 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engaged in the energy business and jewelry business during the Current Year. In an effort to further expand its revenue sources, the Group continues to strategically expand its energy business with a commitment to diversifying its business. During the year ended 31 March 2025 (the “Current Year”), the Group recorded total sales of approximately HK\$228.1 million (2024: HK\$188.5 million), representing an increase of approximately 21.0% as compared to the year ended 31 March 2024 (the “Previous Year”). This increase was mainly due to the increase in revenue from the energy business.

Energy Business

During the Current Year, we focused on the natural gas-based energy business, and actively promoted the development and expansion of the energy business with sound supply chain synergy and a strong distribution network. Our energy business mainly includes the sale of liquefied natural gas (“LNG”), refined oil and solar photovoltaic (“PV”) intelligent technology products. In the Current Year, revenue from sales of LNG increased, while revenue from sales of refined oil and solar energy products decreased. In pursuit of broadening our market footprint, we have set up an office in Shenzhen to expand our LNG business to other cities in the PRC, thus capitalizing on business growth opportunities. As a result, revenue from our energy business increased from approximately HK\$170.5 million for the Previous Year to approximately HK\$221.3 million for the Current Year, representing an increase of 29.8%.

The Energy Law (the “Energy Law”) of the People’s Republic of China (the “PRC”) was promulgated at the end of 2024, marking an important milestone in the construction of the rule of law in the energy sector of the PRC. The Energy Law is not only committed to optimizing the energy structure, but also facilitates to improve energy efficiency and reduce carbon emissions, thus accelerating the transformation of the energy industry towards green and low-carbon development. According to data from the National Development and Reform Commission, apparent consumption of natural gas in the PRC increased by approximately 8% year-on-year in 2024. As an efficient, clean and low-carbon energy, natural gas, with its flexibility and synergy with other energy sources, provides strong support for developing a new energy system and achieving “carbon peaking and carbon neutrality” (the “Dual Carbon”) goals. In the Current Year, the healthy development of the natural gas market further promoted the sales of our LNG products.

Although policy support has brought positive impacts to the energy industry, market competition has also intensified, and competition among suppliers has become increasingly intense. With good cooperative relationships with large enterprises, our LNG supply chain resources remain stable. During the Current Year, we newly added a sales point in Shenzhen, and optimized personnel allocation and resource coordination system by dynamical analysis of the market characteristics of each region. Thanks to these efforts, we have successfully promoted the growth in sales of LNG and made positive contributions to the realization of the “Dual Carbon” goals.

The application of conventional energy sources such as refined oil in the transportation sector remains indispensable in the short term. Therefore, the market demand for refined oil remained stable during the Current Year. The Group’s oil and gas filling station (the “Filling Station”), located in Qingbaijiang District, Chengdu City, the PRC, is positioned near an international liner hub and several expressways and major national highways, featuring distinct location advantages. As the core area of the development of western region and the “Belt and Road” policy in the PRC, Chengdu ranks among the top in the PRC in terms of the car ownership volume in recent years. Coupled with its large population base, the demand for refined oil remains stable.

However, during the Current Year, the public's desire to travel was relatively lower as compared to the Previous Year, resulting in a year-on-year decline in passenger flow and sales of refined oil products at the Filling Station. In addition, the uncertainty of the global economic recovery had an impact on the demand for international trade and logistics transportation, which in turn restrained the consumption of refined oil products and led to a decrease in sales during the Current Year. Nevertheless, we maintained the stability of our supply chain through close collaboration with our suppliers, and added convenience stores and car wash services at the Filling Station to enhance customer experience and maintain our market competitiveness.

International trade barriers and geopolitical tensions have adversely affected the sales of solar PV products, which has continued to place significant pressure on our solar energy business. Coupled with intense competition in the PRC market and the tightening financing environment, several potential projects have been forced to suspend, and potential overseas customers have also adopted a wait-and-see attitude, resulting in a significant setback to the business for the Current Year.

Acquisition of 35% Equity Interest in Chengdu Huahan Energy Co., Ltd. (成都華漢能源有限公司) ("Chengdu Huahan")

Hainan Huagang New Energy Development Co., Ltd. (海南華港新能源開發有限公司) ("Hainan Huagang"), an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into an equity transfer agreement (the "Equity Transfer Agreement") with Mr. Zhang Bing as the vendor (the "Vendor"), and Chengdu Huahan as the target company on 19 August 2022, and subsequently entered into a supplemental agreement to the Equity Transfer Agreement (the "First Supplemental Agreement") on 15 November 2022. Pursuant to the terms and conditions of the Equity Transfer Agreement and the First Supplemental Agreement, Hainan Huagang has agreed to purchase, and the Vendor has agreed to sell, 35% equity interest in the target company for a total consideration of HK\$52 million, which should be settled through the issue of interest-free convertible bonds in the principal amount of HK\$52 million with a maturity date falling on the third anniversary of the date of issuance (the "Convertible Bonds") by the Company to the Vendor (the "Acquisition").

The Acquisition was completed on 5 December 2022, pursuant to which Chengdu Huahan became an associate of the Group. The Company has also issued the Convertible Bonds to the Vendor in accordance with the terms and conditions of the Equity Transfer Agreement and the First Supplemental Agreement, and the Company shall issue and allot 70,270,270 new shares of the Company (the "Share(s)") at a conversion price of HK\$0.74 per conversion share to the Vendor upon full conversion of the Convertible Bonds to settle the entire consideration of HK\$52 million in accordance with the terms of the Equity Transfer Agreement and the First Supplemental Agreement.

Subsequently, Chengdu Huahan advised the Company that Anhui Huagang Bochen New Energy Co., Ltd. (安徽華港博臣新能源有限公司) ("Anhui Huagang") cannot obtain the Gas Business License by the deadline of 30 June 2024, as originally stated in the First Supplemental Agreement, and anticipates that Anhui Huagang can only obtain the Gas Business License on or before 30 November 2025. Accordingly, on 12 June 2024, Hainan Huagang, the Vendor and Chengdu Huahan entered into the second supplemental agreement (the "Second Supplemental Agreement") to amend the Equity Transfer Agreement and the First Supplemental Agreement, pursuant to which the Convertible Bonds will be automatically cancelled on 1 December 2025, and the Company will re-transfer the shares of Chengdu Huahan to the Vendor and the Vendor will return the Convertible Bonds to the Company for nil consideration on or before 6 December 2025 if Anhui Huagang cannot obtain the Gas Business License on or before 30 November 2025.

Management Discussion and Analysis (Continued)

The Vendor has worked in the energy industry for over 25 years. The Vendor is the ultimate beneficial owner of the entire equity interest in Chengdu Huahan. Chengdu Huahan is principally engaged in investment holding, and is the beneficial owner of a 55% equity interest in Anhui Huagang. Anhui Huagang is principally engaged in the construction and operation of natural gas pipeline networks, the operation and maintenance of pipeline corridors, provision of residential heating, and the procurement, transportation and sale of natural gas in Mengcheng County, Anhui Province, the PRC. It is currently building two distributed energy stations, multiple gas-fired steam boilers, natural gas gateways and heat supply networks. Anhui Huagang has entered into a licensing agreement with the Housing and Urban-Rural Development Bureau of Mengcheng County of the PRC, under which it was granted a 30-year license to supply heat and steam to industrial, commercial and corporate entities and urban residents in the county planning area of Mengcheng County. Through this Acquisition, we aim to enhance our operational and managerial expertise to create synergies with our existing energy business operations, thereby improving the Group's resource efficiency and strengthening its long-term growth prospects. Additionally, Chengdu Huahan's strong brand reputation, and extensive marketing expertise are expected to accelerate the expansion of our diversified energy initiatives. Even though the delay in obtaining the necessary certificates and permits was unexpected and resulted from governmental processes beyond our control, the Vendor remains confident that the requirements for obtaining the Gas Business License will be fulfilled. The Second Supplemental Agreement provides a clear and structured framework for all parties, ensuring mutual understanding and agreement on the revised timeline.

The Acquisition, including the entering into of the Equity Transfer Agreement, the First Supplemental Agreement and the Second Supplemental Agreement, constitutes a discloseable and connected transaction of the Company. As at the date of the Second Supplemental Agreement (being 12 June 2024), the Vendor is (i) a Director; (ii) the ultimate beneficial owner of 49% equity interest in Chengdu Kaibangyuan Trading Co., Limited (成都凱邦源商貿有限公司) ("Chengdu Kaibangyuan"), an indirect non-wholly owned subsidiary of the Company; and (iii) the ultimate beneficial owner of 65% of the equity interest in Chengdu Huahan, in which the Company has a 35% equity interest. As such, the Acquisition and the issuance of the Convertible Bonds as consideration constitute connected transactions of the Company, and are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Second Supplemental Agreement constitutes a material variation of the terms of the Acquisition and is therefore also subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. Details of the Acquisition, including the Equity Transfer Agreement, the First Supplemental Agreement, and the Second Supplemental Agreement, are set out in the Company's announcements dated 19 August 2022, 25 August 2022, 15 November 2022, 5 December 2022 and 12 June 2024, and the Company's circulars dated 18 November 2022 and 3 July 2024.

During the Current Year, in order to overcome the challenges, on the one hand, we strengthened the sophisticated management of energy business and paid close attention to the changes in product mix and gross profit margin; on the other hand, we continued to promote the diversified strategic layout of energy business, built a multi-dimensional business development layout, further exerted the synergy effect of different energy products, and enhanced market competitiveness.

Jewelry Business

During the Current Year, the Group mainly supplied products to jewelry distributors in PRC and Hong Kong. However, affected by the market environment, revenue from our jewelry business decreased by approximately 62.4% from approximately HK\$18.0 million in the previous year to approximately HK\$6.8 million in the Current Year. Sales in Hong Kong accounted for approximately 46.0% (2024: 64.8%) of the overall segment sales, while sales in PRC accounted for approximately 54.0% (2024: 35.2%).

Competition in Hong Kong's jewelry market has become increasingly intense since the outbreak of the pandemic, with local and international brands scrambling to gain market share and industry pressures increasing. Despite the economic recovery, global uncertainty and international trade challenges, coupled with the weakness of the real estate and stock markets in Hong Kong, have weakened consumer confidence, causing consumers to be more cautious in jewelry consumption. Consumers are looking for more affordable and diverse products, thus increasing the difficulty in locating suitable products, further leading to a decline in sales in Hong Kong.

The PRC market also faces challenges from economic slowdown and trade tensions between PRC and the United States. In addition, the popularity of artificial diamonds has gradually diverted demand for traditional jewelry, while the rise in gold prices has also suppressed the willingness to purchase. The combined impact of these factors has led to a decline in sales revenue of our jewelry business in PRC during the Current Year.

PROSPECTS

Opportunities from Energy Structure Transformation

As the global population continues to grow and the economy gradually recovers, the total energy consumption trends to grow steadily. According to the Blue Book on Refined Oil and New Energy, the Blue Book on the Oil and Gas Industry, the Blue Book on the Natural Gas Industry and the Blue Book on the Low Carbon Economy released by the China Petroleum Enterprise Association in collaboration with several authoritative institutions this year, the LNG market is set to maintain a stable and sustainable development driven by the continued advancement of the environmental protection policies across the globe. In addition, as the global energy system transforms into low-carbon development, the structural contraction of production capacity of traditional thermal power generation and the intermittent supply of renewable energy have led to a supply gap. The strategic value of natural gas as a stable baseload energy is increasingly prominent. Its flexible peak-shaving capability and relatively clean characteristics make it a key transitional carrier during the transition between old and new energy sources.

To further expand our LNG business, we have set an office in Shenzhen during the Current Year as a new business base in addition to the one in Chengdu, and plan to maintain additional sales offices in other regions in China to strengthen our distribution and delivery, thus further increasing our market share. With further regional collaboration and expansion of our business network, our LNG business is expected to achieve solid growth. However, we also note that the uneven pace of global economic recovery and the volatile international political situation may bring uncertainty to the supply of LNG to certain extent. We will therefore keep a close eye on market changes and adopt flexible measures to ensure healthy business development.

Management Discussion and Analysis (Continued)

Despite of the accelerated transformation of energy structure, the role of refined oil as basic energy security remains irreplaceable with strong consumer demand in the near term. China, a major energy consumer in the world, will continue to have traditional fuels accounting for a considerable proportion in its energy structure, particularly in the areas of long-distance transport and heavy-duty vehicle transport, where inelastic demand will remain for gasoline and diesel. In the coming years, China will steadily promote the transformation of energy structure while ensuring energy security. We will capitalise on the development opportunities in the oil and gas business to inject new impetus for our business growth and continue to generate stable operating cash flow for our shareholders.

The 2024 Guiding Opinions on Energy Work published by the National Energy Administration of China further emphasises the need to strengthen the foundation of fossil energy to ensure the stability and security of the energy supply. Therefore, refined oil and LNG will remain the “ballast” and “mainstay” of the world’s energy supply. Despite the complex and ever-changing challenges of the global energy market, including, among others, accelerating energy transformation and increasing uncertainties, refined oil and LNG remain their position steadily as the core energy supply. The Group will also capitalise on the market opportunities to further promote the sales of oil and gas products and make positive contributions to the overall business.

Contributing to Regional Clean and Low-Carbon Energy Transformation and Energy Security and Supply

With the gradual advancement of the “Dual Carbon” objectives, natural gas holds an increasingly prominent strategic position in the synergistic development of multiple energy sources. In this regard, Chengdu Huahan can maximise our operational and management strengths to create synergies with our existing natural gas and solar PV businesses, thereby enhancing the Group’s resource allocation efficiency and strengthening the long-term development potential of the energy business. We will also leverage Chengdu Huahan’s existing industrial resources, brand image and extensive marketing experience to promote the rapid development of our diversified energy business.

In addition, we plan to focus on such high-quality projects as supported by the national policies, including construction of decentralised natural gas stations that provide piped natural gas to industrial and commercial enterprises, as well as the provision of direct supply of LNG to industrial users in areas with weak natural gas pipeline resources. We will actively complement national policies to help accelerate the development of regional clean and low-carbon energy transformation and energy security and supply, and provide industrial and commercial users with more competitive and customised energy solutions to enhance energy utilisation efficiency. By integrating resources and deepening our diversified energy business portfolio, we are committed to serving the national energy transformation and security strategy, as well as effectively responding to the complex changes in the external environment and market uncertainties.

We are well aware that the risk factors such as intensified geopolitical conflicts, reshaping of the global energy landscape, techno-economic uncertainties and fluctuations in the international trade environment will continue to exist. We will pay close attention to market dynamics, continue to optimise resource allocation, refine lean operations and enhance operational efficiency. While consolidating our foothold in the mainland China market, we will actively explore new growth opportunities in both domestic and overseas markets. We will steadfastly pursue our business strategy of “seeking progress amidst stability and promoting stability through progress”, and endeavour to become a leading provider of diversified energy products, integrated solutions and highly efficient energy services, so as to create long-term sustainable value for our shareholders, and to contribute to the national energy security and green and low-carbon development.

Responding to the Challenges of the Jewelry Market

The global political uncertainty, economic volatility and intensified competition make our jewelry business exceptionally challenging. In the near term, consumers, especially those in the high-end luxury segment, are likely to adopt a more cautious attitude towards consumption, which puts more pressure on our jewelry business. To address these challenges, we will closely monitor market trends and flexibly adjust our business strategies. Despite the challenges, we believe that relying on our strong relationships with our customers and suppliers and our expanding customer base, we will be able to remain competitive in the changing market landscape and capture growth opportunities in the future.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Year was approximately HK\$228.1 million, representing an increase of approximately 21.0% as compared to approximately HK\$188.5 million for the Previous Year. The increase was mainly attributable to the net result of the increase in turnover of the energy business and the decrease in turnover of the jewelry business.

Revenue of the energy business increased by approximately 29.8% from approximately HK\$170.5 million for the Previous Year to approximately HK\$221.3 million for the Current Year. It was primarily attributable to the increase in the sales of LNG during the Current Year, which outweighed the modest decline in refined oil sales. Meanwhile, sales of our solar intelligent technology products remained under pressure due to ongoing international trade tensions and heightened market competition.

Revenue of the jewelry business decreased by approximately 62.4% from approximately HK\$18.0 million for the Previous Year to approximately HK\$6.8 million for the Current Year. It was mainly due to rapidly shifting market dynamics and continued economic volatility throughout the Current Year.

Cost of Sales and Gross profit

Cost of sales of the Group for the Current Year was approximately HK\$216.8 million, representing an increase of approximately 19.9%, as compared to approximately HK\$180.8 million for the Previous Year. Gross profit increased from approximately HK\$7.7 million for the Previous Year to approximately HK\$11.3 million for the Current Year, representing an increase of approximately 45.8%. The increase in gross profit mainly due to the expansion of our LNG product sales in Southern China, which benefited from higher profit margins. Meanwhile, gross profit margin increased from approximately 4.1% for the Previous Year to approximately 4.9% for the Current Year.

Other income

Other income decreased slightly from approximately HK\$5.2 million for the Previous Year to approximately HK\$5.2 million for the Current Year, representing a decrease of approximately 1.5%, which was mainly attributable to the rental income from our investment properties during the Current Year.

Management Discussion and Analysis (Continued)

Other gains and losses, net

The Group recorded net other gains of approximately HK\$6.3 million for the Current Year (2024: net other losses of approximately HK\$6.1 million). The net gains mainly represented a loss from a change in fair value of investment properties of approximately HK\$8.5 million (2024: approximately HK\$2.1 million), and a gain on fair value changes of derivative financial instruments in relation to the Convertible Bonds of approximately HK\$14.9 million (2024: approximately HK\$4.0 million loss).

Selling and distribution costs

Selling and distribution costs increased from approximately HK\$2.4 million for the Previous Year to approximately HK\$2.6 million for the Current Year, representing an increase of approximately 8.1%, which was mainly attributable to the increase in transportation costs along with increased sales in the Current Year.

Administrative expenses

Administrative expenses for the Current Year primarily comprised staff costs, directors' remuneration, auditor's remuneration, legal and professional fees, rent, rates and management fees, and other administrative expenses including depreciation and amortisation. Administrative expenses decreased from approximately HK\$21.8 million for the Previous Year to approximately HK\$21.4 million for the Current Year, representing a decrease of approximately 1.9%, which was mainly due to the continuous implementation of tightened cost control in the Current Year.

Finance costs

Finance cost represented the imputed interests derived from the long-term loans from a controlling shareholder and a shareholder amounted to approximately HK\$2.5 million (2024: HK\$4.7 million), the imputed interests derived from the Convertible Bonds amounted to approximately HK\$8.4 million (2024: HK\$6.9 million), the interests derived from the long-term loans from a controlling shareholder amounted to approximately HK\$4.1 million (2024: nil), the interest derived from lease liabilities amounted to approximately HK\$0.2 million (2024: HK\$0.2 million) and the interest derived from the long term bank loans amounted to approximately HK\$1.5 million (2024: HK\$1.0 million) for the Current Year.

Share of result of an associate

Share of result of an associate represented the share of loss of Chengdu Huahan amounted to HK\$0.7 million (2024: HK\$0.8 million) during the Current Year.

Income tax credit/expense

Income tax credit of the Group was approximately HK\$1.1 million for the Current Year (2024: income tax expense of approximately HK\$0.1 million), mainly represented the deferred tax credit arising from the investment properties of the Group during the Current Year.

Loss for the year attributable to the Owners of the Company

By reason of the factors stated above, the loss for the year attributable to the owners of the Company decreased from approximately HK\$31.1 million for the Previous Year to approximately HK\$19.2 million for the Current Year, representing a decrease of approximately 38.3%. Basic loss per share was 4.79 HK cents (2024: 8.01 HK cents).

Final Dividend

The Board does not recommend the payment of final dividend for the Current Year (2024: nil).

Liquidity and Financial Resources

As at 31 March 2025, the Group had net current liabilities and current ratio stood at approximately HK\$26.9 million and 0.7, respectively (31 March 2024: net current assets of HK\$12.7 million and 1.3, respectively).

As at 31 March 2025, the bank balances and cash amounted to approximately HK\$17.0 million (31 March 2024: HK\$16.3 million). As at 31 March 2025, the inventories amounted to approximately HK\$4.4 million (31 March 2024: HK\$2.7 million), representing the refined oil and solar modules intelligent technology products. As at 31 March 2025, the trade receivables and trade payables amounted to approximately HK\$4.5 million and HK\$4.4 million respectively (31 March 2024: HK\$4.0 million and HK\$3.5 million respectively), both were derived from the energy business and the jewelry business. As at 31 March 2025, the Convertible Bonds were classified as current liabilities with a maturity date of less than one year from the end of the reporting period, whereas classified as non-current liabilities as at 31 March 2024, for details of the Convertible Bonds, please refer to the section headed “Convertible Bonds” below in this “Management Discussion and Analysis” section. The change of classification of the Convertible Bonds resulted the Group’s current liabilities exceeded the Group’s current assets at 31 March 2025 by approximately HK\$26.9 million. As at the date of this report, the Group and Mr. Zhang Bing, the holder of the Convertible Bonds and an executive Director, have reached a consensus that, in case there is absence of an extension to the convertible Bonds on maturity date 5 December 2025, Mr. Zhang will not demand repayment from the Group within 18 months following its due date. Also, the Group has implemented stringent cost-saving initiatives, specifically focusing on reducing non-core and unessential operations and expenses, in order to mitigate the liquidity position and enhance the Group’s financial standing. The Board would like to emphasize that the Group’s financial positions remain stable and have sufficient cash resources to meet its present and future working capital and financial requirements.

As at 31 March 2025, the Group’s property, plant and equipment, right-of-use assets and investment properties amounted to approximately HK\$14.8 million, HK\$7.9 million and HK\$73.6 million respectively (31 March 2024: HK\$16.2 million, HK\$12.0 million and HK\$83.5 million respectively). The investment properties of the Group are located at No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park (also known as Zhongyi Ningbo Shengtai Park), Yuyao City of Zhejiang Province, the PRC, for industrial use and are held as operating leases, which generate rental income. The investment properties were valued by an independent firm of professional property valuer and the fair value of the investment properties was derived using income approach for both years.

As at 31 March 2025, the net carrying amount of the intangible assets was approximately HK\$44.2 million (31 March 2024: HK\$46.7 million), representing the operating rights in relation to the relevant certificates, licenses and approvals for the operations of the filling station and the sale of refined oil with finite useful lives. The intangible assets were arising from the acquisition of Chengdu Kaibangyuan.

Capital Resources and Gearing

As at 31 March 2025, the Group's secured interest-bearing bank borrowings amounted to approximately HK\$30.8 million (31 March 2024: HK\$23.0 million) and bore the fixed interest rates at the range from 3.95% to 4.5% per annum (31 March 2024: at fixed rate of 4.5%), of which approximately HK\$13.5 million (31 March 2024: HK\$2.6 million) will be repayable within one year and approximately HK\$17.3 million (31 March 2024: HK\$20.4 million) will be repayable after one year, such bank borrowings were denominated on Renminbi. The Group's gearing ratio (which was expressed as a percentage of total bank borrowings over total equity) was approximately 259.6% as at 31 March 2025 (31 March 2024: 82.6%).

Such bank borrowings were secured by the Group's assets, for details of the charges on the Group's assets, please refer to the section headed "Charges On Group Assets" below in this "Management Discussion and Analysis" section. Save as disclosed above, the Group has no other banking facilities (31 March 2024: nil). During the Current Year, the Group entered into an amendment agreement with a controlling shareholder. According to this agreement, all outstanding loans from the controlling shareholder as of 1 October 2024, and any new loans initiated thereafter, will bear interest at an annual rate of 8% and will be repaid by September 2027. As at 31 March 2025, the unsecured interest bearing loans due to a controlling shareholder amounted to approximately HK\$110.9 million (31 March 2024: unsecured interest-free loans of approximately HK\$101.9 million), which will be repayable after one year from the end of the Current Year. As at 31 March 2025, the unsecured interest-free loans due to a shareholder amounted to approximately HK\$12.9 million (31 March 2024: HK\$3.8 million), which will be repayable after one year from the end of the Current Year.

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, bank borrowings and loans due from a controlling shareholder and a shareholder during the Current Year.

The Group has adopted a prudent financial management approach towards its treasury policies and for the purpose to maintain a healthy liquidity position throughout the Current Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Convertible bonds

On 5 December 2022, the Convertible Bonds were issued to the Vendor after the completion of the Acquisition. The Convertible Bonds can be converted into the Shares at a conversion price of HK\$0.74 per conversion share (subject to adjustment), during the conversion period of 3 years from 5 December 2022. Upon exercise of the conversion rights attached to the Convertible Bonds in full, the Convertible Bonds are convertible into 70,270,270 new Shares at a conversion price of HK\$0.74 per conversion share (subject to adjustment).

As at 31 March 2025, the entire principal amount of the Convertible Bonds remained outstanding. The management performed a fair value assessment and engaged an independent valuer to conduct assessment on the Convertible Bonds at the end of the Current Year. As at 31 March 2025, the carrying amount of the debt component and the fair value of the derivative financial instrument derived from the Convertible Bonds were approximately HK\$45.4 million and HK\$2.1 million, respectively (31 March 2024: HK\$36.9 million and HK\$17.0 million).

Capital Structures

The Group's total assets and total liabilities as at 31 March 2025 amounted to approximately HK\$263.8 million (31 March 2024: HK\$259.3 million) and approximately HK\$252.0 million (31 March 2024: HK\$231.5 million), respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 95.5% as at 31 March 2025 (31 March 2024: 89.3%).

Charges on Group Assets

As at 31 March 2025, the buildings with carrying amounts of approximately HK\$10.6 million (31 March 2024: HK\$3.5 million), the right-of-use assets with carrying amounts of approximately HK\$6.6 million (31 March 2024: HK\$5.0 million) and the investment properties with carrying amounts of approximately HK\$73.6 million (31 March 2024: HK\$83.5 million), were pledged to secure bank borrowings granted by the banks in the PRC to the Group amounted to approximately HK\$30.8 million (31 March 2024: HK\$23.0 million).

Save as disclosed above, there were no other charges on the Group's assets as at 31 March 2025.

Capital Commitments and Contingent Liabilities

As at 31 March 2025, the Group did not have any capital commitments (31 March 2024: nil) and contingent liabilities (31 March 2024: nil).

Employee and Remuneration Policy

As at 31 March 2025, the Group had a total of 64 employees (31 March 2024: 64). The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to employees when necessary and other staff benefits which include a share option scheme and corporate contribution to the statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Furthermore, the remuneration committee of the Board (the "Remuneration Committee") will review and give recommendations to the Board as to the compensation package of the Directors and senior management of the Group with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Group.

Foreign Exchange Fluctuation and Hedges

The business operations of the Group's subsidiaries were conducted mainly in the PRC and Hong Kong with sales and purchases of the Group's subsidiaries denominated mainly in Hong Kong dollars, Renminbi and United States dollars ("USD"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD as well. Any significant exchange rate fluctuation of Hong Kong dollars against USD or Renminbi may have financial impacts on the Group. While the Group would closely monitor the volatility of the foreign exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2025, no forward foreign currency contracts and financial instruments were designated for hedging relationships (31 March 2024: nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Year.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, the Group did not have any plans for material investments or capital assets as at 31 March 2025.

DIRECTORS AND COMPANY SECRETARY

EXECUTIVE DIRECTORS

Mr. Wu Hao (“Mr. Wu”), aged 51, is our chairman and an executive Director. He joined the Group in February 2012 and is responsible for overall strategic planning and development. He has held directorship position within the other members of the Group. Mr. Wu has corporate management experience in natural resources business. Mr. Wu graduated in legal professional studies from Correspondence Institute of Party School of the Central Committee of Communist Party of China* (中共中央黨校函授學院) in 2002.

Mr. Hu Yangjun (“Mr. Hu”), aged 52, is an executive Director. He joined the Group in November 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu has corporate management experience in information technology, international trade and energy and environmental protection. Mr. Hu graduated from Anhui Normal University and he was a member of All-China Youth Federation. Mr. Hu has worked as senior management in Zhejiang Orient Financial Holdings Group Co., Ltd* (浙江東方金融控股集團股份有限公司) (stock code: 600120) and Inigma Technology Co., Ltd* (浙大網新科技股份有限公司) (stock code: 600797), both companies listed on The Shanghai Stock Exchange. Mr. Hu was previously an executive director of Shenghua Lande Scitech Limited (stock code: 8106) and Neo Telemedia Limited (stock code: 8167), both companies listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). He also served as a director of Asia Environmental Holdings Limited, which was listed on the Singapore Stock Exchange.

Mr. Li Wei Qi, Jacky (“Mr. Li”), aged 53, is an executive director. He is a member of the Remuneration Committee and the Nomination Committee. Mr. Li joined the Group in November 2011 as a non-executive Director and re-designated as an executive in January 2025. He is responsible for business policy formulation and execution of the Group. Mr. Li has experience in the financial services field. Mr. Li served as the vice president of the marketing department of Emperor Bullion Investments (Asia) Limited, Emperor Futures Limited, Emperor Securities Limited and Emperor Wealth Management Limited, and the vice president of the marketing department of Tanrich Futures Limited. He was also a person licensed by the Securities and Futures Commission (the “SFC”) for dealing and advising in futures contracts and asset management. Mr. Li is a licensed representative under the Securities and Futures Ordinance (the “SFO”) to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities.

Mr. Zhang Bing (“Mr. Zhang”), aged 54, was appointed as an executive Director in February 2023. He is a director of Chengdu Kaibangyuan Trading Co., Limited* (成都凱邦源商貿有限公司), an indirect non-wholly-owned subsidiary of the Group. Mr. Zhang obtained a Master of Business Administration degree from the Asia Metropolitan University in 2017 and was admitted to the CEO program of Cheung Kong Graduate School of Business (長江商學院) in 2020. Mr. Zhang has engaged in the energy business for over 25 years and has held management positions in a number of Chinese companies in the oil and gas industry. He has extensive experience in business development, sales and marketing and business operation in the industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jin Qingjun (“Mr. Jin”), aged 67, was appointed as an independent non-executive Director in October 2017. He is the chairman of the Remuneration Committee and the Nomination Committee, and a member of the Audit Committee. Mr. Jin is currently a senior partner of King & Wood Mallesons and a legal counsel for various securities companies and listed companies. His major areas of practice include securities, finance, investment, corporate, insolvency as well as foreign-related legal affairs. Mr. Jin is one of the first lawyers who were granted Security Qualification Certificate in the PRC and has focused on securities-related legal affairs for more than 20 years. Mr. Jin previously served as General Counsel of Shenzhen Stock Exchange and a member of its Listing Supervisory Council. In 2012, he was named one of the Top 10 PRC Lawyers of the Year and PRC Securities Lawyer of the Year. Mr. Jin has been an independent non-executive director of Times China Holdings Limited (stock code: 1233) since October 2015, Goldstream Investment Limited (stock code: 1328) since December 2019 and Prinx Chengshan Holdings Limited (stock code: 1809) since September 2023, all companies listed on the Stock Exchange. He has also been a director of Shenzhen Kingkey Smart Agriculture Times Co. Ltd. (stock code: 000048), a company listed on the Shenzhen Stock Exchange, since September 2018, and an independent director of Zhongtai Securities Company Limited (stock code: 600918), a company listed on the Shanghai Stock Exchange, since April 2024. Mr. Jin was an independent director of Shenzhen Cheng Chung Design Co. Ltd. (stock code: 002811), a company listed on the Shenzhen Stock Exchange, and an independent non-executive director of Bank of Tianjin Co., Ltd, a company listed on the Stock Exchange (stock code: 1578), Sino-Ocean Group Holding Limited, a company listed on the Stock Exchange (stock code: 3377), Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211). He was also an external supervisor of China Merchants Bank Co., Ltd., a company listed on the Stock Exchange (stock code: 3968) and on the Shanghai Stock Exchange (stock code: 600036). Mr. Jin obtained a bachelor of the arts in English from Anhui University. He received a master’s degree in International Law from China University of Political Science and Law. Mr. Jin is an adjunct professor at Renmin University of China Lawyer College, a visiting scholar of the John F. Kennedy School of Government, Harvard Kennedy School, an arbitrator of Shenzhen Court of International Arbitration and Arbitration Foundation of Southern Africa, a member of the Inter-Pacific Bar Association, and the PRC legal counsel of US Court of Appeals for the Washington D.C Circuit.

Ms. Zhong Yingjie, Christina (“Ms. Zhong”), aged 56, was appointed as an independent non-executive Director in October 2021. She is the chairman of the Audit Committee. Ms. Zhong has experience in the accounting and auditing field, she is currently a senior advisor to chairman of Hopu Investments. She is a certified public accountant in the PRC and worked for the National Audit Office of the PRC. Ms. Zhong also has extensive experience in finance and capital markets. Ms. Zhong had worked for Morgan Stanley Asia Limited from 2008 to 2017 and served as a Managing Director and the head of division of financial institutions in China. Ms. Zhong had also served in various capacities in the past, including an Executive Director of Goldman Sachs Gao Hua Securities Company Limited and a Vice President of China International Capital Corporation Limited. Ms. Zhong had served as an Independent Non-Executive Director of China Shenhua Energy Company Limited, a company dual listed on The Stock Exchange of Hong Kong Limited (stock code: 1088) and the Shanghai Stock Exchange (stock code: 601088). Ms. Zhong graduated from Wuhan University in Auditing with a bachelor’s degree and obtained a master’s degree in Business and Administration from China Europe International Business School (CEIBS).

Mr. Lan Yadong (“Mr. Lan”), aged 57, was appointed as an independent non-executive Director in January 2025. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He obtained a Bachelor’s degree of Management Science from Shandong University in 1989, has over 35 years working experience in finance, insurance and corporate management. He served as deputy head of preparatory group for Hengqin Life Insurance Co., Ltd. in 2016, while concurrently holding the position of the vice chairman of Zhuhai Huachuang Venture Capital Management Co., Ltd.* (珠海鉑創投資管理有限公司). He has then been the chairman of the board of Hengqin Life Insurance Co., Ltd. from 2017 to 2024. Previously, Mr. Lan held various positions, including deputy president, person-in-charge of finance and executive director of PICC Life Insurance Company Limited, the chairman of the board of China-US International Insurance Sales & Services Company Ltd, general manager of personal insurance department of China Life Insurance Company Ltd. Mr. Lan has obtained the qualification of the chairman of the board approved by the former China Insurance Regulatory Commission, and is currently an independent director of Pramerica Fosun Life Insurance Co., Ltd..

COMPANY SECRETARY

Mr. Chow Chi Shing (“Mr. Chow”) is the financial controller and company secretary of the Group. He joined the Group in year 2015 and is responsible for the financial and accounting and company secretarial matters of the Group. Mr. Chow is experienced in the accounting and finance field, as well as in company secretarial practices. He worked in a leading international audit firm, companies listed on the Stock Exchange and a multi-national corporation. Mr. Chow graduated with a bachelor’s degree in accounting from the Hong Kong University of Science and Technology. Mr. Chow is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company continues to achieve high standards of corporate governance which, it believes, is crucial to the development of the Company and to safeguard the interest of the shareholders of the Company (the “Shareholder(s)”).

The Board and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its Shareholders.

Accordingly, the Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules as its own code on corporate governance practices.

The Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the Current Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, they confirmed that they had complied with the required standards set out in the Model Code throughout the Current Year.

BOARD OF DIRECTORS

The Board sets directions and formulates the overall strategies for the Group, monitors its overall performance and maintains effective supervision over the management running the Group through relevant committees of the Board. In particular, the Board oversees the implementation of strategies by management, reviews the operational and financial performance, and provides oversight to ensure that a sound system of internal control and risk management is in place. Each Director ensures that he/she carries out his/her duties in good faith and compliance with the standards of applicable laws and regulations, and acts in the interest of the Company and its Shareholders at all times.

BOARD COMPOSITION

As at the date of this report, the Board comprises seven Directors, including four executive Directors, namely, Mr. Wu Hao (Chairman), Mr. Hu Yangjun, Mr. Li Wei Qi, Jacky and Mr. Zhang Bing; and three independent non-executive Directors, namely, Mr. Jin Qingjun, Ms. Zhong Yingjie, Christina and Mr. Lan Yadong. Biographical details of the Directors are set out under the section “Directors and Company Secretary” on pages 15 to 17 of this annual report. The composition of the Board is in accordance with the requirement of Rule 3.10 of the Listing Rules. There are three independent non-executive Directors and one of them has an accounting professional qualification. One-third of the members of the Board are independent non-executive Directors. In compliance with code provision C.1.8 of the CG Code, the Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors.

During the Current Year, the Company appointed Mr. Lan Yadong as an independent non-executive Director. Mr. Lan Yadong had obtained the legal advice as referred to in Rule 3.09D of the Listing Rules on 14 January 2025, and Mr. Lan Yadong has confirmed that he understood his obligations as a director of a listed issuer.

The presence of three independent non-executive Directors is considered by the Board to be a reasonable balance between executive and non-executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances to safeguard the interests of Shareholders and the Group. The independent non-executive Directors provide the Group with a wide range of expertise and experience so that independent judgement can be exercised effectively. They have also participated in Board meetings and general meetings, dealt with potential conflicts of interest, served on the audit committee of the Board (the “Audit Committee”), the Remuneration Committee and the nomination committee of the Board (the “Nomination Committee”) and scrutinized the Group’s performance and reporting. Through their active participation, the management process of the Company can be critically reviewed and controlled.

The Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All Directors have given sufficient time and attention to the Company’s affairs. The Board believes that the ratio between executive Directors and independent non-executive Directors provides reasonable and adequate checks and balances for the Board in the decision making process. The Board is responsible for the appointment of new Director and nomination for re-election by the Shareholders at the annual general meeting of the Company. Under the articles of association of the Company (the “Articles of Association”), the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office until the next annual general meeting after his/her appointment and shall then be eligible for re-election at such meeting.

INDEPENDENCE

The Company has received an annual confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and each of them has declared fulfilment of all the criteria for assessing independence in accordance with Rule 3.13 of the Listing Rules. Accordingly, the Company considers that all the independent non-executive Directors are independent.

All independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors.

BOARD AND GENERAL MEETINGS

During the Current Year, five full Board meetings and one general meeting were held. The Directors attended those meetings in person, by phone or through other electronic means of communication. The external auditor attended the Company's annual general meeting held on 5 September 2024 (the "2024 AGM") through electronic means of communication to answer questions. The attendance of each Director is set out as follows:

Name	Attendance/Number of meetings held during the Current Year	
	Board meetings	Annual general meeting
Executive Directors		
Mr. Wu Hao	5/5	1/1
Mr. Hu Yangjun	5/5	1/1
Mr. Li Wei Qi, Jacky (re-designated on 24 January 2025)	5/5	1/1
Mr. Chan Wing Yuen, Hubert (resigned on 24 January 2025)	4/4	1/1
Mr. Zhang Bing	5/5	1/1
Independent non-executive Directors		
Mr. Jin Qingjun	5/5	1/1
Ms. Sun Ivy Connie (resigned on 24 January 2025)	4/4	1/1
Ms. Zhong Yingjie, Christina	5/5	1/1
Mr. Lan Yadong (appointed on 24 January 2025)	1/1	1/1

During the Current Year, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place the following independent view mechanism which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three Independent non-executive Directors representing at least one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular meetings;
- annual meeting between the chairman of the Board (the "Chairman") and all independent non-executive Directors without the presence of other Directors providing an effective platform for the Chairman to listen to independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and

- independent professional advice would be provided to the independent non-executive Directors upon reasonable request to assist them in performing their duties to the Company.

The Board has reviewed the implementation and effectiveness of the Board independence mechanism set out above for the year ended 31 March 2025, and considers it to be adequate and effective.

The Board performs the corporate governance duties of the Group, and is mainly responsible for:

- developing and reviewing the corporate governance policies and practices of the Company;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct applicable to employees and Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Current Year and up to the date of this report, the Board has performed the corporate governance duties.

PRACTICE AND CONDUCT OF MEETINGS

Meeting schedules and draft agendas of each meeting are normally made available to Directors in advance. At least 14 days' notice will be given for a regular Board meeting to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notices are generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Board committee meeting to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings, and to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the company secretary at the meetings and open for inspection by the Directors.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

MANAGEMENT FUNCTION

The Articles of Association set out matters which are specifically reserved to the Board for its decision. The management team meets together regularly to review and discuss with the executive Directors day-to-day operational issues, financial and operating performance as well as to monitor and ensure that the management is carrying out the directions and strategies set by the Board properly.

RELATIONSHIPS BETWEEN DIRECTORS

Mr. Wu Hao, the Chairman and an executive Director, is a cousin of Mr. Hu Yangjun, an executive Director. To the best knowledge of the Company, save as disclosed herein, during the Current Year, none of the other current Directors has or maintains any financial, business, family or other material, relevant relationship with any of the other Directors.

TRAINING AND SUPPORT OF DIRECTORS

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of his/her responsibilities under the relevant applicable Hong Kong laws, the Listing Rules, the SFO and other applicable regulations and the Company's business and governance policies.

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement(s) to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed upon by the Board to ensure Directors, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expense.

All Directors confirmed that they have complied with code provision C.1.4 of the CG Code on Directors' training during the Current Year. The records of continuous professional development that have been received by the Directors for the Current Year are summarized as follows:

Name	Type of Training (notes)
Executive Directors	
Mr. Wu Hao	A and B
Mr. Hu Yangjun	A and B
Mr. Li Wei Qi, Jacky (re-designated on 24 January 2025)	A and B
Mr. Chan Wing Yuen, Hubert (resigned on 24 January 2025)	A and B
Mr. Zhang Bing	A and B
Independent non-executive Directors	
Mr. Jin Qingjun	A and B
Ms. Sun Ivy Connie (resigned on 24 January 2025)	A and B
Ms. Zhong Yingjie, Christina	A and B
Mr. Lan Yadong (appointed on 24 January 2025)	A and B

Notes:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established to ensure a balance of power and authority.

Mr. Wu Hao, the chairman of the Board, is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner while Mr. Chan Wing Yuen, Hubert was responsible for running the Group's business and the implementation of the approved strategies of the Group. With effect from 24 January 2025, Mr. Chan Wing Yuen, Hubert resigned as chief executive officer of the Company and executive Director. Therefore, the Company has complied with code provision C.2.1 of the CG Code thereafter.

NON-EXECUTIVE DIRECTORS

The term of the appointment letters of all the non-executive Directors (including independent non-executive Directors) are for a fixed term or an initial term of one year and will be renewed automatically if no objection is raised by both parties. All Directors (including the executive Directors) are subject to retirement by rotation at least once every three years at the annual general meeting of the Company and are eligible for re-election pursuant to the Articles of Association.

FUNCTIONS, ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorizing the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to the senior management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group. With delegated responsibility, the senior management is responsible for the day-to-day management, administration and operation of the Group, implementing the strategies and plans adopted by the Board and the Board committees and assumes full accountabilities to the Board for the operation of the Group. Both the Board and the senior management have clearly defined authorities and responsibilities under various risk management, internal control and check-and-balance mechanisms. The senior management should report back and obtain prior approval from the Board before making any significant decisions or entering into any significant commitments on the Company's behalf, and they may not exceed any authority given to them by resolutions of the Board or the Company.

The Board has set up three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

The Company has arranged appropriate insurance cover for Directors' liabilities in respect of legal actions against them for corporate activities. The insurance coverage is reviewed on an annual basis.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Audit Committee conform to the requirements laid down in the CG Code. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Jin Qingjun, Ms. Zhong Yingjie, Christina and Mr. Lan Yadong. Ms. Zhong Yingjie, Christina is the chairman of the Audit Committee and is also a certified public accountant in the PRC. She is experienced in the accounting and auditing field, and worked for the National Audit Office of the PRC.

The primary functions of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual items, reviewing the effectiveness of the Group's financial reporting processes and adequacy of the internal control system and the internal audit function, reviewing the risk management system and associated procedures, reviewing the scope and nature of the audit carried out by the Company's auditor. The Audit Committee meets at least twice a year to discuss any issues from the audit and any other matters the external auditor may wish to raise. The Audit Committee has reviewed the Group's annual results for the Current Year.

During the Current Year, four meetings were held and the attendance of each member is set out as follows:

Name	Attendance/ Number of meetings held during the Current Year
Ms. Zhong Yingjie, Christina	4/4
Mr. Jin Qingjun	4/4
Ms. Sun Ivy Connie (resigned on 24 January 2025)	3/3
Mr. Lan Yadong (appointed on 24 January 2025)	1/1

The following is a summary of work performed by the Audit Committee during the Current Year:

1. Reviewed the draft of financial statements of the Company prior to audit and/or review performed by the external auditor and issued its approval to audit and/or review;
2. Reviewed the Group's interim and annual results and corporate governance matters for inclusion in the Company's annual report for the year ended 31 March 2024 and interim report for the six months ended 30 September 2024 with the management and external auditor of the Company and recommended them to the Board for review and approval;
3. Discussed the audit findings by external auditor and related management responses, as well as development in accounting standards and its effects on the Group;
4. Reviewed the Company's financial controls, internal controls and risk management systems, reviewed and approved the risk management and internal audit report and annual internal audit plan, and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems;
5. Reviewed the accounting principles and practices adopted by the Group with the management of the Company for the year ended 31 March 2024;
6. Reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, their independence and objectivity and made recommendation to the Board on the re-appointment of external auditor;
7. Discussed the change of auditor, including the reasons leading to the out-going auditor's resignation, reviewed the incoming auditor's independence, competence, audit plan, terms of engagement, audit fee and capability to perform a high quality audit, and made recommendation to the Board on the appointment of Prism Hong Kong Limited as the new external auditor of the Company;
8. Reviewed the remuneration of the auditor for the Current Year and has recommended the Board to re-appoint Prism Hong Kong Limited as the auditor of the Company for the year ending 31 March 2026, subject to approval by the Shareholders at the upcoming annual general meeting of the Company; and
9. Reviewed the terms of reference of the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conform to the requirements laid down in the CG Code. As at the date of this report, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. Jin Qingjun, as chairman, and Mr. Lan Yadong; and one executive Director, namely Mr. Li Wei Qi, Jacky.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, with references to their experiences, responsibilities and duties as well as the prevailing market conditions. Details of the Directors' remuneration for the Current Year are set out in note 12 to the consolidated financial statements.

During the Current Year, four meetings were held and the attendance of each member is set out as follows:

Name	Attendance/ Number of meetings held during the Current Year
Mr. Jin Qingjun	4/4
Mr. Chan Wing Yuen, Hubert (resigned on 24 January 2025)	3/3
Ms. Sun Ivy Connie (resigned on 24 January 2025)	3/3
Mr. Li Wei Qi, Jacky (appointed on 24 January 2025)	1/1
Mr. Lan Yadong (appointed on 24 January 2025)	1/1

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

1. Reviewed the policy for the remuneration of executive Directors;
2. Assessed the performance of executive Directors;
3. Reviewed the terms of the executive Director's service contract;
4. Made recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payment;
5. Reviewed the terms of reference of the Remuneration Committee;
6. Recommended to the Board the remuneration packages and the terms of the letter of appointment of the newly appointed independent non-executive Director and re-designated executive Director;
7. Reviewed the share schemes of the Company; and
8. Ensured that no director can solely determine his/her own remuneration.

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by band for the Current Year are as follows:

Remuneration bands

HK\$	Number of persons
Nil to 1,000,000	2
1,000,001 to 1,500,000	–

SUMMARY OF MATTERS RELATING TO THE 2023 SHARE OPTION SCHEME REVIEWED BY THE REMUNERATION COMMITTEE DURING THE CURRENT YEAR

A share option scheme (the “2023 Share Option Scheme”) was adopted in the annual general meeting held on 7 September 2023 (the “2023 AGM”), details of the principal terms of the 2023 Share Option Scheme are set out in the circular and the supplemental circular of the Company dated 21 July 2023 and 23 August 2023, respectively.

Vesting period and Performance target

The vesting period of the options granted under the 2023 Share Option Scheme to any participant shall not be less than 12 months. The Remuneration Committee are of the view that the discretion in allowing a shorter vesting period to the Employee Participant(s) in certain circumstances is appropriate and in line with market practice. Such discretion provides the Company with more flexibility in (i) providing higher incentives when attracting talents; (ii) rewarding exceptional performers with accelerated vesting; and/or (iii) granting option(s) in exceptional circumstances where justified, which is in line with the purpose of the 2023 Share Option Scheme.

The Remuneration Committee has also considered (a) the importance of the roles and responsibilities of the grantees; (b) the past performance and contributions of the grantees; and (c) the expected contributions of the grantees to be made to the future development of the Group and is of the view that the grant of share options without any performance target aligns with the purpose of the 2023 Share Option Scheme.

Clawback mechanism

There is no clawback mechanism attached to the share options. The share options granted shall lapse and cannot be exercised with immediate effect if the grantees, who is an employee (including any Director), ceases to be an employee or a director of the Group on the ground including, but without limitation to, that he or she has been guilty of serious misconduct.

In recommending the grant of share options to Directors and employees, the Remuneration Committee will take into account factors such as: (a) the purpose of the 2023 Share Option Scheme which is to recognize and acknowledge the contribution the Participants have made or may make to our Group as well as to provide motivation and optimize the performance and efficiency of such Participants; (b) the remuneration practice of the Group; (c) the duration of employment, remuneration package and contribution of the Participants; and (d) the prevailing market practice and industry wide comparison in order to enhance the competitiveness of the Group to retain talents and to provide incentives and motivation for the Participants to perform better.

Corporate Governance Report (Continued)

The Remuneration Committee has noted that the purpose of the 2023 Share Option Scheme is to recognize and acknowledge the contributions or potential contributions made or to be made by the Participant(s) to the Group and that the 2023 Share Option Scheme does not restrictively specify the contribution. The Remuneration Committee has also considered (a) the importance of the roles and responsibilities of the Participants; (b) the past performance and contributions of the Participants; and (c) the expected contributions of the Participants to be made to the future development of the Group and is of the view that the grant of share options without any performance target aligns with the purpose of the 2023 Share Option Scheme.

The Remuneration Committee were of the view that no performance target and clawback mechanism being recommended and set for the grants were appropriate considering:

- (i) fulfilment of the purpose of the 2023 Share Option Scheme could be achieved without such requirements;
- (ii) the prevailing market practice at the time to the grant;
- (iii) the primary reason for the grants were to recognize the commitment, support and satisfactory performance of the Participants;
- (iv) the leadership, management and strategic business development provided by the executive Director; and
- (v) in line with the general practice of the Company to grant share options with shorter vesting period to Employee Participant(s) (as defined in the section headed “2023 Share Option Scheme” of the Report of the Directors) and without any performance target and clawback mechanism.

During the Current Year, no material matters relating to share schemes of the Company that were required to be reviewed or approved by the Remuneration Committee under Chapter 17 of the Listing Rules since there were no options granted under the 2023 Share Option Scheme.

NOMINATION COMMITTEE

The Nomination Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. As at the date of this report, the Nomination Committee comprises two independent non-executive Directors, namely Mr. Jin Qingjun, as chairman and Mr. Lan Yadong; and one executive Director, namely Mr. Li Wei Qi, Jacky.

The primary functions of the Nomination Committee include making recommendations to the Board on the appointment and re-appointment of Directors and reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer’s corporate strategy.

During the Current Year, two meetings were held and the attendance of each member is set out as follows:

Name	Attendance/ Number of meetings held during the Current Year
Mr. Jin Qingjun	2/2
Mr. Chan Wing Yuen, Hubert (resigned on 24 January 2025)	1/2
Ms. Sun Ivy Connie (resigned on 24 January 2025)	1/1
Mr. Li Wei Qi, Jacky (appointed on 24 January 2025)	1/1
Mr. Lan Yadong (appointed on 24 January 2025)	1/1

The following is a summary of work performed by the Nomination Committee during the Current Year:

1. Reviewed the policy for the nomination of Directors and senior management;
2. Reviewed the structure, size, composition and the diversity (including the skills, qualifications, knowledge and experience) of the Board;
3. Recommended to the Board the re-appointment of Mr. Wu Hao as executive Directors, Mr. Li Wei Qi, Jacky as non-executive Director and Ms. Zhong Yingjie, Christina as independent non-executive Director;
4. Assessed the independence of the independent non-executive Directors;
5. Reviewed the board diversity policy of the Company (the "Board Diversity Policy");
6. Reviewed the nomination policy of the Company (the "Nomination Policy");
7. Reviewed the terms of reference of the Nomination Committee; and
8. Recommended to the Board the appointment of Mr. Lan Yadong as independent non-executive Director and re-designation of Mr. Li Wei Qi, Jacky as executive Director.

NOMINATION POLICY

The Board has adopted the Nomination Policy on the recommendation of the Nomination Committee, which sets out the criteria and process for the nomination and appointment of Directors of the Company. The Board considers that the Nomination Policy could ensure a balance of skills, experience and diversity of perspectives catered to the Company in the composition of the Board and continuity and appropriate leadership at the Board level. The Nomination Policy applies to the Directors of the Company and where applicable, senior management being groomed for Board positions pursuant to the succession planning of the Company.

Corporate Governance Report (Continued)

The Board has delegated its responsibilities and authority for the selection and appointment of Directors to the Nomination Committee. Without prejudice to the authority and duties of the Nomination Committee as set out in its terms of reference, the ultimate responsibility for the selection and appointment of Directors of the Company rests with the entire Board.

In evaluating and selecting any candidate for directorship, the Nomination Committee will consider (i) character and integrity; (ii) qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy; (iii) any measurable objectives adopted for achieving diversity on the Board; (iv) requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules; (v) any potential contributions the candidate can bring to the Company and/or the Board in terms of qualifications and skills; (vi) experience, independence, gender and race diversity; (vii) willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and (viii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for the nomination of Directors and succession planning.

The nomination process of selection and appointment of new Director

The Nomination Committee and/or the Board should, upon receipt of a proposal on the appointment of a new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If the process yields more than one desirable candidate, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and the reference check on each candidate (where applicable). The Nomination Committee should then recommend that the Board to appoint the most appropriate candidate for directorship, as applicable. For any person that is nominated by a Shareholder for election as a Director at a general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendations to the Shareholders with respect to the proposed election of Directors at a general meeting.

The nomination process of re-election of Director at general meeting

The Nomination Committee and/or the Board should review the overall contribution and service to the Company of each Director and his/her level of participation and performance on the Board. The Nomination Committee and/or the Board should also review and determine whether the Director continues to meet the criteria as set out above. The Nomination Committee and/or the Board should then make recommendations to the Shareholders in respect of the proposed re-election or replacement of Directors at a general meeting. Where the Board proposes a resolution to elect or re-elect a candidate as Director at a general meeting, the relevant information of the candidate will be disclosed in the circular to the Shareholders and/or the explanatory statement that accompanies the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee has conducted regular reviews on the structure, size and composition of the Board and the Nomination Policy and considered that the current Nomination Policy complements the Company's corporate strategy and business needs. During the Current Year, the Nomination Committee considered the Nomination Policy and made recommendation to the Board on the appointment, re-appointment and re-designation of Director(s).

CORPORATE GOVERNANCE

The Board is also responsible for determining the policy for the corporate governance of the Company and performing the functions set out in code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, compliance with the Model Code, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

BOARD DIVERSITY POLICY

The Board has adopted the Board Diversity Policy setting out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and to support the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity is considered from a range of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board.

As of the date of this report, the Board consists of one female Directors and six male Directors. With the Board members coming from a variety of business and/or industry bodies and/or professional and/or academic institutions and one out of the seven Board members being female, the Company considers that the Board possesses a balanced structure and a diverse mix of skills, experience and expertise appropriate to the requirements of the Company's business and development. According, the Board is satisfied with the gender diversity of the Board and intends to continue maintaining board diversity. The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies in order for the Board to be effective. The Nomination Committee has been delegated the authority to review and assess the diversity of the Board, with the objective of maintaining a balance of skills, knowledge, experience and diversity of perspectives on the Board which are appropriate to the requirements of the Company's business. When identifying and selecting suitably qualified candidates for recommendation to the Board, the Nomination Committee will give consideration to the Board Diversity Policy whereby selection of candidates will be based on merit against objective criteria and with due regard to the benefits of diversity on the Board. The Nomination Committee will monitor the implementation of this policy and will from time to time review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Board has reviewed the implementation and effectiveness of the Board Diversity Policy for the Current Year and considers it to be effective.

Based on the current composition of the Board and the background of the existing Directors, the Company is of the view that the Board has achieved gender diversity. Gender diversity at workforce levels (including our senior management) is disclosed in the Company's Environmental, Social and Governance report of the Company for the Current Year.

EMPLOYEE DIVERSITY

The Company also takes into account relevant factors in the recruitment and selection of key business management personnel and other personnel, and strives to maintain gender diversity. As at 31 March 2025, the gender ratio of all employees (including senior management) of the Company was 57.8% male and 42.2% female. Accordingly, the Company considers that gender diversity is also achieved in its workforce generally. We will continue to maintain gender diversity among all our staff and review our policies on employee recruitment and management in a timely manner in accordance with the Company's business development and needs.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting the Group's working capital requirements and future growth as well as its Shareholding value.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations. The dividend payout ratio will vary from year to year. There is no assurance that a dividend will be proposed or declared in any particular amount in any given period. When considering the declaration and payment of dividends, the Board shall take into account (i) financial results; (ii) cash flow situation; (iii) business conditions and strategies; (iv) future operations and earnings; (v) capital requirements and expenditure plans; (vi) interests of the Shareholders; (vii) any restrictions on payment of dividends; and (viii) any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate. The Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividends shall be declared in excess of the amount recommended by the Board subject to the Articles of Association and all applicable laws and regulations. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association. The Board will review the Dividend Policy as appropriate from time to time.

AUDITOR'S REMUNERATION

During the Current Year, Deloitte Touche Tohmatsu resigned as the external auditor of the Company with effect from 11 April 2025 and Prism Hong Kong Limited has been appointed as the external auditor of the Company with effect from 11 April 2025 to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu as auditor of the Company. For details of the change of auditor, please refer to the announcement of the Company dated 11 April 2025 published on the website of the Stock Exchange.

During the Current Year, the total fees paid/payable in respect of audit services and non-audit services provided by Deloitte Touche Tohmatsu and Prism Hong Kong Limited are set out below:

Services rendered to the Company	Amount HK\$'000
Audit services – Prism Hong Kong Limited	750
Non-audit services – Deloitte Touche Tohmatsu	380

COMPANY SECRETARY

Mr. Chow Chi Shing has been the company secretary of the Company since November 2015. Mr. Chow reports to the chief executive of the Group directly and is responsible to the Board for ensuring that the Board procedures, applicable laws, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. According to Rule 3.29 of the Listing Rules, Mr. Chow has taken no less than 15 hours of relevant professional training for the Current Year.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the consolidated financial statements for each financial year are prepared to reflect a true and fair view of the state of affairs, profitability and cash flows of the Group in accordance with the disclosure requirements of the Listing Rules, Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the applicable accounting standards.

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements for the Current Year. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relative to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement issued by the external auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 59 to 63 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control system to safeguard Shareholder investments and the Group's assets and review the effectiveness of such system on an annual basis. Such systems are designed to manage rather than eliminate the risks of failure to achieve business objectives, and could only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT ORGANIZATIONAL STRUCTURE

Board

The Board is responsible for assessing and determining the nature and extent of risks that the Company is willing to accept for achieving the purposes, and procuring the Company to set up and maintain proper and effective risk management and internal control systems. With the assistance of the Audit Committee, whose authority has been delegated by the Board, the Board maintains constant monitoring of the risk management and internal control systems of the Group, as well as conducting reviews at least once a year as to its effectiveness.

Audit Committee

The Audit Committee is responsible for the risk management and internal control systems that provides advices and supports to the Board in respect of all risk-related matters, including monitoring the implementation of the overall risk management procedures of the Group, conducting review of the risk register of the Group, reviewing and approving the internal control review plan and its results.

Management

The management of the Group is responsible for identifying and continuously monitoring the Group's exposure to risks in relation to strategy, operation, finance, reporting and compliance during the daily operations of the Group. It reports to the Board and the Audit Committee regarding the risks and their changes, formulates a set of internal control measures to mitigate the risks, collects through various channels the deficiencies of the internal control system and conducts rectifications in a timely manner.

Internal Audit Function

The Group has put in place the internal audit function. An annual review of the effectiveness of the risk management procedures of the Group will be conducted by the management and the Audit Committee, and professional internal control advisers may be consulted if necessary. The plan for internal control review will be submitted to the Audit Committee for review and approval, and the person in charge of the internal control review will also report the review results to the Audit Committee.

Risk Management Procedures

The Group has established a risk management framework, including the construction of the architecture for the aforementioned organisation and definition of the responsibilities of all parties concerned, and prepared risk management policies and processes and clarified the risk assessment procedures, which, specifically include risk identification, risk analysis, risk control and risk report.

- Step 1: Risk identification – identify current risks exposed to the Group and business and existing management and control measures therefore.
- Step 2: Risk analysis – analyse the possibility, extent of influence and existing management and control measures, identify risk exposure, and propose further countermeasures.
- Step 3: Risk control – implement and periodically detect the identified risks to ensure effective operation of risk countermeasures.
- Step 4: Risk report – summarise the results of risk management analysis, prepare action plans and report to the management, Audit Committee and the Board.

The Company would appoint an independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary. Such a review aims to examine key issues in relation to the accounting practices and all material controls, identify deficiencies and ineffective parts in the design and implementation of internal controls, and propose recommendations for improvement. With the assistance of the Audit Committee, the Board has reviewed and been aware of the effectiveness and sufficiency of the risk management and internal control systems of the Group. The Board, through the review of the systems of internal control and risk management by the Audit Committee, was not aware of any areas of concern that would have a material impact on the Group's financial position or result of operations, and considered that the Group's risk management and internal control systems were adequate and effective for the Current Year. The Group had complied with the applicable provisions on risk management and internal control as set out in the CG Code during the Current Year.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Maintaining an effective internal control system (Operational Level)

- Definite internal control policies and procedures are in place to enable clear segregation of responsibilities, authority and accountability of different departments and positions;
- A code of conduct has been formulated to promote integrity and ethical conducts to the staff;
- Whistleblowing system is set up to encourage employees to report any misconduct or fraud;
- Appropriate IT system access restrictions have been set to avoid disclosure of price-sensitive information;
- Policies regarding insider information disclosure are established, which involve reporting channels. The person in charge of the information disclosure will be responsible for answering external enquiries and seeking consultation from professional financial consultants or the Stock Exchange when necessary.

During the Current Year, the Board reviewed the effectiveness of the internal control policies and procedures, including the procedures regarding financial reporting and those as stipulated under the Listing Rules. When reviewing the risk management and internal control procedures, the Board had taken into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, training to be provided to the staff and the relevant budget.

Ongoing Monitoring of Risks (Risk Management Level)

Based on the risk management policies as formulated by the Board, the management will communicate with different operational departments and collect information on significant risk factors which will affect the Group in a bottom up approach and consistently monitor changes in risks. Risks which have been identified will be recorded in a risk register. Regular assessment will be carried out on the potential impact on the Group and the possibility of occurrence of each major risk so as to lay down relevant internal control measures.

The Company has procedures and internal controls for the handling of confidential information and dissemination of inside information. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. The Company also established procedures to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Current Year, the management reviewed risk management structure and procedures and submitted to the Board and the Audit Committee a risk assessment report and a 3-year plan of internal control review, so that the Board and the Audit Committee can enable effective monitoring of the Group's major risk and gain a better understanding of how the management handle and mitigate the risks.

Independent Review

The internal audit team of the Group is comprised of persons who are not responsible for areas under review. The list and scope of review have been approved by the Audit Committee. The team conducts an independent review of the risk management and internal control systems of the Group so as to assess the effectiveness. A report of internal control review is submitted to the Audit Committee.

During the Current Year, the internal audit team completed a review on internal control for the year, period of reviews covered transactions carried out from 1 April 2024 to 31 March 2025. The management had implemented rectifications and remediated internal control weaknesses identified. The internal audit team reported the review results to the Audit Committee.

Annual Review of System Effectiveness

The Board, through the Audit Committee, had conducted annual review of the effectiveness of the Group's risk management and internal control systems for the Current Year. The review covered all material controls, including financial, operational and compliance controls. The Audit Committee has received confirmation from management of the Group on the effectiveness of the systems. No significant areas of concern have been identified and the Board considered the systems effective and adequate.

During the annual review, the Audit Committee has also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's internal audit, accounting and financial reporting functions, as well as those relating to Environment, Social and Governance ("ESG") performance and reporting.

Handling and dissemination of inside information

The Group regulates the handling and dissemination of inside information according to the inside information policy of the Company and the "Guidelines on Disclosure of Inside Information" published by the SFC in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and employees about due compliance with all policies regarding the inside information. The Company also keeps Directors, senior management and employees apprised of the latest regulatory updates. The Company prepares or updates its guidelines or policies as appropriate to ensure the compliance with regulatory requirements from time to time.

WHISTLEBLOWING POLICY

The Company has adopted a whistleblowing policy (the "Whistleblowing Policy") to facilitate employees to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Board shall review the Whistleblowing Policy regularly, conduct independent investigations on these matters if necessary, and consider and provide appropriate follow-up action.

ANTI-CORRUPTION POLICY

The Group adheres to the fairness and integrity principles for business operation and strictly abides by laws and regulations regarding anti-corruption. The Board has adopted an anti-corruption policy (the “Anti-Corruption Policy”) which stipulate that employees are strictly forbidden to undertake any activity which collides or competes with the interests of the Group during employment. Employees are also required to make a declaration on any possible conflict of interest. During the Current Year, the Group had no concluded legal cases regarding corrupt practices. Trainings are also arranged by the Directors and employees to enhance their awareness of integrity and anti-corruption.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There was no change to the memorandum and the articles of association of the Company during the Current Year.

COMMUNICATIONS WITH SHAREHOLDERS AND SHAREHOLDERS’ RIGHTS

The Company treats all Shareholders equally and ensures that the Shareholders’ rights are protected and every convenience is provided to them where practicable to enable the exercise of their rights. The Company has adopted the Shareholders communication policy (the “Shareholders Communication Policy”) and the procedures for Shareholders to propose a person for election as Director to ensure that our Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable them to exercise their rights in an informed manner and to allow them to engage actively with the Company. After reviewing the implementation and effectiveness of the Shareholders Communication Policy, the Company considers that such policy has been properly implemented and is effective.

The principles of the Shareholders Communication Policy are:

Shareholders’ Enquiries

- Shareholders should direct their questions about their shareholdings to the Company’s share registrar in Hong Kong;
- Shareholders and the investment community may at any time make a request for the Company’s information to the extent such information is publicly available; and
- Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Communication

- corporate communication is published in plain language and in both English and Chinese versions on the Company's website and the Stock Exchange's website to facilitate the Shareholders' understanding; and
- Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communication (in hard copy or through electronic means).

Corporate Website

- information on the Company's website (<http://www.475hk.com>) is updated on a regular basis; and
- information released by the Company to the Stock Exchange is also posted on the HKExnews website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc..

Shareholders' Meetings

- Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings;
- the process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served; and
- board members, in particular, the chairman of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.

Shareholders' Rights to Convene an Extraordinary General Meeting

Under Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such a meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders are welcome to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at Shareholders' meeting. Proposal shall be sent to the Board or the company secretary of the Company by written requisition. Pursuant to the Articles of Association, Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by the procedures set out in the preceding paragraph.

Procedures for putting forward proposals at general meetings of the Company

Pursuant to Article 85 of the Articles of Association, no person, other than a Director retiring at the general meeting, shall, unless recommended by the Board for election, be eligible for election to the office of the Director at any general meeting, unless a notice in writing of the intention to propose a person for election as a Director signed by a Shareholder of the Company (other than the person to be proposed) and a notice in writing signed by that person of his willingness to be elected shall have been lodged at the Company's head office and principal place of business in Hong Kong at Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong. The period for lodgment of the notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

If a Shareholder wishes to propose a person to stand for election as a Director, the biographical details of the person to be proposed as required by Rule 13.51(2) of the Listing Rules must also be lodged at the Company with the above written notices and the candidate should be evaluated by the Nomination Committee and the Board. The Company is required under Rule 13.73 of the Listing Rules to provide information about the proposal, which the Board considered appropriate, in a supplementary circular or by way of an announcement not later than ten business days before the general meeting. If the above notices are received by the Company less than twenty one days prior to the date of the general meeting, the Company may need to consider the adjournment of the general meeting.

Procedures for making enquiries to the Board

Shareholders are encouraged to maintain direct communication with the Company. Shareholders may send their enquiries requiring the Board's attention to the company secretary of the Company at the Company's principal office address at Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company endeavours to maintain good investor relationships with the Shareholders and potential investors by way of meeting them at annual general meetings and publishing interim and annual reports on the websites of the Company and the Stock Exchange.

The Company's website was set up as a means to provide information about the Company to the Shareholders and potential investors and to communicate with them directly and effectively. Shareholders are also encouraged to attend the Company's annual general meetings and general meetings for which notices are served for an adequate period in accordance with the provisions of the Listing Rules and the Articles of Association. The Directors are available to answer questions on the Group's business at the meetings.



REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements for the Current Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, and its principal subsidiaries are principally engaged in energy and jewelry businesses in the PRC and Hong Kong. Details of the principal activities of the Company's subsidiaries are set out in note 39 to the consolidated financial statements. Details and respective analyses of the main segments information of the Group during the Current Year are set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the Current Year and a review of the Group's future development are set out in the section "Management Discussion and Analysis" of this annual report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group paid high attention to environmental protection and energy conservation to enhance the capacity of sustainable development and undertake relative social responsibility. The Group is committed to maximizing energy conservation in its offices by promoting efficient use of resources such as lighting and air-conditioning systems and encouraging recycling of office supplies and other materials. The Group continually seeks to identify and manage energy efficiency opportunities in order to minimize environmental impacts attributable to its operational activities if possible.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strives to protect the environment and minimize any negative impact on the environment and occupational health and safety induced by our business, achieving the goal of sustainable development.

Pursuant to Rule 13.91 of the Listing Rules, an ESG report of the Company for the Current Year in compliance with the provisions set out in the ESG Reporting Guide in Appendix C2 to the Listing Rules will be published on the Stock Exchange's website and the Company's website at the same time as the publication of the annual report of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the relevant applicable rules and regulations. As far as the Board and management are aware, the Group has complied with all relevant laws and regulations in all material aspects which may have a significant impact on the business and operations of the Group during the Current Year.

PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE COMPANY

The Group's financial conditions, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risk of Economic Downturn

The business environment in the near future is challenging due to a number of factors such as uncertainty over the global economy, the escalated trade conflict between the PRC and the United States, geopolitical risk and the unpredictability of the pandemic. The adverse changes in the economic environment may result in reduced demand for our products, reduced sales price, order cancellations, lower revenue and margins and heavier burden on distribution costs. Therefore, the Group's management will refine and review business strategies based on its analysis of the macroeconomic changes, and consider business diversification so as to adapt to the overall economic change.

Risk of Regulatory Policies

The Chinese government is gradually intensifying requirements on energy conservation and environmental protection. While the Group's current operation complies with regulatory requirements, any future changes in relevant laws or regulations may have an impact on the operation and may increase expenses and costs. Therefore, policies which complies with relevant laws and regulations have been in place to minimize such risks. In addition, the Group has been maintaining close communication with government departments proactively to take measures timely in line with the industrial changes and the standards of policymaking.

Technical Risk

The future returns and success of the Group depend on specialised technology applied to products. The business and profitability of the Group may be affected by the launch of any major technology. Also, the competitors' duplication of the specialised technology may lead to a decline in the market position of our products. Not only has the Group ensured that its specialised technology applied in products has been registered legally under the Intellectual Property Law of China, but it has also entered into employment contracts with confidentiality terms with the personnel who may have access to the specialised technology and has strictly controlled the access area and authority.

Risk of Human Resources

There are fierce competitions in the industry and regions where the Group operates. Attributable to the experienced and skillful key personnel, including management, research and development personnel and technical engineers, the Group is able to maintain a competitive position. The incapability to attract sufficient key personnel or the outflow of skillful and experienced talents may impair the normal operation or quality of the Group, or even restrict its development. The Group is fully aware of such risks and endeavors to provide competitive remuneration packages as well as various incentive mechanisms to attract suitable talents while catering to the overall needs for cost-savings, in order to meet the requirement of corporate development. The Group will also review the employees' benefits regularly, and conduct manpower planning to replenish sufficient staff in time.

Financial Risks

The Group also faces financial risks in the ordinary course of business. A discussion of the principal financial risks, including operational risks and liquidity risks facing the Group are set out in the sections headed “Business Review”, “Prospects” and “Liquidity and Financial Resources” in the “Management Discussion and Analysis” of this annual report. Details of financial risk management objectives and policies are set out in notes 32 and 33 to the consolidated financial statements.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company recognizes that employees are our valuable assets. Thus, the Group provides a competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationships with customers, suppliers and other business partners to achieve its long-term goals. Accordingly, the management will continue to ensure effective communication and develop mutually beneficial relationships with them. During the Current Year, there was no material and significant dispute between the Group and its customers, suppliers or other business partners.

RESULTS AND DIVIDENDS

The results of the Group for the Current Year and the financial position of the Company and of the Group at that date are set out in the consolidated financial statements on pages 64 to 155 of this annual report.

The Board did not recommend the payment of a final dividend for the Current Year (2024: Nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company is to be held on Thursday, 11 September 2025 (the “2025 AGM”) and the notice of the 2025 AGM will be published and dispatched to the Shareholders of the Company within the prescribed time and in such manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 8 September 2025 to Thursday, 11 September 2025 (both dates inclusive), during which period no transfer of Shares will be effected. The Shareholders whose names appear on the register of the Company on Thursday, 11 September 2025 are entitled to attend and vote at the Annual General Meeting. In order to qualify to attend and vote at the 2025 AGM, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 pm on Friday, 5 September 2025.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 156 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Current Year are set out in note 15 to the consolidated financial statements.

BORROWINGS

Details of the bank borrowings of the Group as at 31 March 2025 are set out in note 24 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Group's principal subsidiaries are set out in note 40 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Current Year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

The Company had no reserves available for distribution to the Shareholders as at 31 March 2025 and 2024.

SHARE CAPITAL

Details of movements in the Company's share capital during the Current Year are set out in note 29 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the Current Year, the aggregate percentage of sales attributable to the Group's five largest customers was approximately 46.7% of the total sales of the Group and the largest customer included therein amounted to approximately 27.5%.

For the Current Year, the aggregate percentage of purchase attributable to the Group's five largest suppliers was approximately 74.1% of the total purchases of the Group and the largest supplier included therein amounted to approximately 28.4%.

None of the Directors, their associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's total issued share capital) (excluding treasury shares) had an interest in the major suppliers or customers noted above.

DIRECTORS

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

Executive Directors:

Mr. Wu Hao (*Chairman*)

Mr. Hu Yangjun

Mr. Li Wei Qi, Jacky (re-designated on 24 January 2025)

Mr. Chan Wing Yuen, Hubert (*Chief executive officer*) (resigned as chief executive officer and executive Director on 24 January 2025)

Mr. Zhang Bing

Independent non-executive Directors:

Mr. Jin Qingjun

Ms. Sun Ivy Connie (resigned on 24 January 2025)

Ms. Zhong Yingjie, Christina

Mr. Lan Yadong (appointed on 24 January 2025)

According to Article 84(1) of the Articles of Association, Mr. Zhang Bing and Mr. Jin Qingjun, both being Directors, shall retire from office by rotation and being eligible, will offer themselves for re-election as Directors at the forthcoming 2025 AGM.

According to Article 83(3) of the Articles of Association, Mr. Li Wei Qi, Jacky (who was re-designated on 24 January 2025 from a non-executive Director to an executive Director) and Mr. Lan Yadong (who was appointed on 24 January 2025 as an independent non-executive Director) being Director appointed/re-designated by the Board to fill casual vacancies, shall hold office only until the forthcoming AGM and being eligible, will offer themselves, for re-election as Directors at the forthcoming 2025 AGM.

The biographical details of the Directors are set out under the section “Directors and Company Secretary” in this annual report.

UPDATE ON DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and based on the confirmation from the Directors, the change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company’s last published annual report are set out below:

Mr. Jin Qingjun, an independent non-executive Director, has been appointed as an independent director of Zhongtai Securities Company Limited, a company listed on the Shanghai Stock Exchange (stock code: 600918) with effect from 4 April 2024. He also retired as an independent non-executive director from Sino-Ocean Group Holding Limited (stock code: 3377), with effect from 29 August 2024.

Mr. Lan Yadong, an independent non-executive Director, has been appointed as an independent director of Pramerica Fosun Life Insurance Co., Ltd, with effect from 21 February 2025.

Report of the Directors (Continued)

The Board approved on the recommendation of the Remuneration Committee the annual director's fee of HK\$200,000 of Mr. Lan Yadong and HK\$200,000 of Mr. Li Wei Qi, Jacky respectively with effect from 24 January 2025 in view of their qualifications, experience and prevailing market conditions.

Ms. Zhong Yingjie, Christina, an independent non-executive Director, has been resigned as the chief financial officer of HH&L Acquisition Co., a company previously listed in the New York Stock Exchange, with effect from 25 June 2025.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the annual general meeting of the Company has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officer of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions, Connected Transactions and Other Related Party Transactions" in this Report of the Directors and note 36 to the consolidated financial statements in this annual report, no transactions, arrangements or contracts of significance, to which the Company, its holding company, fellow subsidiaries or its subsidiaries was a party and in which the Directors or an entity connected with the Director (within the meaning of Section 486 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Current Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2025, none of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business (other than that of the Group) which competes or may compete with, either directly or indirectly, the business in which the Group is engaged.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2025, the interests and short positions of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions

Name of Director	Capacity	Number of Shares held	Number of underlying Shares	Total interest	Approximate percentage of the total issued Shares
Mr. Hu Yangjun	Interests of controlled corporation and beneficial interest	208,171,000 ⁽¹⁾	–	208,171,000	50.52%
Mr. Wu Hao	Beneficial interest	9,836,000	–	9,836,000	2.39%
Mr. Chan Wing Yuen, Hubert	Beneficial interest	7,100,000	–	7,100,000	1.72%
Mr. Li Wei Qi, Jacky	Beneficial interest	4,266,000	–	4,266,000	1.04%
Mr. Zhang Bing	Beneficial interest	–	74,070,270 ⁽²⁾	74,070,270	17.97%
Mr. Jin Qingjun	Beneficial interest	–	330,000 ⁽³⁾	330,000	0.08%

Notes:

- (1) Mr. Hu Yangjun had a direct interest of 3,453,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.
- (2) The interests in underlying Shares are comprised of the share options granted by the Company to subscribe for 3,800,000 Shares at exercise price of HK\$0.574 per Share to Mr. Zhang Bing under the share option scheme adopted by the Company on 9 September 2016 and the convertible bond of the Company in the principal amount of HK\$52,000,000 issued by the Company to convert for 70,270,270 Shares at conversion price of HK\$0.74 per Share to Mr. Zhang Bing.
- (3) These interests represented the interests in underlying Shares in respect of share options granted to Mr. Jin Qingjun under the share option scheme adopted by the Company on 9 September 2016.

Save as disclosed above, as at 31 March 2025, no interest and short position in the Shares, underlying Shares or debentures were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executives of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

At no time during the Current Year was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEMES

A share option scheme of the Company was adopted on 9 September 2016 (the “2016 Share Option Scheme”). The limit for granting options under the 2016 Share Option Scheme was refreshed on 6 September 2018 and 5 September 2019, respectively. The 2016 Share Option Scheme was terminated with effect from the conclusion of the 2023 AGM, and since then, no further options had been granted or accepted but the provisions of the 2016 Share Option Scheme shall remain in full force and effect in all other respects. At the 2023 AGM, an ordinary resolution was passed and the 2023 Share Option Scheme was adopted by the Company on 7 September 2023 (the “Adoption Date”). The principal terms of the 2023 Share Option Scheme were set out in the Company’s circular dated 21 July 2023 and the supplemental circular dated 23 August 2023.

During the Current Year, 24,517,000 share options were exercised under the 2016 Share Option Scheme, and no share options were granted, cancelled, or lapsed pursuant to the 2016 Share Option Scheme. As at 1 April 2024 and as at 31 March 2025, the number of Shares that may be issued in respect of the options granted under the 2016 Share Option Scheme were 34,947,000 Shares and 10,430,000 Shares, respectively, representing approximately 8.48% and 2.53% of the total issued Shares as at the date of this report, respectively. During the Current Year, no share option has been granted, exercised, cancelled or lapsed under the 2023 Share Option Scheme. Further details are disclosed in note 30 to the consolidated financial statements.

As no options had been granted under the 2023 Share Option Scheme since the Adoption Date, the number of Shares which may be issued in respect of options granted under the 2023 Share Option Scheme was nil for the Current Year.

As at 1 April 2024 and 31 March 2025, the maximum number of Shares that can be issued upon exercise of the share options under the 2023 Share Option Scheme were 38,756,400 Shares, respectively, each representing 10% of the Shares in issue as at the Adoption Date and 9.41% as at the date of this report (excluding treasury shares). As no share options had been granted under the 2023 Share Option Scheme, accordingly, the total number of options available for grant under the scheme mandate limit (as approved by the Shareholders at the 2023 AGM) of the 2023 Share Option Scheme and any other share schemes of the Company as at 1 April 2024 and 31 March 2025 were 38,756,400 Shares in aggregate, respectively. As no options had been granted under all share schemes of the Company (including the 2023 Share Option Scheme) during the Current Year, the number of Shares that may be issued in respect of options granted under all share schemes of the Company (including the 2023 Share Option Scheme) during the Current Year divided by the weighted average number of Shares of the relevant class in issue (excluding treasury shares) for the Current Year was nil.

Report of the Directors (Continued)

Details of the movements of share options granted, exercised or cancelled/lapsed during the Current Year and outstanding under the 2016 Share Option Scheme as at 31 March 2025 are as follows:

Category of eligible participants	Number of share options				Outstanding as at 31 March 2025	Date of grant ⁽¹⁾	Exercise period (both dates inclusive)	Exercise price per Share (HK\$)
	Outstanding as at 1 April 2024	Granted during the Current Year	Exercised during the Current Year	Cancelled/ Lapsed during the Current Year				
Directors								
Mr. Hu Yangjun	387,000	-	(387,000) ⁽³⁾	-	-	15 December 2022	15 December 2022 to 14 December 2032	0.574 ⁽²⁾
Mr. Wu Hao	3,800,000	-	(3,800,000) ⁽³⁾	-	-	15 December 2022	15 December 2022 to 14 December 2032	0.574 ⁽²⁾
Mr. Chan Wing Yuen, Hubert	3,800,000	-	(3,800,000) ⁽³⁾	-	-	15 December 2022	15 December 2022 to 14 December 2032	0.574 ⁽²⁾
Mr. Li Wei Qi, Jacky	330,000	-	(330,000) ⁽³⁾	-	-	19 October 2018	1 January 2019 to 18 October 2028	0.636 ⁽³⁾
	1,200,000	-	(1,200,000) ⁽³⁾	-	-	15 December 2022	15 December 2022 to 14 December 2032	0.574 ⁽²⁾
Mr. Zhang Bing	3,800,000	-	-	-	3,800,000	15 December 2022	15 December 2022 to 14 December 2032	0.574 ⁽²⁾
Mr. Jin Qingjun	330,000	-	-	-	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636 ⁽³⁾
Subtotal for Directors	13,647,000	-	(9,517,000)	-	4,130,000			
Employees								
Five highest paid individuals (excluding Directors) ⁽³⁾	500,000	-	(500,000) ⁽³⁾	-	-	19 October 2018	1 January 2019 to 18 October 2028	0.636 ⁽³⁾
Employees (excluding five highest paid individuals)	4,000,000	-	(4,000,000) ⁽³⁾	-	-	23 September 2021	23 September 2021 to 22 September 2031	1.12 ⁽⁴⁾
	16,800,000	-	(10,500,000) ⁽³⁾	-	6,300,000	15 December 2022	15 December 2022 to 14 December 2032	0.574 ⁽²⁾
Subtotal for Employees	21,300,000	-	(15,000,000)	-	6,300,000			
Total all categories	34,947,000	-	(24,517,000)	-	10,430,000			

Notes:

- (1) The vesting period of the share options granted under the 2016 Share Option Scheme is from the date of grant until the commencement of the exercise period.
- (2) The weighted average closing price of the Shares immediately before the grant dates of the share options was HK\$0.574 per Share. The closing price of the Shares immediately before the date on which the options were granted was HK\$0.520 per Share.
- (3) The weighted average closing price of the Shares immediately before the grant dates of the share options was HK\$0.57 per Share.
- (4) The weighted average closing price of the Shares immediately before the grant dates of the share options was HK\$1.088 per Share. The closing price of the Shares immediately before the date on which the options were granted was HK\$1.12 per Share.

Report of the Directors (Continued)

- (5) The weighted average closing price of the Shares immediately before the date on which the options were exercised were HK\$0.57 per Share.
- (6) The number of share options represented the share options held by an employee who was the only five highest paid individual for the Current Year.

2016 SHARE OPTION SCHEME

A summary of the principal terms of the 2016 Share Option Scheme is set out as follows:

(1) Purpose of the 2016 Share Option Scheme

The purpose of the 2016 Share Option Scheme was to facilitate the retention and the recruitment of high-calibre staff of the Group and/or any entities in which the Group holds any equity interests (if applicable) and attract resources that are valuable to the Group or those invested entities to the benefit of the Company's future business development.

(2) Participants of the 2016 Share Option Scheme

The participants of the 2016 Share Option Scheme included any employee (whether full-time or part time including any executive Director), officer (including any non-executive Director and independent non-executive Director) and substantial shareholder, consultant, agent, adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, any member of or any invested entity of the Group, or any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the above mentioned category(ies) of persons, or any other person who the Board considers, in its sole discretion, has contributed or will contribute to the Group (the "2016 Scheme Eligible Participant").

(3) Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all share options could be granted under the 2016 Share Option Scheme and any other share option scheme adopted by the Company shall not in aggregate exceed 10% of the total number of issued Shares as at the date of adoption or subsequent date of refreshing such limit (i.e. 33,815,400 Shares based on 338,154,000 Shares in issue on 5 September 2019), representing 8.21% of the total number of issued Shares (excluding treasury shares) as at the date of this report). Unless with the prior approval from the Shareholders. There was no service provider sublimit adopted under the 2016 Share Option Scheme.

As at 1 April 2024 and 31 March 2025, the number of share options available for grant under the 2016 Share Option Scheme were nil as the 2016 Share Option Scheme was terminated with effect from the conclusion of the 2023 AGM.

(4) Maximum entitlement of each 2016 Scheme Eligible Participant

The maximum number of Shares issued and to be issued upon exercise of the options granted to each participant under the 2016 Share Option Scheme and any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the Shares in issue as at the date of grant unless otherwise approved by the Shareholders.

(5) Exercise period

The period during which the share options granted can be exercised is to be determined and notified by the Directors to the grantee provided that such period shall not be more than ten years from the date of offer of such share options.

(6) Performance target and clawback mechanism

Subject to the terms of the 2016 Share Option Scheme, there was no minimum period for which an option granted must be held before it can be exercised. There is no performance targets need to be achieved by the grantees before exercising the share options, and there is no clawback mechanism attached to the share options under the 2016 Share Option Scheme.

(7) Vesting period

There was no specific vesting period for the options granted prescribed in the 2016 Share Option Scheme. In respect of any particular option, the options can be vested at any time after the expiry of a period which may be determined by the Board from the date of grant of the relevant option.

(8) Amount payable on acceptance of option offer

Options granted must be taken up by the 2016 Scheme Eligible Participant within 28 days from the date of offer, upon payment of HK\$10 by way of consideration for the grant.

(9) Basis of determining the exercise price

The exercise price per Share under the 2016 Share Option Scheme is determined by the Board and notified to the 2016 Scheme Eligible Participant at the time the grant of the options is made to (and subject to acceptance by) the 2016 Scheme Eligible Participant and will be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant (subject to acceptance) of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant (subject to acceptance) of the option; and (c) the nominal value of the Shares.

(10) Termination of the 2016 Share Option Scheme

The 2016 Share Option Scheme had a life of 10 years and was terminated on 7 September 2023 at the 2023 AGM. No further options will be and has been granted under the 2016 Share Option Scheme after its termination. In respect of all options which remained exercisable on such date, the provisions of the 2016 Share Option Scheme remained in full force and effect.

2023 SHARE OPTION SCHEME

A summary of the principal terms of the 2023 Share Option Scheme is set out as follows:

(1) Purpose of the 2023 Share Option Scheme

The purpose of the 2023 Share Option Scheme is to recognize and acknowledge the contributions or potential contributions made or to be made by the 2023 Scheme Eligible Participant (as defined below) to the Group and/or, to motivate the 2023 Scheme Eligible Participants to optimize their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the 2023 Scheme Eligible Participants whose contributions are or may be beneficial to the growth of the Group.

(2) Participants of the 2023 Share Option Scheme

The participants of the 2023 Share Option Scheme include any employee and any Director (including executive, non-executive and independent non-executive Directors) (both collectively, the "Employee Participant(s)") and any employees and the directors of the holding companies, fellow subsidiaries or associated companies of the Company (both collectively, the "Related Entity Participant(s)") (the "2023 Scheme Eligible Participant").

(3) Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all share options granted and to be granted under the 2023 Share Option Scheme and any other schemes adopted by the Company must not in aggregate exceed 10% of the total number of issued Shares as at the Adoption Date (the "Scheme Mandate Limit") (i.e. 38,756,400 Shares based on 387,564,000 Shares in issue on the Adoption Date, representing 9.41% of the total number of issued Shares (excluding treasury shares) as at the date of this report). Unless approval has been obtained from the Shareholders. There was no service provider sublimit adopted under the 2023 Share Option Scheme.

No share option has been granted under 2023 Share Option Scheme since the Adoption Date and as at the date of this report.

(4) Maximum entitlement of each 2023 Scheme Eligible Participant

The maximum number of Shares issued and to be issued upon exercise of the options granted to each participant under the 2023 Share Option Scheme and any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the Shares in issue (excluding treasury shares) as at the date of grant unless otherwise approved by the Shareholders.

Where any grant of options to a substantial Shareholder, an independent non-executive Director, or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted to such person in any 12-month period up to and including the date of the grant representing in aggregate over 0.1% of the total number of Shares in issue (excluding treasury shares) then such grant of option shall be subject to prior approval of the Shareholders who are not a grantee, his associates, or any connected person of the Company as defined in the Listing Rules.

(5) Exercise period

The period during which the share options granted can be exercised is to be determined and notified by the Directors to the grantee provided that such period shall not be more than ten years from the date of offer of such share options.

(6) Performance target and clawback mechanism

Subject to the terms of the 2023 Share Option Scheme, there was no minimum period for which an option granted must be held before it can be exercised. There is no performance targets need to be achieved by the grantees before exercising the share options, and there is no clawback mechanism attached to the share options under the 2023 Share Option Scheme.

(7) Vesting period

Under the 2023 Share Option Scheme, the vesting period of the options granted to any 2023 Share Scheme Participant shall not be less than 12 months, unless otherwise determined by the Board and prescribed in the 2023 Share Option Scheme.

(8) Amount payable on acceptance of Share Option offer

HK\$10.00 is payable by the 2023 Scheme Eligible Participant of the 2023 Share Option Scheme to the Company upon acceptance of the share option offered as consideration for the grant.

(9) Basis of determining the exercise price

The exercise price per Share under the 2023 Share Option Scheme is determined by the Board and notified to the 2023 Scheme Eligible Participant at the time the grant of the options is made to (and subject to acceptance by) the 2023 Scheme Eligible Participant and will be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant (subject to acceptance) of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant (subject to acceptance) of the option; and (c) the nominal value of the Shares.

(10) Remaining life of the 2023 Share Option Scheme

The 2023 Share Option Scheme has a life of 10 years and will remain valid until 7 September 2033 after which no further share options shall be granted or accepted under the 2023 Share Option Scheme. However, the provisions of the 2023 Share Option Scheme shall in all other respects remain in full force and effect. The remaining life of the 2023 Share Option Scheme is approximately 8 years.

CONVERTIBLE BONDS

The Company issued the 3-year convertible bonds in the aggregate principal amount of HK\$52,000,000 with 0% interest per annum to Mr. Zhang Bing, an executive Director, on 5 December 2022, which upon exercise of the conversion rights attached to the convertible bonds in full, the convertible bonds are convertible into 70,270,270 Shares at a conversion price of HK\$0.74 per conversion share (subject to adjustment). Save as disclosed above, there were no other convertible bonds issued by the Company during the Current Year.

As at 31 March 2025, no convertible bonds was converted into Shares by Mr. Zhang Bing.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2025, the following Shareholders had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital (excluding treasury shares) carrying rights to vote in all circumstances of general meetings of the Company or were recorded in the register of substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company:

Long Positions

Name of Shareholders	Capacity	Total Number of Shares Held in the Company	Approximate percentage total issued Shares
Resources Rich ^{Note 1}	Beneficial owner	204,718,000	49.68%
Mr. Hu Yangjun ^{Note 2}	Interests of controlled corporation and beneficial interest	208,171,000	50.52%
Mr. Hu Yishi ^{Note 3}	Interests of controlled corporation and beneficial interest	207,454,000	50.34%
Ms. Zhang Qi ^{Note 4}	Interest of spouse	208,171,000	50.52%
Ms. Lin Min, Mindy ^{Note 5}	Interest of spouse	207,454,000	50.34%
Mr. Zhang Bing ^{Note 6}	Beneficial interest	74,070,270	17.97%

Notes:

- 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.
- Mr. Hu Yangjun had a direct interest of 3,453,000 and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.
- Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.
- Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yangjun is interested in pursuant to the SFO.
- Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yishi is interested in pursuant to the SFO.
- Mr. Zhang Bing had a direct interest of 74,070,270, of which 70,270,270 Shares are outstanding convertible bonds of the Company in the principal amount of HK\$52,000,000 issued by the Company to convert for 70,270,270 Shares at conversion price of HK\$0.74 per Share and 3,800,000 Shares are outstanding share options granted by the Company to subscribe for 3,800,000 Shares at exercise price of HK\$0.574 per Share.

Report of the Directors (Continued)

Save as disclosed above, as at 31 March 2025, the Directors were not aware of any persons (other than the Directors and chief executive) who had interests or short positions in the Shares or the underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 5% or more of the nominal value of any class of share capital (excluding treasury shares) carrying rights to vote in all circumstances of general meetings of the Company or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company.

CONTINUING CONNECTED TRANSACTIONS, CONNECTED TRANSACTIONS AND OTHER RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed “Acquisition of 35% equity interest in Chengdu Huahan Energy Co. Ltd.” in the “Management Discussion and Analysis” of this annual report, the Company and its subsidiaries had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report in compliance with the requirements of Chapter 14A of the Listing Rules during the Current Year. The related party transactions as disclosed in note 36 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, or were exempted from independent shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. To the extent that the Group’s related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Current Year.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities (including treasury shares) during the Current Year.

CONTRACTS OF SIGNIFICANCE

There had been no contract of significance between the Company or any of its subsidiary and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiary for the Current Year.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed “Share Option Scheme” and “Convertible Bonds” above in this Report of the Directors, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Current Year or subsisted at the said period.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed “Share Option Scheme”, “Convertible Bonds” and “Continuing Connected Transactions, Connected Transactions and Other Related Party Transactions” above in this Report of the Directors, neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate during the Current Year.

MANAGEMENT CONTRACTS

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

EMOLUMENT POLICY

The emolument policy of the general staff of the Group is set up by the management of the Group on the basis of their performance and work experience and the prevailing market rates.

The emoluments of the Directors and senior management of the Company are decided by the Remuneration Committee, having regard to their individual performance, the Company's operating results, and comparable market statistics.

RETIREMENT BENEFIT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 31 to the consolidated financial statements. As at 31 March 2025, there were no forfeited contributions available to the Group to reduce its existing level of contributions to the pension schemes (2024: Nil).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the Current Year. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Ms. Zhong Yingjie, Christina (chairman), Mr. Jin Qingjun and Mr. Lan Yadong.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in the section "Corporate Governance Report" of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive or similar rights under the Articles of Association and the laws of the Cayman Islands where the Company is incorporated.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

During the Current Year and at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

Reference is made to the announcement of the Company dated 11 April 2025, in which the Board announced that Deloitte Touche Tohmatsu resigned as auditor of the Company with effect from 11 April 2025 and on recommendation of the Audit Committee, Prism Hong Kong Limited was appointed as the auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements have been audited by Prism Hong Kong Limited who shall retire and, being eligible, offer themselves for re-appointment at the upcoming 2025 AGM. A resolution will be proposed to the 2025 AGM to re-appoint Prism Hong Kong Limited as auditor of the Company and to authorize the Directors to fix its remuneration will be proposed to the Shareholders for approval at the forthcoming 2025 AGM.

Save as disclosed above, there had been no other changes in auditor of the Company in any of the preceding three years.

On behalf of the Board

Wu Hao

Chairman and Executive Director

Hong Kong, 27 June 2025

INDEPENDENT AUDITOR'S REPORT



Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322
www.prism.com.hk

TO THE SHAREHOLDERS OF CENTRAL DEVELOPMENT HOLDINGS LIMITED

中發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Central Development Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 64 to 155, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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.

ASSUMPTION RELATED TO GOING CONCERN

We draw attention to note 3.1 to the consolidated financial statements that the Group incurred net losses attributable to the owners of Company amounted to approximately HK\$19,170,000 for the year ended 31 March 2025 and the current liabilities of the Group at 31 March 2025 exceed the Group’s current assets at that date by approximately HK\$26,929,000. The reasonableness of the going concern basis is based on various assumptions and judgements, and the measures taken by the Board. In light of all the measures and arrangements detailed in the note 3.1 to the consolidated financial statements, the directors are of the opinion that the Group will be able to operate as a going concern so as to finance its future working capital and financial requirements. The consolidated financial statements do not include any adjustment that are required to be made should the Group be unable to operate as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of investment properties</i>	
<p>We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgments and estimates required in determining the fair values.</p>	<p>Our procedures in relation to the valuation of investment properties included:</p>
<p>The Group's investment properties represent certain portion of the Group's factory being leased, and are stated at fair value of HK\$73,573,000, as at 31 March 2025 with loss on fair value changes of HK\$8,492,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended.</p>	<ul style="list-style-type: none">• Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
<p>The Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 17 to the consolidated financial statements.</p>	<ul style="list-style-type: none">• Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRS Accounting Standards;• Challenging the reasonableness of the key assumptions applied based on available market data; and• Obtaining the detailed work of the Valuer on valuation of the investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, such as rental income, term of existing leases by comparing them to the existing leases summary of the Group or reversionary income potential by comparing fair market rents estimated by the Valuer against comparable market transactions and evaluating whether capitalisation rates adopted are comparable to the market.

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 26 June 2024.

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 of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lee Kwok Lun.

Prism Hong Kong Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

27 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	5	228,105	188,549
Cost of sales		(216,823)	(180,813)
Gross profit		11,282	7,736
Other income	7	5,153	5,232
Other gains and losses, net	8	6,321	(6,095)
Impairment losses under expected credit loss model		(477)	–
Selling and distribution costs		(2,592)	(2,398)
Administrative expenses		(21,381)	(21,795)
Finance costs	9	(16,751)	(12,787)
Share of results of an associate	19	(694)	(778)
Loss before taxation		(19,139)	(30,885)
Income tax	10	1,106	(144)
Loss for the year	11	(18,033)	(31,029)
Other comprehensive expense for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(2,231)	(3,607)
Total comprehensive expense for the year		(20,264)	(34,636)
Loss for the year attributable to:			
Owners of the Company		(19,170)	(31,050)
Non-controlling interests		1,137	21
		(18,033)	(31,029)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(20,748)	(33,972)
Non-controlling interests		484	(664)
		(20,264)	(34,636)
Loss per share	13		
Basic (HK cents)		(4.79)	(8.01)
Diluted (HK cents)		(5.44)	(8.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	15	14,772	16,189
Right-of-use assets	16	7,913	12,024
Investment properties	17	73,573	83,485
Intangible assets	18	44,249	46,730
Interest in an associate	19	49,761	51,366
Rental deposits		253	239
		190,521	210,033
Current assets			
Inventories	20	4,351	2,704
Trade receivables	21	4,476	3,962
Other receivables, deposits and prepayments	21	47,514	26,333
Cash and cash equivalents	22	16,965	16,290
		73,306	49,289
Current liabilities			
Trade payables	23	4,421	3,531
Other payables, accruals and contract liabilities	23	33,760	28,682
Bank borrowings	24	13,547	2,639
Lease liabilities	25	975	1,705
Convertible bonds	28	45,395	–
Derivative financial instruments	28	2,137	–
		100,235	36,557
Net current (liabilities) assets		(26,929)	12,732
Total assets less current liabilities		163,592	222,765

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Loans from a shareholder and a controlling shareholder	26	123,793	105,751
Deferred tax liabilities	27	10,192	11,852
Bank borrowings	24	17,284	20,356
Lease liabilities	25	446	3,030
Convertible bonds	28	–	36,948
Derivative financial instruments	28	–	17,000
		151,715	194,937
Net assets		11,877	27,828
Capital and reserves			
Share capital	29	4,121	3,876
(Deficit) Reserves		(16,380)	63
Equity attributable to owners of the Company		(12,259)	3,939
Non-controlling interests		24,136	23,889
Total equity		11,877	27,828

The consolidated financial statements on pages 64 to 155 were approved and authorised for issue by the Board of Directors on 27 June 2025 and are signed on its behalf by:

WU HAO
DIRECTOR

LI WEI QI, JACKY
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Shareholders' contribution reserve HK\$'000 (note a)	Accumulated losses HK\$'000			
As at 1 April 2023	3,876	213,132	8,485	19,547	7,551	32,447	(255,178)	29,860	24,553	54,413
Loss for the year	-	-	-	-	-	-	(31,050)	(31,050)	21	(31,029)
Other comprehensive expense for the year	-	-	-	-	(2,922)	-	-	(2,922)	(685)	(3,607)
Total comprehensive expense for the year	-	-	-	-	(2,922)	-	(31,050)	(33,972)	(664)	(34,636)
Deemed capital contribution from a controlling shareholder and a shareholder (Note 26)	-	-	-	-	-	4,559	-	4,559	-	4,559
Deemed capital contribution from a controlling shareholder upon modification of loans (Note 26)	-	-	-	-	-	3,492	-	3,492	-	3,492
As at 31 March 2024	3,876	213,132	8,485	19,547	4,629	40,498	(286,228)	3,939	23,889	27,828
Loss for the year	-	-	-	-	-	-	(19,170)	(19,170)	1,137	(18,033)
Other comprehensive expense for the year	-	-	-	-	(1,578)	-	-	(1,578)	(653)	(2,231)
Total comprehensive expense for the year	-	-	-	-	(1,578)	-	(19,170)	(20,748)	484	(20,264)
Exercise of share options	245	22,400	(6,337)	-	-	-	-	16,308	-	16,308
Release upon deregistration of subsidiaries	-	-	-	-	(153)	-	153	-	-	-
Change in the Group's interest in a subsidiary (note b)	-	-	-	-	-	-	237	237	(237)	-
Deemed capital contribution from a controlling shareholder and a shareholder (Note 26)	-	-	-	-	-	2,631	-	2,631	-	2,631
Deemed capital contribution from a controlling shareholder and a shareholder upon modification of loans (Note 26)	-	-	-	-	-	(14,626)	-	(14,626)	-	(14,626)
As at 31 March 2025	4,121	235,532	2,148	19,547	2,898	28,503	(305,008)	(12,259)	24,136	11,877

Notes:

- The shareholder's contribution reserve represents adjustments of interest-free loans granted by a shareholder and a controlling shareholder of Central Development Holdings Limited (the "Company") to the Company and certain of its subsidiaries.
- During the year ended 31 March 2025, a subsidiary Effective Success Limited transferred a 51% equity interest in Intergage Holdings Limited to non-controlling interest holders for a consideration of HK\$1 per share. Concurrently, a concerted action agreement ("一致行動協議") was entered into with one of the non-controlling interest holders. The Group retained control over Intergage Holdings Limited following this transaction. The difference between the consideration received and the net liabilities attributable to the transferred equity interest was recognised as a credit to accumulated losses.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(19,139)	(30,885)
Adjustments for:		
Interest income	(61)	(51)
Finance costs	16,751	12,787
Depreciation of property, plant and equipment	1,427	1,718
Depreciation of right-of-use assets	1,558	1,246
Amortisation of intangible assets	1,664	1,683
Share of results of an associate	694	778
Loss on fair value changes of investment properties	8,492	2,095
(Gain) loss on fair value changes of derivative financial instruments	(14,863)	4,000
Impairment losses under expected credit loss model	477	–
Gain on early termination of lease	(63)	–
Loss on disposal of property, plant and equipment	2	–
Operating cash flows before movements in working capital	(3,061)	(6,629)
Increase in inventories	(1,708)	(359)
Increase in trade receivables	(1,066)	(1,852)
Increase in other receivables, deposits and prepayments	(21,822)	(7,569)
Increase in trade payables	960	1,919
Increase in other payables and accruals	171	4,511
Increase in contract liabilities	5,418	–
CASH USED IN OPERATING ACTIVITIES	(21,108)	(9,979)
Income tax paid	(355)	–
NET CASH USED IN OPERATING ACTIVITIES	(21,463)	(9,979)
INVESTING ACTIVITIES		
Interest received	61	51
Purchases of property, plant and equipment	(291)	(121)
NET CASH USED IN INVESTING ACTIVITIES	(230)	(70)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
FINANCING ACTIVITIES		
Advances from a shareholder and a controlling shareholder	17,703	29,680
Repayments to a shareholder and a controlling shareholder	(16,975)	(17,066)
Drawdown of bank borrowings	21,836	24,222
Repayments of bank borrowings	(13,530)	(20,380)
Repayments of lease liabilities	(991)	(1,554)
Interest paid	(1,499)	(1,191)
Proceed from exercise of share options	16,308	–
NET CASH FROM FINANCING ACTIVITIES	22,852	13,711
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,159	3,662
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	16,290	13,122
Effect of foreign exchange rate changes	(484)	(494)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	16,965	16,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate holding company is Resources Rich Capital Limited, a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry and energy businesses in the People’s Republic of China (“PRC”) and Hong Kong (“HK”). The Company and its subsidiaries are collectively referred to as the “Group”. Details of the principal subsidiaries of the Company are out in note 39.

The functional currency of the Company is Renminbi (“RMB”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), as the Company’s shares are listed on the Stock Exchange, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK\$.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

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

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

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

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the cash flow in the normal course of business. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in future and the success of the below plans and measures.

The Group incurred net losses attributable to the owners of Company amounted to approximately HK\$19,170,000 for the year ended 31 March 2025 and the current liabilities of the Group at 31 March 2025 exceed the Group's current assets at that date by approximately HK\$26,929,000. The reasonableness of the going concern basis is based on various assumptions and judgements, and the measures taken by the Board.

Notwithstanding this fact, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligation as they fall due for the next twelve months based on its projected cash flow forecasts. The directors of the Company have carried out a detailed review of the cash flow projections of the Group covering a period not less than twelve months from 31 March 2025. The directors of the Company consider that the Group is financially viable to continue as a going concern.

In light of these circumstances, the directors of the Company have undertaken a careful assessment of the Group's future liquidity and financial position, thoroughly evaluating its available sources of financing to determine its capacity to continue as a going concern. To mitigate the liquidity position and enhance the Group's financial standing, several strategic plans and measures have been implemented. These include that, as of the reporting date, the Group and Mr. Zhang Bing, the holder of the Convertible Bonds and an Executive Director have reached a consensus. This consensus stipulates that, in case there is absence of an extension to the convertible bonds' on maturity date 5 December 2025, Mr. Zhang Bing will not seek for repayment of the convertible bonds from the Group within 18 months following such due date. Additionally, the Group has implemented stringent cost-saving initiatives, specifically focusing on reducing non-core and unessential operations and expenses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Accordingly, the directors of the Company consider that, taking into account the above-mentioned plans and measures and their progress, it is appropriate to prepare the consolidated financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligation as they fall due for at least the next twelve months from the date of approval of the consolidated financial statements.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative financial instruments in relation to convertible bonds that are measured at fair value as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value for the purposes of measuring inventories in HKAS 2 "Inventories" or value in use for the purpose of impairment assessment in HKAS 36 "Impairment of Assets" ("HKAS 36").

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and 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 and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Principal versus agent (Continued)

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Intangible assets

Intangible assets acquired in an assets acquisition and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in asset acquisitions with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, 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.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Refundable rental deposit

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Interests in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Property, plant and equipment

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

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

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

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to accumulated losses.

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contributions plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Short-term employee benefits

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

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

Taxation

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” (“HKAS 12”) requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

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

Cash and cash equivalents

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

Financial instruments

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”).

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”).

Amortised cost and interest income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed individually.

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

Significant increase in credit risk

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Definition of default

The Group considers an event of default occur when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

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

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities, including trade payables, other payables, bank borrowing, convertible bonds and loans from a shareholder and a controlling shareholder are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt and derivative components (derivative financial instruments) are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative financial instruments are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition/modification of financial liabilities

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition/modification of financial liabilities (Continued)

When the contractual terms of financial liabilities are modified, such as extending the tenure, the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Borrowing costs

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

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payment transaction

Share options granted to employees and others providing similar services

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

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

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

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

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3.2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

Convertible bonds and derivative financial instruments in relation thereto

On 5 December 2022, the Group completed acquisition of an associate (35% of the equity interest in Chengdu Huahan Energy Co., Ltd. (成都華漢能源有限公司) ("Chengdu Huahan") at consideration of HK\$52,000,000, which was settled by the Company's issuance of convertible bonds pursuant to an agreement dated 19 August 2022 and a supplemental agreement dated 15 November 2022 (collectively referred to as the "Agreements") between Hainan Huagang New Energy Development Co., Ltd. (海南華港新能源開發有限公司) (the "Purchaser", an indirectly wholly owned subsidiary of the Company), Mr. Zhang Bing (the "Vendor", who is a director of the Company and has indirect 49% of the equity interest in Chengdu Kaibangyuan Trading Co., Limited (成都凱邦源商貿有限公司), an indirect non-wholly owned subsidiary of the Company) and Chengdu Huahan (as the target company). Details of the associate and the convertible bonds are set out in notes 19 and 28, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgment in applying accounting policies (Continued)

Convertible bonds and derivative financial instruments in relation thereto (Continued)

Pursuant to the terms of the Agreements, if Anhui Huagang Bochen New Energy Co., Ltd. (安徽華港博臣新能源有限公司) ("Anhui Huagang"), a 50% joint venture company of Chengdu Huahan, cannot obtain the Gas Business Licence on or before 30 June 2024 (deadline), the convertible bonds will be automatically cancelled on 1 July 2024, the Company will transfer the 35% of equity interest in Chengdu Huahan to the vendor who will return the convertible bonds to the Company for nil consideration on or before 6 July 2024 (the "Restoration Clause"). Subsequent to the end of the reporting period, the Company was informed that the obtaining of the Gas Business Licence could be delay and, on 12 June 2024, the Purchaser, the Vendor and Chengdu Huahan entered into a second supplemental agreement (the "Second Supplemental Agreement") to the Agreement for extending the deadline to 30 November 2025 and the convertible bonds will then be automatically cancelled on 1 December 2025; the Company will re-transfer the 35% of equity interest in Chengdu Huahan to the Vendor who will return the convertible bonds to the Company for nil consideration on or before 6 December 2025.

The Company's PRC lawyer had assessed and opined that Anhui Huagang has no obstacle in obtaining the Gas Business Licence. When measuring the convertible bonds and derivative financial instruments in relation thereto as at 31 March 2025, the directors of the Company had considered all information available on that day and were not aware of any indicator that the Gas Business Licence could not be obtained on 30 November 2025. Accordingly, the directors of the Company remained in their view that the chance for Anhui Huagang obtaining the Gas Business License is highly probable on 30 November 2025 and measured the convertible bonds and derivative financial instruments in relation thereto as at 31 March 2025 on the assumption that Anhui Huagang is able to obtain the Gas Business Licence on 30 November 2025. The extended deadline in the Second Supplemental Agreement is considered a non-adjusting subsequent event after the reporting period.

Key sources of estimation uncertainty

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

Fair value of investment properties

At the end of the reporting period, the Group's investment properties are stated at fair value of HK\$73,573,000 (2024: HK\$83,485,000) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has applied income approach which involves, inter-alia, significant unobservable inputs and significant judgment, representing market rent and capitalisation rate. In relying on the valuation, the management of the Group has exercised their judgment and is satisfied that the method of valuation is reflective of the current market conditions.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value of derivative financial instruments in relation to convertible bonds

At the end of the reporting period, the Group's derivative financial instruments in relation to convertible bonds are stated at fair value of HK\$2,137,000 (2024: HK\$17,000,000) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has applied binomial option pricing model which involves, inter-alia, estimates of certain unobservable inputs, e.g. option-adjusted spread, stock price volatility. The fair value of the derivative financial instruments in relation to convertible bonds is sensitive to these estimates. The information about the derivative financial instruments in relation to convertible bonds are disclosed in notes 28 and 33.

Assessment of ECL for trade and other receivables

Trade and other receivables are assessed for ECL individually and the management of the Group assesses and applies internal credit rating for its customers individually by reference to their historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort.

The ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in notes 33 and 21, respectively.

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

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation/amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates, the growth rate and budgeted gross margin in the cash flow projections, could materially affect the recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2025 HK\$'000	2024 HK\$'000
Revenue from sales of goods:		
Jewelry products	6,773	18,000
Solar energy products	–	345
Refined oil	61,905	64,857
Liquefied natural gas (“LNG”)	159,427	105,347
Total revenue	228,105	188,549
Timing of revenue recognition:		
A point in time	228,105	188,549

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2025		
	Jewelry business HK\$'000	Energy business HK\$'000	Total HK\$'000
Sales of jewelry products	6,773	–	6,773
Sales of refined oil	–	61,905	61,905
Sales of LNG	–	159,427	159,427
	6,773	221,332	228,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

5. REVENUE (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 March 2024		
	Jewelry	Energy	Total
	business	business	
	HK\$'000	HK\$'000	HK\$'000
Sales of jewelry products	18,000	–	18,000
Sales of solar energy products	–	345	345
Sales of refined oil	–	64,857	64,857
Sales of LNG	–	105,347	105,347
	18,000	170,549	188,549

(ii) Performance obligations for contracts with customers

(a) Sales of jewelry products, solar energy products and LNG

The Group recognises revenue from the sales of jewelry products, solar energy products and LNG when the performance obligations are satisfied which refers to delivery of goods to the customers, at this point, the Group has no unfulfilled obligation that could affect the customers' acceptance of the products. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers. The customers have obtained control on the goods through their ability to direct the use of and obtain substantially all the benefits from the goods, and, at the same time, the customers have accepted the risks of obsolescence and loss of the products. Revenue from sales of jewelry products, solar energy products and LNG is recognised based on the price specified in the contracts with customers. No element of financing is deemed present as the sales are made with an average credit term of 5 to 365 days.

The Group has no particular policy on the amounts received prior to the delivery of jewelry, solar energy products and LNG and it is negotiated with customers on contract-by-contract basis. The advance payments received from customers are recognised as contract liabilities throughout the period before the control of the goods is transferred to customers.

(b) Sales of refined oil

The Group recognised revenue from sales of refined oil when control of refined oil has transferred, being at the point the customer purchases the refined oil at filling station. Payment of the transaction price is due immediately at the point the customer purchases the goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

5. REVENUE (Continued)

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

All transactions in respect of sales of goods and provision of services take place within a year and, thus, the transaction prices allocated to the unsatisfied contracts are not disclosed according to the practical expedient of HKFRS 15.

6. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the “CODM”), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on the nature of the Group’s businesses and operations. The Group’s operating and reportable segments are therefore as follows:

- (i) Jewelry business (wholesale of jewelry products); and
- (ii) Energy business including i) manufacture and sales of solar cooling intelligent technology products using thermal cooling-stored pipes and sales of solar photovoltaic modules and components (which are collectively referred to as solar energy products); ii) sales of refined oil; and iii) sales of LNG.

The accounting policies of the operating and reportable segments are the same as the Group’s accounting policies described in note 3.2. Segment results represent the profit or loss by each segment without allocation of gain or loss on fair value changes of investment properties and derivative financial instruments, unallocated corporate expenses which include central administration costs, directors’ remuneration at the head office and equity-settled share-based payments, unallocated corporate income which include rental income, interest income and sundry income and unallocated finance costs which include certain interest on lease liabilities, interest on convertible bonds, imputed interest and interest on loans from a shareholder and a controlling shareholder. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 March 2025

	Jewelry business HK\$'000	Energy business HK\$'000	Total HK\$'000
Revenue	6,773	221,332	228,105
Segment loss	(445)	(3,170)	(3,615)
Loss on fair value changes of investment properties			(8,492)
Gain on fair value changes of derivative financial instruments			14,863
Unallocated corporate income			31
Unallocated corporate expenses			(11,538)
Unallocated finance costs			(10,388)
Loss before taxation			(19,139)

For the year ended 31 March 2024

	Jewelry business HK\$'000	Energy business HK\$'000	Total HK\$'000
Revenue	18,000	170,549	188,549
Segment loss	(195)	(7,379)	(7,574)
Loss on fair value changes of investment properties			(2,095)
Loss on fair value changes of derivative financial instruments			(4,000)
Unallocated corporate income			5,196
Unallocated corporate expenses			(10,732)
Unallocated finance costs			(11,680)
Loss before taxation			(30,885)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2025 HK\$'000	2024 HK\$'000
Jewelry business	4,319	3,422
Energy business	167,330	153,628
Total segment assets	171,649	157,050
Bank balances and cash	16,965	16,290
Other unallocated assets	75,213	85,982
Consolidated assets	263,827	259,322
Jewelry business	3,913	3,304
Energy business	104,344	85,053
Total segment liabilities	108,257	88,357
Loans from a shareholder and a controlling shareholder	123,793	105,751
Other unallocated liabilities	19,900	37,386
Consolidated liabilities	251,950	231,494

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain right-of-use assets, certain other receivables, deposits and prepayments, investment properties and bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables, accruals and contract liabilities, certain lease liabilities, loans from a shareholder and a controlling shareholder, derivative financial liabilities and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

6. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2025

Amounts included in the measure of segment results or segment assets:

	Jewelry business HK\$'000	Energy business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	–	1,415	12	1,427
Depreciation of right-of-use assets	29	722	807	1,558
Amortisation of intangible assets	–	1,664	–	1,664
Finance costs	–	6,363	10,388	16,751
Loss on fair value changes of investment properties	–	8,492	–	8,492
(Gain) on fair value changes of derivative financial instruments	–	–	(14,863)	(14,863)
(Gain) on disposal on right-of-use assets	–	(63)	–	(63)
Loss on disposal on property, plant and equipment	–	2	–	2
Additions to non-current assets (note)	–	638	–	638

For the year ended 31 March 2024

Amounts included in the measure of segment results or segment assets:

	Jewelry business HK\$'000	Energy business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	3	1,704	11	1,718
Depreciation of right-of-use assets	44	664	538	1,246
Amortisation of intangible assets	–	1,683	–	1,683
Finance costs	2	1,105	11,680	12,787
Loss on fair value changes of investment properties	–	–	2,095	2,095
Loss on fair value changes of derivative financial instruments	–	–	4,000	4,000
Additions to non-current assets (note)	–	3,780	2,453	6,233

Note: Non-current assets included property, plant and equipment and right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are mainly carried out in the PRC, the country of domicile, and HK.

The revenue of the Group is mainly derived from external customers located in the PRC and HK.

The Group's revenue from external customers based on the location of customers are set out below.

	2025 HK\$'000	2024 HK\$'000
The PRC	224,450	176,885
HK	3,655	11,664
	228,105	188,549

Information about the Group's non-current assets based on the geographical location of the assets is set out below:

	2025 HK\$'000	2024 HK\$'000
The PRC	190,239	209,753
HK	29	41
	190,268	209,794

Note: Non-current assets excluded rental deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

6. SEGMENT INFORMATION (Continued)

Information about major information

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

	2025 HK\$'000	2024 HK\$'000
Customer A (note 1)	62,808	51,592
Customer B (note 2)	N/A	38,451

Note 1: Revenue generated from energy business.

Note 2: Customer B did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2025.

7. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Interest income	61	51
Rental income	5,056	5,172
Others	36	9
	5,153	5,232

8. OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Loss on fair value changes of investment properties	(8,492)	(2,095)
Gain (loss) on fair value changes of derivative financial instruments (note 28)	14,863	(4,000)
Gain on early termination of a lease (note 16)	63	–
Loss on disposal of properties, plant and equipment	(2)	–
Others	(111)	–
	6,321	(6,095)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank borrowings	1,499	1,038
Interest on lease liabilities	162	153
Interest on convertible bonds (note 28)	8,447	6,895
Imputed interest on loans from a shareholder and a controlling shareholder	2,510	4,701
Interest on loans from a controlling shareholder	4,133	–
	16,751	12,787

10. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
PRC Enterprise Income Tax	355	–
Deferred tax (note 27)	(1,461)	144
Income tax (credit) expense for the year	(1,106)	144

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime that applies to years of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Accordingly, Hong Kong Profits Tax for subsidiaries operating in HK is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made for both years as either tax losses are incurred for the subsidiaries operating in HK or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiaries is 25%. No provision for the PRC Enterprise Income Tax has been made for the subsidiaries operating in the PRC for both years as either tax losses are incurred for the subsidiaries operating in the PRC or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

10. INCOME TAX (Continued)

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

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(19,139)	(30,885)
Taxation at the Enterprise Income Tax rate of 25% (2024: 25%)	(4,785)	(7,721)
Tax effect of share of result of an associate	173	194
Tax effect of income not taxable for tax purpose	(4,127)	(1,008)
Tax effect of expenses not deductible for tax purpose	5,957	5,440
Effect of different tax rates of subsidiaries operating in other jurisdictions	357	1,950
Utilisation of tax losses previously not recognised	–	(614)
Tax effect of deductible temporary differences not recognised	–	286
Tax effect of tax losses not recognised	1,319	1,617
Income tax (credit) expense for the year	(1,106)	144

11. LOSS FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	1,427	1,718
Depreciation of right-of-use assets	1,558	1,246
Amortisation of intangible assets	1,664	1,683
Auditor's remuneration	750	1,450
Staff costs (including directors' remuneration (note 12))		
– salaries, allowances and other benefits	8,140	8,541
– retirement benefit scheme contributions	789	739
Total staff costs	8,929	9,280
Cost of inventories recognised as an expense (including write-down of inventories amounting to Nil (2024: HK\$1,143,000))	216,823	180,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and the chief executive's emoluments

For the year ended 31 March 2025

	Directors' fees HK\$'000	Salaries HK\$'000	Equity-settled share-based payments HK\$'000	Retirement benefit Scheme contributions HK\$'000	Total HK\$'000
Executive directors					
Wu Hao	200	428	–	23	651
Hu Yangjun	200	268	–	13	481
Chan Wing Yuen, Hubert (Note i)	163	1,616	–	96	1,875
Zhang Bing	200	156	–	2	358
Li Wei Qi, Jacky (Note ii)	200	–	–	–	200
Independent non-executive directors					
Jin Qingjun	200	–	–	–	200
Sun Ivy Connie (Note iii)	163	–	–	–	163
Zhong Yingjie, Christina	200	–	–	–	200
Lan Yadong (Note iv)	37	–	–	–	37
Total emoluments	1,563	2,468	–	134	4,165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

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

For the year ended 31 March 2024

	Directors' fees HK\$'000	Salaries HK\$'000	Equity-settled share-based payments HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors					
Wu Hao	200	273	–	14	487
Hu Yangjun	200	300	–	15	515
Chan Wing Yuen, Hubert (Note i)	200	1,950	–	115	2,265
Zhang Bing	200	–	–	–	200
Non-executive director					
Li Wei Qi, Jacky (Note ii)	200	–	–	–	200
Independent non-executive directors					
Jin Qingjun	200	–	–	–	200
Sun Ivy Connie (Note iii)	200	–	–	–	200
Zhong Yingjie, Christina	200	–	–	–	200
Total emoluments	1,600	2,523	–	144	4,267

Notes:

- (i) Mr. Chan Wing Yuen, Hubert is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive. He resigned as executive director and chief executive of the Company on 24 January 2025.
- (ii) Mr. Li Wei Qi, Jacky has been re-designated from non-executive director to executive director on 24 January 2025.
- (iii) Ms. Sun Ivy Connie resigned independent non-executive director on 24 January 2025.
- (iv) Mr. Lan Yadong has been appointed as independent non-executive director on 24 January 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

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

During the years ended 31 March 2025 and 2024, no remuneration was 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. None of the directors of the Company waived any remuneration during both years.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and its subsidiaries.

The non-executive director's emoluments shown above were for his services as the director of the Company and its subsidiaries.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Employees' emoluments

Of the five highest paid individuals of the Group, three (2024: three) are directors of the Company whose emoluments are set out in disclosures above. The emoluments of the remaining two (2024: two) highest paid individuals who are neither a director nor the chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	1,391	1,444
Retirement benefit scheme contributions	36	34
	1,427	1,478

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

	2025 No. of employee	2024 No. of employee
Nil to HK\$1,000,000	2	2

During the years ended 31 March 2025 and 2024, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

13. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	(19,170)	(31,050)
Effect on dilutive potential ordinary shares:		
– Gain on fair value changes of derivative financial instruments	(14,863)	–
– Interest on convertible bonds	8,447	–
Loss for the year attributable to owners of the Company for the purpose of calculating diluted loss per share	(25,586)	(31,050)

	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	400,058	387,564
Effect of dilutive potential ordinary shares:		
– Convertible bonds	70,270	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	470,328	387,564

The computation of diluted loss per share for the year ended 31 March 2024 does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in decrease in loss per share.

The computation of diluted loss per share for the both year does not assume the exercise of the Company's share options as the exercise prices of these share options were higher than the average market price for shares of the Company for the year.

14. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1 April 2023	19,354	7,066	3,818	2,601	1,025	33,864
Additions	–	24	64	33	–	121
Disposal	–	(561)	–	(92)	–	(653)
Exchange realignments	(662)	(222)	(131)	(73)	(6)	(1,094)
At 31 March 2024	18,692	6,307	3,751	2,469	1,019	32,238
Additions	–	210	81	–	–	291
Disposal	–	(5,220)	–	(93)	–	(5,313)
Exchange realignments	(332)	(74)	(67)	(36)	(3)	(512)
At 31 March 2025	18,360	1,223	3,765	2,340	1,016	26,704
DEPRECIATION AND IMPAIRMENT						
At 1 April 2023	2,939	6,691	2,305	2,486	1,025	15,446
Provided for the year	861	76	704	77	–	1,718
Disposal	–	(561)	–	(92)	–	(653)
Exchange realignments	(99)	(210)	(78)	(69)	(6)	(462)
At 31 March 2024	3,701	5,996	2,931	2,402	1,019	16,049
Provided for the year	853	86	458	30	–	1,427
Disposal	–	(5,220)	–	(91)	–	(5,311)
Exchange realignments	(72)	(67)	(56)	(35)	(3)	(233)
At 31 March 2025	4,482	795	3,333	2,306	1,016	11,932
CARRYING VALUES						
At 31 March 2025	13,878	428	432	34	–	14,772
At 31 March 2024	14,991	311	820	67	–	16,189

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over shorter of 20 to 30 years or the lease term
Leasehold improvements	Over shorter of 5 years or the lease term
Plant and machinery	10%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

As at 31 March 2025, the Group has pledged certain owned properties with a carrying value of approximately HK\$10,575,000 (2024: HK\$3,463,000) to secure bank borrowing granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

16. RIGHT-OF-USE ASSETS

	Leasehold lands HK\$'000	Leased properties HK\$'000	Total HK\$'000
As at 31 March 2025			
Carrying amount	6,568	1,345	7,913
As at 31 March 2024			
Carrying amount	6,878	5,146	12,024
For the year ended 31 March 2025			
Depreciation charge	189	1,369	1,558
For the year ended 31 March 2024			
Depreciation charge	191	1,055	1,246

As at 31 March 2025, the Group has pledged certain leasehold lands with a carrying value of approximately HK\$6,568,000 (2024: HK\$4,991,000) to secure bank borrowings granted to the Group.

	2025 HK\$'000	2024 HK\$'000
Expense relating to short-term leases	287	463
Total cash outflow for lease	1,278	2,170
Additions to right-of-use assets	347	6,112

For both years, the Group leases various office and staff quarters for its operations. Lease contracts are entered into for fixed terms of 2 to 3 years (2024: 2 to 4 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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

As at 31 March 2025, lease liabilities of HK\$1,421,000 (2024: HK\$4,735,000) are recognised with related right-of-use assets of HK\$1,345,000 (2024: HK\$5,146,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowings purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

16. RIGHT-OF-USE ASSETS (Continued)

During the year ended 31 March 2025, the Group early terminated a lease agreement and derecognised right-of-use assets of HK\$2,740,000 and lease liabilities of HK\$2,803,000, resulting in a gain on early termination of a lease of HK\$63,000 (2024: No early termination on lease agreement).

17. INVESTMENT PROPERTIES

The Group leases out of its factory under operating leases with rentals payable monthly. The leases typically run for an initial period of 5 to 8 years (2024: 5 to 8 years).

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2025 HK\$'000	2024 HK\$'000
At 1 April	83,485	88,617
Exchange adjustments	(1,420)	(3,037)
Net decrease in fair value recognised in profit or loss	(8,492)	(2,095)
At 31 March	73,573	83,485

The fair value of the Group's investment properties as at 31 March 2025 and 2024 have been arrived at on the basis of valuation carried out by Valplus Consulting Limited, independent qualified professional valuer not connected to the Group. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values are arrived at by using income approach which capitalises the net rental income derived from the existing lease and/or achievable in the existing market with due allowance for the reversionary income potential of the lease, which has been then capitalised to determine the market value at an appropriate capitalisation rate.

The fair value measurements of the Group's investment properties were categorised into Level 3 of the fair value hierarchy for both years. There were no transfers into or out of Level 3 during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

17. INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of the fair values of investment properties and unobservable inputs used in the valuation models.

Fair value	Valuation techniques	Unobservable inputs	Significant inputs	Relationship of inputs to fair value
HK\$73,573,000 (2024: HK\$83,485,000)	Income approach	(i) Capitalisation rate taking into account the capitalisation of rental income potential and nature of properties	2025: 8.0% (2024: 6.0%)	The higher the capitalisation rate, the lower the fair value
		(ii) Monthly market rent per square meter	2025: RMB19 (2024: RMB16) per month per square meter in average	The higher the market rent, the higher the fair value

As at 31 March 2025 and 2024, the investment properties of the Group have been pledged to secure bank borrowing granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

18. INTANGIBLE ASSETS

	Operating licenses HK\$'000
COST	
At 1 April 2023	53,728
Exchange realignment	(1,840)
At 31 March 2024	51,888
Exchange realignment	(921)
At 31 March 2025	50,967
AMORTISATION	
At 1 April 2023	3,596
Provided for the year	1,683
Exchange realignment	(121)
At 31 March 2024	5,158
Provided for the year	1,664
Exchange realignment	(104)
At 31 March 2025	6,718
CARRYING VALUES	
At 31 March 2025	44,249
At 31 March 2024	46,730

Operating licenses have finite useful live and is amortised on a straight-line basis over 30 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

19. INTEREST IN AN ASSOCIATE

	2025 HK\$'000	2024 HK\$'000
Cost of investment in an associate, unlisted	51,432	52,362
Share of post-acquisition profits and other comprehensive income	(1,671)	(996)
	49,761	51,366

Pursuant to the Agreements (see note 4), the Group acquired 35% of the equity interest in Chengdu Huahan for consideration of issuing convertible bonds of HK\$52,000,000 (see also notes 4 and 28) by the Company that was completed on 5 December 2022.

Details of each of the Group's associate at the end of the reporting period are as follows:

Name of entity	Place of registration and operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		2025	2024	2025	2024	
Chengdu Huahan	The PRC	35%**	35%**	35%**	35%**	Investment holding*

* It owns 50% of the equity interest in Anhui Huagang which principally engaged in the construction and operation of natural gas pipeline networks, the operation and maintenance of pipeline corridors, provision of residential heating, and the procurement, transportation and sale of natural gas in Mengcheng County, Anhui Province, the PRC.

** As at 31 March 2025 and 2024, the Group entrusted Mr. Zhang Bing (who became a director of the Company on 10 February 2023) to hold its 35% equity interest in Chengdu Huahan and exercise its right and benefits in Chengdu Huahan on its behalf pursuant to an entrust agreement, which is, in the opinion of the PRC lawyer, legally enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

19. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information of Chengdu Huahan

Summarised financial information in respect of Chengdu Huahan as at 31 March 2025 and 2024 and for the year ended 31 March 2025 and 31 March 2024 is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

The associate is accounted for using the equity method in these consolidated financial statements.

	As at 31 March 2025 HK\$'000	As at 31 March 2024 HK\$'000
Current assets	5,905	6,210
Non-current assets	70,892	69,121
Current liabilities	(16,107)	(11,530)
	Year ended 31 March 2025 HK\$'000	Year ended 31 March 2024 HK\$'000
Revenue	–	–
Loss for the year	(1,936)	(2,222)
Other comprehensive expense for the year	(1,175)	(2,369)
Total comprehensive expense for the year	(3,111)	(4,591)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

19. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information of Chengdu Huahan (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Chengdu Huahan recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net assets of Chengdu Huahan	60,690	63,801
Proportion of the Group's ownership interest in Chengdu Huahan	35%	35%
Carrying amount of the Group's interest in Chengdu Huahan	21,241	22,330
Goodwill	28,520	29,036
	49,761	51,366

20. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	207	211
Work in progress	2	2
Finished goods	4,142	2,491
	4,351	2,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables from contracts with customers	5,555	4,578
Less: Allowance for credit losses	(1,079)	(616)
	4,476	3,962

As at 1 April 2023, trade receivables from contracts with customers amounted to HK\$2,181,000.

The Group allows an average credit period ranging from 30 to 180 days to its customers in jewelry business and an average credit period ranging from 5 to 365 days to its customers in energy business. The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	586	3,962
Over 180 days	3,890	–
	4,476	3,962

As at 31 March 2025 and 2024, the carrying amounts of trade receivables of the Group had not yet been past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Other receivables, deposits and prepayments

	2025 HK\$'000	2024 HK\$'000
Other receivables (note)	7,387	4,454
Deposits paid for purchasing LNG	21,672	11,032
Other deposits	195	276
Prepayments	18,260	10,571
	47,514	26,333

Note: Included in other receivables are financial assets amounting to HK\$4,992,000 (2024: HK\$3,817,000).

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

22. CASH AND CASH EQUIVALENTS

The amounts included short-term deposits with an original maturity of three months or less. Bank deposits carried interest at prevailing market interest rates at 0.001% to 0.2% (2024: 0.001% to 0.2%) per annum.

23. TRADE AND OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

Trade payables

	2025 HK\$'000	2024 HK\$'000
Trade payables	4,421	3,531

The average credit period on purchase of goods is 365 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

23. TRADE AND OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES (Continued)

Trade payables (Continued)

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	319	1,908
31 to 90 days	–	1,339
Over 180 days	4,102	284
	4,421	3,531

Other payables, accruals and contract liabilities

	2025 HK\$'000	2024 HK\$'000
Other payables	7,210	6,992
Refundable deposit from a supplier	14,466	14,728
Accruals	6,666	6,962
Contract liabilities (Note)	5,418	–
	33,760	28,682

Note: The Group has recognised the followings revenue-related contract liabilities:

	2025 HK\$'000	2024 HK\$'000
Contract liabilities	5,418	–

As at 1 April 2023, there are no contract liabilities recorded.

The contract liabilities primarily related to the payments received in advance from a customer for sales of LNG. Contract liabilities are expected to be settled within the Group's normal operating cycle. The increase in contract liabilities during the year was mainly due to the upfront payments received from a customer for product orders, representing obligations to deliver these goods in subsequent reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

24. BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured bank borrowings repayable:		
Within one year	13,547	2,639
Within a period of more than one year but not exceeding two years	2,834	2,760
Within a period of more than two years but not exceeding five years	12,697	7,464
Within a period of more than five years	1,753	10,132
	30,831	22,995
Less: Amount due for settlement within 12 months shown under current liabilities	(13,547)	(2,639)
Amount due for settlement after 12 months shown under non-current liabilities	17,284	20,356

The bank borrowings are at fixed-rate which carries interest ranging from 3.95% to 4.50% (2024: at fixed rate of 4.50%) per annum as at 31 March 2025.

As at 31 March 2025, the Group pledged certain property, plant and equipment, investment properties and right-of-use assets with aggregate carrying amount of HK\$90,716,000 (2024: HK\$91,939,000) to the bank as the collateral for the bank borrowings.

25. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	975	1,705
Within a period of more than one year but not more than two years	446	1,770
Within a period of more than two years but not more than five years	–	1,260
	1,421	4,735
Less: Amount due for settlement within 12 months shown under current liabilities	(975)	(1,705)
Amount due for settlement after 12 months shown under non-current liabilities	446	3,030

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 5.75% (2024: 4.75% to 5.75%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

26. LOANS FROM A SHAREHOLDER AND A CONTROLLING SHAREHOLDER

	2025 HK\$'000	2024 HK\$'000
Analysed for reporting purpose as:		
– Non-current liabilities		
Loans from a shareholder	12,906	3,807
Loans from a controlling shareholder	110,887	101,944
	123,793	105,751

Loans from a shareholder

As at 31 March 2025, the loans from a shareholder were classified as non-current liabilities (2024: non-current liabilities), and were unsecured, interest-free and repayable for the period from September 2026 to September 2027 (2024: repayable for the period from September 2026 to September 2027).

During the year ended 2025, the Group obtained new loans from a shareholder amounting to HK\$10,000,000 and certain loan from a shareholder amounting to HK\$148,000 were early repaid for their repayment dates to September 2027. At inception of new loans and modifications of repayment dates, adjustments to these loans amounting to HK\$1,640,000 were credited and HK\$21,000 were debited to reserve under the heading of “shareholder’s contribution reserve” in Group’s consolidated statement of change in equity.

During the year ended 31 March 2024, the repayment date of certain loans from a shareholder amounting to HK\$2,509,000 were extended to September 2027. At inception of modification of repayment dates, adjustments to these loans amounting to HK\$102,000 were credited to reserve under the heading of “shareholders’ contribution reserve” in the Group’s consolidated statement of changes in equity.

Loans from a controlling shareholder

As at 31 March 2025, the loans from a controlling shareholder were classified as non-current liabilities (2024: non-current liabilities), and were unsecured, interest bearing and repayable on September 2027 (2024: were unsecured, interest-free and repayable for the period from June 2025 to September 2027).

During the year ended 31 March 2025, the Group obtained new loans from a controlling shareholder amounting to HK\$6,659,000, and certain loans from a controlling shareholders amounting to HK\$16,781,000, in aggregate, were early repaid and/or were extended for their repayment date. The Group entered into agreement about amendment to previously interest-free shareholder loan (the “Old Loans”) with a controlling shareholder. Pursuant to the amended agreement, all Old Loans will become interest-bearing from the date 1 October 2024, accruing interest at an annual rate of 8% and repayable on September 2027. At inception of new loans from a controlling shareholder, modification of repayment dates and modification of the loan terms from interest-free to interest bearing, adjustment to these loans amounting to HK\$991,000 were credited, HK\$1,774,000 were debited and HK\$12,831,000 were debited to under the heading of “shareholders’ contributions reserve” in the Groups consolidated statement of changes in equity.

During the year ended 31 March 2024, the Group obtained new loans from a controlling shareholder amounting to HK\$29,680,000, and certain loans from a controlling shareholder amounting to HK\$86,006,000, in aggregate, were early repaid and/or were extended for their repayment dates to September 2027. At inception of new loans and modification of repayment dates, adjustments to these loans amounting to HK\$4,559,000 and HK\$3,390,000, respectively were credited to reserve under the heading of “shareholders’ contribution reserve” in the Group’s consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

27. DEFERRED TAXATION

The following is the deferred tax liabilities recognised and movements thereon during the current year.

	Fair value changes of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2023	9,949	2,174	12,123
(Credited) charged to profit or loss (note 10)	(524)	668	144
Exchange realignment	(341)	(74)	(415)
At 31 March 2024	9,084	2,768	11,852
(Credited) charged to profit or loss (note 10)	(2,123)	662	(1,461)
Exchange realignment	(164)	(35)	(199)
At 31 March 2025	6,797	3,395	10,192

At the end of the reporting period, the Group has unused tax losses of HK\$40,187,000 (2024: HK\$40,954,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$29,197,000 (2024: HK\$30,205,000) that will expire in 5 years from the year of origination which ranging from year 2026 to year 2030 (2024: year 2025 to year 2029). During the year ended 31 March 2025, tax losses of HK\$6,348,000 (2024: HK\$7,943,000) originated from the PRC entities expired. Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK\$5,289,000 (2024: HK\$5,346,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation was provided in the consolidated financial statements in respect of temporary differences of HK\$494,000 (2024: HK\$714,400) which arises from the undistributed profits of certain PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company issued convertible bonds with a principal amount of HK\$52,000,000 on 5 December 2022 for the acquisition of the Group's associate, which principally holds 50% equity interest in Anhui Huagang (see Note 19).

The convertible bonds are denominated in Hong Kong dollars (other than the Group's functional currency), unsecured and interest-free.

The holder of the convertible bonds will have the right to convert the whole or part of the principal amount of the convertible bond (in integral multiple of HK\$1 million or such lesser amount representing the entire outstanding principal amount of the convertible bond) into the ordinary shares of the Company at any time after Anhui Huagang has obtained the Gas Business License, on the date of the grant of the Gas Business License (pursuant to the Restoration Clause) up to the close of business on the date falling 5 business days prior to the date falling on the third anniversary of the date of issuance of the convertible bonds (the "Maturity Date"), provided that such conversion would not render ordinary shares of the Company in the public hands being less than the minimum public float defined under Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") or other relevant requirements under the Listing Rules and the holder of the convertible bonds shall not exercise any conversion right unless it provides evidence to the reasonable satisfaction of exercising the conversion right that the holder of the convertible bonds and persons acting in concert with it (as defined in the Hong Kong Code on Takeovers and Mergers ("Takeovers Code")) will not beneficially own 30% or more of the issued ordinary shares and/or or voting rights of the Company immediately after the conversion and/or trigger any mandatory general offer obligations under the Takeovers Code.

The initial conversion price is HK\$0.74 per ordinary share of the Company (subject to adjustment for events which may have a diluting effect on the share capital of the Company or change the capital structure of the Company, such as consolidation, subdivision or reclassification of Shares, capitalisation of profits and reserves, rights issue of Shares or options over Shares) and convertible bonds are convertible into 70,270,270 ordinary shares of the Company.

Unless previously converted, purchased and cancelled, the Company shall pay the outstanding principal amount under the convertible bonds by cash on the Maturity Date, the Company may redeem the convertible bonds at any time and from time to time before the Maturity Date upon mutual agreement with the holder of the convertible bonds.

Subject to all applicable laws and regulations and prior notification to the Company on the condition that no transfer and/or assignment shall take place before Anhui Huagang obtains the Gas Business License, the convertible bonds may be assigned or transferred in whole or in part of its principal amount outstanding (in integral multiple of HK\$1 million or such lesser amount representing the entire outstanding principal amount of the convertible bonds) to independent third parties, other than the connected person(s) of the Company.

The convertible bonds are comprised of convertible bonds (debt component) and derivative financial instruments (derivative component including conversion and early redemption options).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At initial recognition, both the convertible bonds and the derivative financial instruments are recognised at fair values amounting to HK\$28,000,000 and HK\$24,000,000 respectively.

The convertible bonds are subsequently measured at amortised cost with effective interest rate of 22.9% per annum while the derivative financial instruments are measured at fair value with changes in fair value recognised in profit or loss.

The movement of the convertible bonds and derivative financial instruments for the year are set out below:

	Convertible bonds HK\$'000	Derivative financial instruments HK\$'000
As at 1 April 2023	30,053	13,000
Interest on convertible bonds	6,895	–
Loss on fair value changes	–	4,000
As at 31 March 2024 and 1 April 2024	36,948	17,000
Interest on convertible bonds	8,447	–
(Gain) on fair value changes	–	(14,863)
As at 31 March 2025	45,395	2,137

As at 31 March 2025, the convertible bonds and derivative financial instruments were classified as current liabilities (2024: non-current liabilities) and mature on 5 December 2025 (2024: mature on 5 December 2025).

Binomial option pricing model is used for valuation of the derivative financial instruments performed by an independent professional valuer which assumed that the Restoration Clause would not be triggered and the convertible bonds will not, therefore, be cancelled. The Company's PRC lawyer had assessed and opined that Anhui Huagang has no obstacle in obtaining the Gas Business Licence and no indicator was identified by the directors of the Company for the Gas Business Licence could not be obtained before 30 November 2025. Accordingly, as at 31 March 2025, the directors of the Company remained in their view that the chance for Anhui Huagang obtaining the Gas Business License is highly probable on 30 November 2025 when the conversion right will be exercisable, see also note 4 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The key inputs used in the model are as follows:

	At 31 March 2025	At 31 March 2024
Stock price of ordinary share of the Company	HK\$0.43	HK\$0.65
Exercise price per ordinary share of the Company	HK\$0.74	HK\$0.74
Risk-free rate	3.080%	3.864%
Expected dividend yield	0%	0%
Expected volatility	60.71%	59.80%
Redemption amount at the Maturity Date	HK\$52,000,000	HK\$52,000,000
The Maturity Date	5 December 2025	5 December 2025
Time to the Maturity Date	0.7 year	1.7 years

Expected volatility is determined by using the average historical volatility of comparable companies and the Company as at valuation dates.

29. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares with nominal value of HK\$0.01 each		
Authorised:		
As at 1 April 2023, 31 March 2024 and 31 March 2025	10,000,000	100,000
Issued and fully paid:		
At 1 April 2023, 31 March 2024 and 1 April 2024	387,564	3,876
Exercise of share options	24,517	245
As at 31 March 2025	412,081	4,121

30. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") for the purpose of recognising and acknowledging the contributions made by the participants to the Company, motivating the participants to optimise their performance and efficiency for the benefits of the Group and to maintain or attract business relationship with the participants whose contributions are beneficial to the growth of the Group.

30. SHARE OPTION SCHEME (Continued)

The Group may grant to any participant who has made valuable contributions to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable resources of the Group based on his or her work experience and knowledge in the industry, or is expected to be able to contribute to the prosperity, business development or growth of the Group based on his or her business connection and network.

The Share Option Scheme became effective on 9 September 2016 and, unless otherwise cancelled or amended, will remain in force for a period of ten years from the date of its adoption. HK\$10.00 is payable by each eligible participant to the Company on acceptance of the grant of an option.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant in any 12-month period must not exceed 1% of the aggregate number of shares of the Company in issue. Where any further grant of options to an eligible participant would result in the shares issued or to be issued upon exercise of all options granted and to be granted to such eligible participant in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the shareholders in general meeting with such an eligible participant and his associates abstaining from voting.

The exercise price of the share options is determined by the committee of the board of directors of the Company, but is at least the highest of: (a) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (b) the average of the closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange over the five trading days immediately preceding the date of grant; and (c) the nominal value of a share.

On 15 December 2022, 29,787,000 share options with an exercise price of HK\$0.574 per share were granted by the Company to the Directors and the eligible employees. The share options granted were fully vested on 15 December 2022 and became exercisable from 15 December 2022 to 14 December 2032.

The fair value of the share options granted on 15 December 2022 is calculated using the Binomial model. The inputs into the models are as follows:

Grant date	15 December 2022
Stock price of ordinary share of the Company	HK\$0.574
Exercise price per ordinary share of the Company	HK\$0.574
Risk-free rate	3.2%
Expected dividend yield	0%
Expected volatility	68%
Expiry date	14 December 2032
Time to maturity	10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

30. SHARE OPTION SCHEME (Continued)

Expected volatility is determined by using the average historical volatility of comparable companies and the Company as at valuation date.

The estimated fair value of share options granted on 15 December 2022 was HK\$6,041,000.

The following table discloses details of the share options held by directors of the Company and eligible employees and movements in such holdings during both years.

(a) Share options granted on 19 October 2018

Grantee	Date of grant	Exercise price HK\$	Exercisable period	Number of share option		
				Outstanding at 1 April 2024	Exercised during the year	Outstanding at 31 March 2025
Directors	19 October 2018	0.636	1 January 2019 to 18 October 2028	660,000	(330,000)	330,000
Employees	19 October 2018	0.636	1 January 2019 to 18 October 2028	500,000	(500,000)	–
				1,160,000	(830,000)	330,000
Exercisable at the beginning/ end of the year				1,160,000		330,000
Weighted average exercise price				HK\$0.636		HK\$0.636

Grantee	Date of grant	Exercise price HK\$	Exercisable period	Number of share option		
				Outstanding at 1 April 2023	Exercised during the year	Outstanding at 31 March 2024
Directors	19 October 2018	0.636	1 January 2019 to 18 October 2028	660,000	–	660,000
Employees	19 October 2018	0.636	1 January 2019 to 18 October 2028	500,000	–	500,000
				1,160,000	–	1,160,000
Exercisable at the beginning/ end of the year				1,160,000		1,160,000
Weighted average exercise price				HK\$0.636		HK\$0.636

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

30. SHARE OPTION SCHEME (Continued)

(b) Share options granted on 23 September 2021

Grantee	Date of grant	Exercise price HK\$	Exercisable period	Number of share option		
				Outstanding at 1 April 2024	Exercised during the year	Outstanding at 31 March 2025
Employees	23 September 2021	1.12	23 September 2021 to 22 September 2031	4,000,000	(4,000,000)	–
				4,000,000	(4,000,000)	–
Exercisable at the beginning/ end of the year				4,000,000		–
Weighted average exercise price				HK\$1.12		N/A

Grantee	Date of grant	Exercise price HK\$	Exercisable period	Number of share option		
				Outstanding at 1 April 2023	Exercised during the year	Outstanding at 31 March 2024
Employees	23 September 2021	1.12	23 September 2021 to 22 September 2031	4,000,000	–	4,000,000
				4,000,000	–	4,000,000
Exercisable at the beginning/ end of the year				4,000,000		4,000,000
Weighted average exercise price				HK\$1.12		HK\$1.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

30. SHARE OPTION SCHEME (Continued)

(c) Share options granted on 15 December 2022

Grantee	Date of grant	Exercise price HK\$	Exercisable period	Number of share option		
				Outstanding at 1 April 2024	Exercised during the year	Outstanding at 31 March 2025
Directors	15 December 2022	0.574	15 December 2022 to 14 December 2032	12,987,000	(9,187,000)	3,800,000
Employees	15 December 2022	0.574	15 December 2022 to 14 December 2032	16,800,000	(10,500,000)	6,300,000
				29,787,000	(19,687,000)	10,100,000
Exercisable at the beginning/ end of the year				29,787,000		10,100,000
Weighted average exercise price				HK\$0.574		HK\$0.574

Grantee	Date of grant	Exercise price HK\$	Exercisable period	Number of share option		
				Outstanding at 1 April 2023	Exercised during the year	Outstanding at 31 March 2024
Directors	15 December 2022	0.574	15 December 2022 to 14 December 2032	12,987,000	–	12,987,000
Employees	15 December 2022	0.574	15 December 2022 to 14 December 2032	16,800,000	–	16,800,000
				29,787,000	–	29,787,000
Exercisable at the beginning/ end of the year				29,787,000		29,787,000
Weighted average exercise price				HK\$0.574		HK\$0.574

31. RETIREMENT BENEFIT SCHEME

Since 1 December 2000, the Group has operated pension schemes under the rules and regulations of the Mandatory Provident Fund Scheme (“MPF Scheme”) for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. Contributions are made based on a percentage of the employee’s salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as incurred in accordance with the rules of the MPF scheme.

The employees of the Group’s subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligations of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK\$789,000 (2024: HK\$739,000) represents contributions paid to the schemes by the Group at rates specified in the rules of the schemes.

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes bank borrowings, lease liabilities, loans from a shareholder and a controlling shareholder and convertible bonds and derivative financial instruments thereto as disclosed in notes 24, 25, 26 and 28, respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the issuance of new shares and raising of new borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Amortised cost	48,300	35,377
Financial liabilities		
Amortised cost	230,116	190,945
Fair value through profit or loss		
– Derivative financial instruments	2,137	17,000

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, deposits, bank balances and cash, trade payables, other payables, bank borrowings, convertible bonds and derivative financial instruments thereto, and loans from a shareholder and a controlling shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Interest rate risk

The Group's fair value interest rate risk relates primarily to convertible bonds, fixed-rate bank borrowing, lease liabilities and loans from a shareholder and a controlling shareholder. The Group has not used any derivatives to hedge against the risk as the directors of the Company consider that the Group's exposure to fair value interest rate risk is not significant.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. It is the Group's policy to keep its bank balances at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors of the Company consider the Group's exposure to interest rate risk relating to variable-rate bank balances is insignificant. Accordingly, no sensitivity analysis is presented.

33. FINANCIAL INSTRUMENTS (Continued)**Financial risk management objectives and policies (Continued)****Market risk (Continued)****Currency risk**

The Group's major monetary assets and liabilities are denominated in the functional currencies of the respective group entities, except for certain balances denominated in HK\$ and US\$ for the group entities with HK\$ or US\$ or RMB as their functional currencies.

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

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Functional currency as US\$ against HK\$	23	–	–	(2,605)
Functional currency as RMB against HK\$	1	18	–	–

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

For a group entity with US\$ or HK\$ as its functional currency and holding monetary assets and/or liabilities denominated in HK\$ or US\$, the directors of the Company consider that, as HK\$ is pegged to US\$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK\$ against US\$ or US\$ against HK\$. Accordingly, no sensitivity analysis is presented below.

The directors of the Company consider that the sensitivity of the Group's exposure against the changes in foreign exchange rates are not significant as the foreign currency denominated monetary assets and liabilities of individual group entities were insignificant at the end of the reporting period. Accordingly, no sensitivity analysis is presented.

Other price risk

For the year ended 31 March 2025, the Company is required to estimate the fair value of the derivative financial instruments in relation to the convertible bonds, including conversion and early redemption options, with changes in fair value to be recognised in the consolidated statement of profit or loss as long as the convertible bonds are outstanding. The fair value will be affected either positively or negatively, amongst others, by the changes in the share price of the Company, expected volatility and risk-free rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk (Continued)

Sensitivity analysis

If the stock price of ordinary share of the Company had been 25% higher/lower and all other input variables of the valuation model were held constant, the Group's post-tax loss for the year ended 31 March 2025 would increase by approximately HK\$1,020,000 (2024: HK\$8,764,000) and decrease by approximately HK\$465,000 (2024: HK\$7,803,000) respectively, as a result of changes in fair value of the derivative financial instruments in relation to the convertible bonds.

If the expected volatility of stock price of ordinary share of the Company had been 5% higher/lower and all other input variables of the valuation model were held constant, the Group's post-tax loss for the year ended 31 March 2025 would increase by approximately HK\$68,000 (2024: HK\$949,000) and decrease by approximately HK\$64,000 (2024: HK\$957,000) respectively, as a result of changes in fair value of the derivative financial instruments in relation to the convertible bonds.

In management's opinion, the sensitivity analyses above are unrepresentative of the inherent price risk as the pricing model used in the valuation of these derivatives involves multiple variables and certain variables are interdependent.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impairment	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment individually:

	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
				2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost					
Trade receivables – from contracts with customers	N/A	Low risk	Lifetime ECL (not credit-impaired)	4,476	3,962
	N/A	Loss	Lifetime ECL (credit- impaired)	1,079	616
Other receivables and deposits	N/A	Low risk	12m ECL (not credit- impaired)	26,859	15,125
Other receivables	N/A	Loss	Lifetime ECL (credit- impaired)	3,616	3,667
Bank balances	Baa2 to A1	N/A	12m ECL (not credit- impaired)	16,894	16,214

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To measure ECL of trade receivables, the Group applies internal credit rating for its customers and they are assessed individually by reference to past default experience, current past due exposure of the debtors and an analysis of the debtors' current financial position. The ECL rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

The Group has concentration of credit risk on the trade receivables. As at 31 March 2025, the largest trade debtor accounts for 94% (2024: 39%) of the carrying amount of trade receivables and the largest three trade debtors account for 99% (2024: 81%) of the carrying amount of trade receivables. The directors of the Company are of the opinion that the credit risk in respect of these customers are not material as continuous repayments from these customers were noted during the year.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on past default experience, current past due exposure of the debtors and an analysis of the debtors' current financial position within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances with gross carrying amounts of HK\$5,555,000 as at 31 March 2025 (2024: HK\$4,578,000) were assessed individually as below.

Gross carrying amount

Internal credit rating	2025		2024	
	Average	Trade	Average	Trade
	loss rate %	receivables HK\$'000	loss rate %	receivables HK\$'000
Low risk	0.1	4,476	0.1	3,962
Loss	100	1,079	100	616
		5,555		4,578

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group assessed the ECL for other receivables and deposits individually by current past due exposure of the debtors and forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. As at 31 March 2025, the Group recognised allowance for credit losses for other receivables of HK\$3,616,000 (2024: HK\$3,667,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

The following table shows the movement in ECL that has been recognised for trade and other receivables under the simplified approach.

	Trade receivables		Other receivables	
	(not credit- impaired)	(credit- impaired)	(credit- impaired)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023	–	638	3,796	4,434
Impairment loss reversed	–	–	–	–
Exchange realignment	–	(22)	(129)	(151)
At 31 March 2024 & 1 April 2024	–	616	3,667	4,283
Impairment loss recognised	–	477	–	477
Exchange realignment	–	(14)	(51)	(65)
At 31 March 2025	–	1,079	3,616	4,695

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents (representing bank balances and cash) deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative financial instruments in relation to convertible bonds. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments in relation to convertible bonds. The tables have been drawn up based on the undiscounted contractual net cash outflows on the derivative financial instruments that settle on a net basis. The liquidity analysis for the derivative financial instruments of the Group is prepared based on the Maturity Date as the management of the Group considers that the Maturity Date is essential for an understanding of the timing of the cash flows of derivative financial instruments.

	Weighted average interest rate % per annum	On demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
As at 31 March 2025							
Trade payables	N/A	4,421	–	–	–	4,421	4,421
Other payables	N/A	21,676	–	–	–	21,676	21,676
Lease liabilities	5.25	1,028	453	–	–	1,481	1,421
Fixed-rate bank borrowings	4.22	14,507	3,563	14,260	1,782	34,112	30,831
Convertible bonds	22.9	52,000	–	–	–	52,000	45,395
Loans from a shareholder and a controlling shareholder	5.80	–	35,836	111,113	–	146,949	123,793
		93,632	39,852	125,373	1,782	260,639	227,537
Derivatives – net settlement							
Derivative financial instruments in relation to convertible bonds	N/A	2,137	–	–	–	2,137	2,137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate % per annum	On demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
As at 31 March 2024							
Trade payables	N/A	3,531	–	–	–	3,531	3,531
Other payables	N/A	21,720	–	–	–	21,720	21,720
Lease liabilities	5.16	1,906	1,883	1,290	–	5,079	4,735
Fixed-rate bank borrowing	4.50	3,629	3,629	9,074	10,888	27,220	22,995
Convertible bonds	22.90	–	52,000	–	–	52,000	36,948
Loans from a shareholder and a controlling shareholder	4.97	–	19,630	103,232	–	122,862	105,751
		30,786	77,142	113,596	10,888	232,412	195,680

Derivatives – net settlement

Derivative financial instruments in relation to convertible bonds	N/A	–	17,000	–	–	17,000	17,000
-------------------------------------------------------------------------	-----	---	--------	---	---	--------	--------

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fluctuations in the fair value of the assets and liabilities are explained to the board of directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

(i) **Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis**

The Group's derivative financial instruments in relation to convertible bonds are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of the derivative financial instruments are determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Fair value as at 31 March		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2025 HK\$'000	2024 HK\$'000			
Derivative financial instruments	Liabilities – 2,137	Liabilities – 17,000	Level 3	Binomial option pricing mode	Expected volatility of 60.71% (2024: 59.80%) (Note)

Note: A slight increase in the expected volatility used in isolation would result in a significant increase in the fair value of the conversion option derivatives, and vice versa. The sensitivity analysis on change in expected volatility is presented in "other price risk".

Reconciliation of Level 3 fair value measurement of the derivative financial instruments are presented in note 28.

(ii) **Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)**

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liability arising from financing activities, including both cash and non-cash changes. Liability arising from financing activities is that for which cash flows were, or future cash flow will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Loans from a shareholder and a controlling shareholder HK\$'000	Convertible bonds and derivative financial instruments HK\$'000	Total HK\$'000
At 1 April 2023	19,823	219	99,700	43,053	162,795
Finance costs recognised	1,038	153	4,701	6,895	12,787
Loss on fair value changes of derivative financial instruments	–	–	–	4,000	4,000
Adjustment to shareholder's contribution reserve	–	–	(8,051)	–	(8,051)
New and extended leases	–	6,067	–	–	6,067
Financing cash flows	2,804	(1,707)	12,614	–	13,711
Exchange difference	(670)	3	(3,213)	–	(3,880)
At 31 March 2024	22,995	4,735	105,751	53,948	187,429
Finance costs recognised	1,499	162	6,643	8,447	16,751
Gain on fair value changes of derivative financial instruments	–	–	–	(14,863)	(14,863)
Adjustment to shareholder's contribution reserve	–	–	11,995	–	11,995
New lease	–	351	–	–	351
Termination of lease	–	(2,803)	–	–	(2,803)
Financing cash flows	6,807	(991)	728	–	6,544
Exchange difference	(470)	(33)	(1,324)	–	(1,827)
At 31 March 2025	30,831	1,421	123,793	47,532	203,577

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

35. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group's investment properties held for rental purposes have committed lessees for the next four (2024: five) years.

Undiscounted lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	5,920	5,870
In the second year	6,030	5,975
In the third year	5,701	6,081
In the fourth year	–	4,697
	17,651	22,623

During the year, the Group earned gross rental income from investment properties amounted to HK\$5,056,000 (2024: HK\$5,172,000) and incurred direct operating expenses therefore amounted to HK\$769,000 (2024: HK\$680,000).

36. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 12 is as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	5,329	5,421
Post employment benefits	158	187
	5,487	5,608

The remuneration of key management personnel of the Group is determined having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

37. PLEDGE OF ASSETS

The Group's bank borrowing had been secured by the pledge of the Group's assets at the carrying amounts of the respective assets are as follows:

	2025 HK\$'000	2024 HK\$'000
Property, plant and equipment	10,575	3,463
Investment properties	73,573	83,485
Right-of-use assets	6,568	4,991
	90,716	91,939

38. NON-CASH TRANSACTIONS

During the year ended 31 March 2025, the Group early terminated a lease agreement and derecognised rights-of-use assets of HK\$2,740,000 and lease liabilities of HK\$2,803,000, resulting in a gain on early termination of a lease of HK\$63,000 that is a non-cash transaction.

During the year ended 31 March 2025, the Group obtained new loans, early repaid and extended the repayment date for certain loans from a shareholder and a controlling shareholder that resulted in non-cash adjustments to these loans amounting to HK\$2,631,000, HK\$2,190,000 and HK\$395,000. The Group modification of the loan terms from interest-free to interest bearing for loans from a controlling shareholder that resulted in non-cash adjustment to these loans amounting to HK\$12,831,000.

During the year ended 31 March 2025, the Group entered into new lease agreements for the use of leased properties for 3 years (2024: 3 to 4 years). On the lease commencement, the Company recognised rights-of-use assets of HK\$347,000 (2024: HK\$6,112,000) (including fair value adjustment to a rental deposit) and lease liabilities of HK\$351,000 (2024: HK\$6,067,000) that is a non-cash transaction.

During the year ended 31 March 2024, the Group obtained new loans, early repaid and extended the repayment date for certain loans from a shareholder and a controlling shareholder that resulted in non-cash adjustments to these loans amounting to HK\$4,559,000, HK\$1,605,000, and HK\$5,097,000, respectively

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company as at 31 March 2025 and 2024 are as follows:

Name of subsidiary	Country/place of incorporation or registration	Principal place of operation	Nominal value of issued/registered capital	Proportion of nominal value of issued/registered capital held by the Group		Principal activities
				2025 %	2024 %	
First Corporate International Limited*	British Virgin Islands ("BVI")	HK	US\$1	100%	100%	Investment holding
Nation Power Group Limited*	BVI	HK	US\$100	100%	100%	Investment holding
Sinoble Jewelry Limited	Hong Kong	HK	HK\$1	100%	100%	Jewelry business for purchase and distribution of jewelry
廣州億恒珠寶有限公司 (note (2))	The PRC	The PRC	HK\$15,000,000	100%	100%	Jewelry business for purchase and distribution of jewelry
Guo Rong Holdings Limited	Hong Kong	HK	HK\$1	100%	100%	Cost center for other group entities
Global Fortune Investment Limited*	Republic of Seychelles	HK	US\$1	100%	100%	Investment holding
寧波升谷節能科技有限公司 (note (2))	The PRC	The PRC	HK\$25,000,000	100%	100%	Energy business for manufacturing and distribution of solar energy products
余姚市億恒太陽能科技有限公司 (note (2))	The PRC	The PRC	RMB60,000	100%	100%	Energy business for manufacturing and distribution of solar energy products
Effective Success Limited*	Republic of Seychelles	HK	US\$1	100%	100%	Investment holding
NEF Power (Taizhou) Co., Ltd. (北能電氣(泰州)有限公司) ("NEF Taizhou") (note (1))	The PRC	The PRC	RMB1,000,000	51%	51%	Energy business for manufacturing and distribution of solar energy products and related services
Chengdu Kaibangyuan (note (1))	The PRC	The PRC	RMB27,000,000	51%	51%	Energy business for sale of refined oil and LNG
深圳中液新能源有限公司 (note (1) and (3))	The PRC	The PRC	RMB10,000,000	51%	–	Energy business for sale of LNG

* Directly held by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

- (1) This entity is established in the PRC in form of a limited liability Company.
- (2) These entities are established in the PRC in form of wholly foreign owned enterprises.
- (3) This entity is established during year ended 31 March 2025.

The above table only includes those subsidiaries which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all 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 subsisting at the end of the year or at any time during the year.

The PRC subsidiaries maintained RMB denominated bank balances. The remittance of these funds out of the PRC is subject to exchange restriction imposed by the PRC government.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in HK. The principal activities of these subsidiaries are either investment holding or inactive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

40. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
NEF Taizhou	Incorporated and operating in the PRC – Taizhou	49%	49%	74	(706)	(7,308)	(7,386)
Chengdu Kaibangyuan	Incorporated and operating in the PRC – Chengdu	49%	49%	1,418	727	32,070	31,275
An immaterial subsidiary with non-controlling interests				(355)	–	(626)	–
				1,137	21	24,136	23,889

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

40. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

The summarised financial information below represents amounts shown in NEF Taizhou's and Chengdu Kaibangyuan's financial statements prepared in accordance with HKFRS Accounting Standards before intragroup elimination.

NEF Taizhou

	As at 31 March	
	2025 HK\$'000	2024 HK\$'000
Current assets	998	1,033
Non-current assets	–	4
Current liabilities	(15,902)	(16,112)
Equity attributable to owners of the Company	(14,914)	(7,689)
Non-controlling interests of NEF Taizhou	(7,308)	(7,386)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

40. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

NEF Taizhou (Continued)

	For the year ended 31 March	
	2025 HK\$'000	2024 HK\$'000
Revenue	197	38
Expenses	(45)	(1,481)
Profit (loss) for the year	152	(1,443)
Profit (loss) attributable to owners of the Company	78	(727)
Profit (loss) attributable to non-controlling interests of NEF Taizhou	74	(706)
Profit (loss) for the year	152	(1,443)
Other comprehensive income (expense) attributable to owners of the Company	5	(25)
Other comprehensive income (expense) attributable to non-controlling interests of NEF Taizhou	4	(24)
Other comprehensive income (expense) for the year	9	(49)
Total comprehensive income (expense) attributable to owners of the Company	83	(762)
Total comprehensive income (expense) attributable to non-controlling interests of NEF Taizhou	78	(730)
Total comprehensive income (expense) for the year	161	(1,492)
Net cash outflows from operating activities and net cash outflows	–	(19)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

40. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

Chengdu Kaibangyuan

	As at 31 March	
	2025 HK\$'000	2024 HK\$'000
Current assets	42,876	27,442
Non-current assets	53,873	57,460
Current liabilities	(29,047)	(19,063)
Non-current liabilities	(2,254)	(2,011)
Equity attributable to owners of the Company	65,448	32,553
Non-controlling interests of Chengdu Kaibangyuan	32,070	31,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

40. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

Chengdu Kaibangyuan (Continued)

	For the year ended 31 March	
	2025 HK\$'000	2024 HK\$'000
Revenue	184,418	170,204
Expenses	(181,525)	(168,720)
Profit for the year	2,893	1,484
Profit attributable to owners of the Company	1,475	757
Profit attributable to non-controlling interests of Chengdu Kaibangyuan	1,418	727
Profit for the year	2,893	1,484
Other comprehensive expense attributable to owners of the Company	(649)	(686)
Other comprehensive expense attributable to non-controlling interests of Chengdu Kaibangyuan	(623)	(661)
Other comprehensive expense for the year	(1,272)	(1,347)
Total comprehensive income attributable to owners of the Company	826	71
Total comprehensive income attributable to non-controlling interests of Chengdu Kaibangyuan	795	66
Total comprehensive income for the year	1,621	137
Net cash outflows from operating activities	(10,522)	(2,470)
Net cash outflows from investing activities	(65)	(63)
Net cash inflows from financing activities	10,314	–
Net cash outflows	(273)	(2,533)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Unlisted investment in subsidiaries	–	–
Amounts due from subsidiaries	104,230	88,746
	104,230	88,746
Current assets		
Amounts due from subsidiaries	2,336	1,371
Bank balances	59	20
	2,395	1,391
Current liabilities		
Amounts due to subsidiaries	91	–
Other payables and accruals	4,239	5,144
Convertible bonds	45,395	–
Derivative financial instruments	2,137	–
	51,862	5,144
Net current liabilities	(49,467)	(3,753)
Total assets less current liabilities	54,763	84,993
Non-current liabilities		
Loans from a controlling shareholder	32,735	21,871
Convertible bonds	–	36,948
Derivative financial instruments	–	17,000
	32,735	75,819
Net assets	22,028	9,174
Capital and reserves		
Share capital (Note 29)	4,121	3,876
Reserves (Note)	17,907	5,298
Total equity	22,028	9,174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2025

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note:

Movements in the Company's reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Shareholder's Contribution reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2023	213,132	22,666	8,485	(730)	3,952	(224,862)	22,643
Loss for the year	-	-	-	-	-	(16,086)	(16,086)
Other comprehensive expense for the year	-	-	-	(2,810)	-	-	(2,810)
Total comprehensive expense for the year	-	-	-	(2,810)	-	(16,086)	(18,896)
Deemed capital contribution from a controlling shareholder	-	-	-	-	1,551	-	1,551
At 31 March 2024	213,132	22,666	8,485	(3,540)	5,503	(240,948)	5,298
Loss for the year	-	-	-	-	-	(463)	(463)
Other comprehensive expense for the year	-	-	-	(546)	-	-	(546)
Total comprehensive expense for the year	-	-	-	(546)	-	(463)	(1,009)
Exercise of share options	22,400	-	(6,337)	-	-	-	16,063
Deemed capital contribution from a controlling shareholder	-	-	-	-	(2,445)	-	(2,445)
At 31 March 2025	235,532	22,666	2,148	(4,086)	3,058	(241,411)	17,907

FIVE YEARS FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	228,105	188,549	247,893	193,111	56,220
Loss before taxation	(19,139)	(30,885)	(12,618)	(13,501)	(26,470)
Income tax credit (expense)	1,106	(144)	(2,040)	(2,523)	(681)
Loss for the year	(18,033)	(31,029)	(14,658)	(16,024)	(27,151)
Attributable to:					
Owners of the Company	(19,170)	(31,050)	(11,906)	(13,976)	(24,613)
Non-controlling interests	1,137	21	(2,752)	(2,048)	(2,538)
	18,033	(31,029)	(14,658)	(16,024)	(27,151)

ASSETS AND LIABILITIES

	At 31 March				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Non-current assets	190,521	210,033	218,576	176,386	168,914
Current assets	73,306	49,289	37,439	65,650	66,206
Current liabilities	(100,235)	(36,557)	(29,603)	(36,971)	(43,554)
Net current (liabilities) assets	(26,929)	12,732	7,836	28,679	22,652
Total assets less current liabilities	163,592	222,765	226,412	205,065	191,566
Non-current liabilities	(151,715)	(194,937)	(171,999)	(150,148)	(138,248)
Net assets	11,877	27,828	54,413	54,917	53,318