In-Tech

中國智能科技有限公司
China In-Tech Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00464

ANNUAL REPORT
2026

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Huijun *(Chairman)*
Ms. Cai Dongyan *(Chief Executive Officer)*
Mr. Zhou Li Yang
Mr. Zhang Jiayou (re-designated on 15 May 2026)

Independent Non-Executive Directors

Mr. Hu Zhigang
Mr. Ma Yu-heng
Professor Wang Zehua (appointed on 15 May 2026)

COMPANY SECRETARY

Mr. Ong Kam Chit Vincent

AUDIT COMMITTEE

Mr. Ma Yu-heng *(Chairman)*
Mr. Hu Zhigang
Mr. Zhang Jiayou (ceased on 15 May 2026)
Professor Wang Zehua (appointed on 15 May 2026)

NOMINATION COMMITTEE

Mr. Hu Zhigang *(Chairman)*
Ms. Cai Dongyan (appointed on 3 June 2025)
Mr. Zhang Jiayou (ceased on 15 May 2026)
Mr. Ma Yu-heng
Professor Wang Zehua (appointed on 15 May 2026)

REMUNERATION COMMITTEE

Mr. Hu Zhigang *(Chairman)*
Mr. Zhang Huijun
Mr. Zhang Jiayou (ceased on 15 May 2026)
Mr. Ma Yu-heng
Professor Wang Zehua (appointed on 15 May 2026)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
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Cayman Islands

PRINCIPAL PLACE OF BUSINESS

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Email: Info@co-nuoxin.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
Shop 1712–1716,
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISER

Raymond Siu & Lawyers

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank Limited

CORPORATE WEBSITE

www.chinaintech464.com

STOCK CODE

00464

Financial Highlights

For the year ended 31 March	**2026** **HK$'000**	2025 HK$'000
Operating result		
Revenue	**76,797**	105,797
Gross profit/(loss)	**6,802**	(5,480)
Net loss	**(32,321)**	(54,209)
Per share data	**HK cents**	HK cents
Basic and diluted loss per share	**(4.51)**	(8.96)
Net assets/(liabilities) per share	**9.88**	(1.43)
Financial position	**HK$'000**	HK$'000
Bank and cash balances	**35,880**	11,399
Total assets	**144,715**	79,476
Net assets/(liabilities)	**76,870**	(5,437)

Chairman's Statement

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the audited consolidated financial results of China In-Tech Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2026 (the "**Year**").

BUSINESS OVERVIEW

Looking back over the past year, the global economy has entered a deeply complex and uncertain period of profound adjustment. During 2025 and 2026, although global inflationary pressures eased to a certain extent, the marginal effects of the high-interest rate environment continued to suppress end-consumer demand. Meanwhile, the economy of The People's Republic of China (the "**PRC**") is undergoing a structural transformation, with the recovery pace of domestic demand remaining sluggish. This, compounded by supply chain restructuring and intense, cut-throat competition within industries, has exerted persistent pressure on commodity and manufacturing costs. Facing such a severe macroeconomic environment, the Group has strived to navigate various challenges. For the Year, due to weakness in core markets and intensifying market competition, the Group's total revenue decreased as expected. The revenue from the electrical haircare appliance segment decreased by approximately 47.6% from approximately HK$75,246,000 for the last financial year to approximately HK$39,408,000 for the Year. The revenue from the information technology service segment increased by approximately 22.4% from approximately HK$30,551,000 for the last financial year to approximately HK$37,389,000 for the Year.

The revenue of the Group decreased by approximately 27.4% from approximately HK$105,797,000 for the last financial year to approximately HK$76,797,000 for the Year. The Group had recorded a net loss of approximately HK$32,321,000, which decreased by approximately 40.4% from approximately HK$54,209,000 for the last financial year.

The Board does not recommend the declaration of a final dividend in respect of the Year.

Improvement of Audit Opinion and Financial Optimisation

The auditors of the Company did not express an opinion on the consolidated financial statements of the Group for the last financial year. This modified audit opinion related to the material uncertainty regarding the Group's ability to continue as a going concern. As the opening balances of the consolidated financial statements for the last financial year were carried forward to the Year, it inevitably brought a phased carry-over impact on the audit of the Group's consolidated financial statements for the Year.

Nevertheless, the Board has always maintained a proactive, pragmatic, and prudent attitude in confronting the aforementioned challenges. During the Year, the Group collaborated closely with the management and professional advisers to implement plans to address the modified audit opinion. In particular, the Company successfully raised funds through the issuance of new shares of the Company, which not only replenished the Group's working capital in a timely manner but also substantially optimised the Group's capital structure. Besides, through costs control measures and optimisation of the operation structure, staff costs, being one of the major operational cost, have significantly decreased during the Year. The core issues involved in the modified audit opinion of the last financial year have been rectified during the Year, and the uncertainty regarding the going concern has been materially alleviated. The auditors of the Company removed the disclaimer of opinion.

Initial Development of Web 3.0 Technology in the Information Technology Service Segment

While consolidating its financial foundation, the Board has also been actively seeking new growth engines for the Group to break through the stagnation of its traditional businesses. As disclosed in the announcements of the Company during the Year, the Group has been expanding the blueprint of its information technology service segment and has commenced the research and development of services and platforms involving Web 3.0 and blockchain technologies. During the Year, the Group initiated the preliminary development of its Web 3.0 business, which included assembling a core technical team, exploring application scenarios for decentralised technology, and actively seeking cooperation opportunities for high-quality projects. Although this business is currently in the initial stage of exploration and resource allocation, it has laid a crucial cornerstone for the Group's advancement into high-growth, frontier technology fields.

PROSPECTS

Looking ahead to the 2026/27 financial year, the global economy is expected to continue its trend of low growth rate, with geopolitical risks and trade barriers persisting. While the PRC's economy is anticipated to show a more resilient structural recovery in 2027 supported by government policies, short-term downward pressure and market restructuring will continue. In view of this, the Group maintains an optimistic yet cautious approach towards its business prospects for the coming year, while continuing to diversify its operations.

For the electrical haircare appliance segment, the focus will be on maintaining stable operations, controlling costs, and halting the decline in revenue. On this basis, the Group will closely monitor global trends in the green economy and smart personal care to restructure its product portfolio, while seeking contract manufacturing opportunities for high-margin, high-end brands.

Regarding the information technology service segment, despite profit margins being under pressure, the Group will leverage its existing customer base and technical expertise to strive for stable revenue scale. As Web 3.0 and virtual asset technologies reshape the global financial and digital economy landscape, the Group will explore new business opportunities that integrate its current information technology services with Web 3.0 technology to expand its revenue streams. The Group will accelerate the commercial implementation of this sector while continuously reviewing market opportunities. It does not rule out the possibility of further increasing capital investment and forming strategic alliances with other commercial partners within regulatory frameworks, aiming to transform Web 3.0-related businesses into a stable source of revenue and profit for the Group in the shortest possible time.

In addition, the Group will continue to explore possible investment opportunities, to expand and diversify its business and activities, with a view to create new sources of income and to maximize the return to the Company and its shareholders in the long run.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to all employees for their diligence and steadfast commitment to their work during the year. I would also like to thank our shareholders for their confidence in the Group, our customers worldwide for their trust in our products and services, as well as our bankers and business partners for their ongoing support.

By Order of the Board

Zhang Huijun
Chairman

Hong Kong, 29 June 2026

COMPANY PROFILE

The Group was founded in 1984 and has been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 2005. It is principally engaged in the business of design, manufacture and sales of electrical haircare appliances and provision of information technology system platform development services in the PRC. Its headquarter is in Hong Kong and it operates a manufacturing base in Dongguan and operational office in Xiamen, the PRC.

FINANCIAL REVIEW

Revenue

	For the year ended 31 March				
	2026		2025		Change
	HK$ million	**% of revenue**	HK$ million	% of revenue	%
Electrical haircare appliance	**39.4**	**51.3%**	75.2	71.1%	-47.6%
Information technology service	**37.4**	**48.7%**	30.6	28.9%	+22.2%
Total	**76.8**	**100%**	105.8	100%	-27.4%

During the Year, the Group recorded revenue of approximately HK$76,797,000 (2025: HK$105,797,000), representing a decrease of approximately 27.4% from the last financial year. The decrease in revenue was the combined effect of the decrease in the revenue of approximately HK$35,838,000 from the electrical haircare appliance segment and the increase in the revenue of approximately HK$6,838,000 from the information technology service segment.

Electrical Haircare Appliance

The decrease in revenue from the electrical haircare appliance segment was mainly due to the low consumer sentiment resulting from the worldwide economic uncertainties and the geopolitical tensions. It has adversely affected our orders from European and Asian markets for the Year.

The detailed reasons of decrease in revenue from the electrical haircare appliance segment during the Year are as follows:

By product types

The average unit price of the electrical haircare products increased by approximately 19.9% in comparison to the last financial year. It was contributed by the revenue from the sale of multi-functional styler with increases in both unit prices and quantities sold by approximately 196.3% and 73.4%, respectively.

The unit prices of hair dryer and hair straightener, being two major products of this business segment, also increased during the Year. However, the quantities of these two major products sold during the Year decreased by approximately 62.7% and 56.7%, respectively. The total quantities of products sold during the Year decreased by approximately 56.5%.

By customers

The business from five major customers of this segment for the Year decreased by approximately 43.6% in term of revenue and 51.4% in term of quantity. Due to the weak demand, only four out of five major customers of this segment for the last financial year remains as the major customers for the Year.

By locations

In 2025, the economic growth of the European region remains sluggish with the growth rate below expectations. Due to the uncertainties of trade policy, geopolitical risks and interest rates, revenues of this segment from certain major European countries, such as United Kingdom, Netherlands, Hungary and Slovakia, decreased in the range of approximately 16% to 82%.

For the Asian region, the Japan market, which serves as the primary contributor of revenue in the region, continued to experience a decline in revenue during the Year due to persistently weakening demand. Revenue from Japan market decreased by approximately 75.3% compared to the last financial year, primarily attributable to a substantial reduction in revenue from one major Japanese customer that had contributed significantly in the last financial year. To compensate the loss of revenue from this source, the Group has initiated discussions with other customers in the region and has been endeavouring to maintain its market share.

Information Technology Service

The increase in revenue from the information technology service segment was mainly due to the increase in the number of completed orders during the Year. Given that potential customers in general prefer service providers with established track records and reputation, the order confirmation probability is inevitably unstable. The slower-than-expected economic recovery during the post pandemic era also posed difficulties and challenges to the business of this business segment.

For details of the services provided during the Year of this segment, please refer to the paragraphs below the heading of "Information Technology Service" under the "Business Review" section on page 11 of this annual report.

Cost of Sales

	For the year ended 31 March				
	2026		2025		Change
	HK$ million	**% of revenue**	HK$ million	% of revenue	%
Electrical haircare appliance	**35.7**	**46.5%**	81.4	76.9%	-56.1%
Information technology service	**34.3**	**44.6%**	29.9	28.3%	+14.7%
Total	**70.0**	**91.1%**	111.3	105.2%	-37.1%

Gross Profit/(Loss)

	For the year ended 31 March			
	2026	2025	Change	Change
	HK$ million	HK$ million	HK$ million	%
Electrical haircare appliance	**3.7**	(6.2)	+9.9	+159.7%
Information technology service	**3.1**	0.7	+2.4	+342.9%
Total	**6.8**	(5.5)	+12.3	+223.6%

Gross Profit/(Loss) Margin

	For the year ended 31 March		
	2026	2025	Change
	%	%	
Electrical haircare appliance	**9.4%**	(8.2%)	+17.6pp
Information technology service	**8.3%**	2.3%	+6.0pp
The Group	**8.9%**	(5.2%)	+14.1pp

During the Year, the Group reported a gross profit of approximately HK$6,802,000 (2025: gross loss of HK$5,480,000), representing a gross profit margin of approximately 8.9% (2025: gross loss margin 5.2%).

The increase in gross profit of the electrical haircare appliance segment was mainly caused by the decrease in the labour cost resulting from the optimisation of the operation with less headcounts of this segment during the Year, and partially offset by the increase in the overall prices of raw materials, especially electrical and metal materials, such as electrical assemblies and copper. In particular, due to the increase in demand in the manufacturing industries, the prices of copper, which was one of the major raw materials consumed by the Group, increased significantly in 2025.

The gross profit of the information technology service segment slightly increased by only approximately HK$2,400,000 during the Year. It was mainly caused by the low demand due to the economic uncertainties in the PRC and the increase in the cost of sales.

Due to the economic uncertainties and to maintain the customers' loyalty, we had to keep our service fee at a market competitive level. In the meantime, retaining our technical staff to provide high standard of services to our customers is important to the business operation. Those factors above led to a low gross profit of this segment.

Net Loss

	For the year ended 31 March			
	2026	2025	Change	Change
	HK$ million	HK$ million	HK$ million	%
Electrical haircare appliance	**(10.7)**	(35.7)	+25.0	+70.0%
Information technology service	**(4.2)**	(9.0)	+4.8	+53.3%
Unallocated	**(17.4)**	(9.5)	-7.9	-83.2%
Total	**(32.3)**	(54.2)	+21.9	+40.4%

A provision for expected credit losses on trade receivables under HKFRS9 "Financial Instruments" of approximately HK$1,266,000 (2025: HK$3,724,000) had been recognised. The increase in provision for expected credit losses on trade receivables was mainly due to the unsatisfactory trade receivables collection of the Group. The management has been actively negotiating with the customers to collect the receivables.

The Group has assessed the net realisable value of the inventories and recognised a provision of approximately HK$1,171,000 (2025: HK$260,000) for the inventories. It was mainly the slow-moving inventories of aged over 1 year mainly due to customers' discontinued projects.

Impairment losses on property, plant and equipment, right-of-use assets and prepayments of approximately HK$2,365,000, HK$6,257,000 and HK$373,000, respectively, were recognised during the last financial year. Impairment loss on prepayments of approximately HK$42,000 was recognised during the Year.

Loss before taxation for the Year was approximately HK$31,081,000 (2025: HK$55,738,000), representing a decrease of approximately 44.2% against the last financial year. The decrease in loss for the Year was mainly due to decrease in cost of sales and operating expenses, especially decrease in the staff costs resulting from the optimisation of the operational structure and improvement of the efficiency as planned. The percentage of total staff costs (not including directors' emoluments) to the revenue decreased from approximately 42.0% in the last financial year to approximately 30.4% in the Year.

For the unallocated segment, due to several potential business development projects, there were needs to obtain legal and professional advices. It led to an increase in legal and professional fee and financial consultancy fee during the Year and hence the loss from this segment increased significantly.

Loss for the Year was approximately HK$32,321,000, representing a decrease of approximately HK$21,888,000 when compared to the loss of approximately HK$54,209,000 for the last financial year.

Basic loss per share for the Year amounted to approximately HK4.51 cents, representing a decrease of approximately 49.7% when compared to the loss of approximately HK8.96 cents for the last financial year.

During the Year, no dividend was declared and paid (2025: Nil).

BUSINESS REVIEW

Market Review

Electrical Haircare Appliance

The products of the electrical haircare appliance segment are mainly sold on Original Design Manufacturing ("**ODM**") and Original Equipment Manufacturing ("**OEM**") basis. Its customers are mainly leading brand owners and importers who then resell the products to beauty supply retailers and wholesalers, chain stores, mass merchandisers, warehouse clubs, catalogues and grocery stores.

During the Year, global economic growth has slowed down significantly, with consumer demand in overseas core markets remaining weak. The Group's traditional reliance on major export markets in Europe and the United States has been hit by multiple negative factors, including the marginal effects of a high interest rate environment, lagging inflationary pressures, and partial restructuring of global logistics supply chains. At the retail end in Europe and the United States, major importers and distributors have generally adopted inventory reduction strategies these years and cut procurement orders for non-essential consumer electronics. Meanwhile, due to the uncertain macroeconomic outlook, the personal care appliances market has experienced a trend of consumption downgrading, leading to a sharp decline in the Group's overseas export revenue in this segment.

On the production and manufacturing side in the PRC, the Group has faced the same difficulties encountered by other manufacturers in the PRC during the Year. Rising labor costs in the PRC, coupled with increasing compliance and operational expenses, have further eroded the traditional cost advantage of manufacturing. Although commodity prices fell in the first half of the Year, core raw materials closely related to electrical haircare appliances — such as copper and plastics — experienced significant fluctuations in the second half of the Year. In addition, global geopolitical tensions have created high uncertainty in cross-border shipping costs and logistics efficiency, making production scheduling and precise inventory management increasingly difficult. The overall production cost of supply chain in the PRC continues to rise, leaving the Group in a dilemma between order pricing and profit margins.

From the perspective of the international market for PRC export products, competition has reached an intense stage. With relatively low technological barriers, a large number of small and medium-sized domestic manufacturers have emerged, resulting in overall overcapacity. Many PRC companies, in their bid to secure limited overseas orders, have triggered fierce price competition in the traditional OEM market. It does not only affects the profitability of the Group's existing export products but also leads to the loss of many mid-to-high-end European and American clients. More critically, some overseas countries have continuously raised tariffs and tightened technical, environmental, and certification requirements (such as stricter energy efficiency and safety certifications), significantly increasing compliance costs for PRC export products.

In response to the dual challenges of the global market and manufacturing environment in the PRC, the Group has been adopting proactive yet cautious strategies. It restructures product portfolio and production capacity of this segment, gradually phasing out low-margin products, and reduces excessive reliance on a single European and American market. The Group will focus more resources on the research and development of high-value-added, intelligent, and energy-efficient premium electrical haircare appliances, while actively expand into new markets. The goal is to maintain market share in a volatile environment through technological differentiation and competitive innovation.

General market for the electrical haircare appliances

Due to the worldwide economic uncertainties and the geopolitical tensions, the consumer sentiment was still low during the Year. It was observed that the ultimate consumers take longer period of time to replace home appliances in general. In particular, for electrical haircare appliances, as the useful lives of the products of the Group are usually long under normal daily household operations, they do not need to replace their electrical haircare appliances unless there is new product function or other necessary advanced requirement. It affected the demand of the products from the customers (mainly branding distributors) which sell the products to the ultimate consumers. Thus, it decreased the quantities of the products sold during the Year.

Change of consumer preference

In the past, consumers mainly focused on electrical haircare appliances with strong wind, high temperature and functions such as ionic function and cool/hot conversion. Nowadays, in addition to the above functions, consumers expect advanced technology such as AI temperature control with memory of consumer's preference, more convenient and portable in size for storage and travelling. In some major countries in the European regions, the market prefers more advanced products according to market research results and it caused the revenue from the European regions experiencing a significant decrease.

In light of the above, the Group has been endeavouring to expend effort in the research and development of new products with new features. However, it takes time to achieve a breakthrough in technology and some of the existing products were phased out during the Year. The Group will closely communicate with the customers to understand and accommodate their requirements and provide appropriate solutions to overcome this challenge.

As always, the Group has put efforts on improving the competitiveness of its high quality products together with bolstering its research and development capabilities with an aim to enhancing its market share and achieving a long-term relationship with its customers.

Information Technology Service

The Group commenced the business of provision of tailor-made information technology system platform (the "**Platform**") development services in the PRC to the customers in the second half of 2023 with a business partner (the "**Business Partner**") which holds 49% of the equity interest of Xiamen Tianyang Digital Technology Company Limited* (廈門天洋數字科技有限公司) ("**Xiamen Tianyang**"), an indirect non wholly-owned subsidiary of the Company.

In the recent years, the government of the PRC has actively promoted digital management of cities and used data to carry out urban governance and provide various services. They require the operations of different industries to carry out information management to improve urban governance standards and the quality of public services and thus accelerate economic development. With the promulgation of new policies for digital city, data elements and big data, the implementation of major projects in the PRC and the need for economic recovery after the pandemic, enterprises are also digitising their operations to meet their needs.

The Group designs tailor-made platforms to provide data integration and consolidation process services according to the requirements and needs of customers. The processes include data extracting, transforming and loading (ETL). The platforms integrate data from different systems, applications or data sources into a unified and user-friendly format to provide the customers of the Group with a unified, accessible, easy and convenient view of relevant data to facilitate analysis, reporting, and business decision-making. The Group also assists the customers in providing training for the use of the customised systems. The services of the Group allow its customers to improve the quality of decision-making, save cost of management and monitoring, increase operational efficiency, gain deeper customer understanding and promote innovation.

During the Year, revenue from the segment recorded a slight increase compared with the last financial year, mainly supported by the execution of existing contracts. However, the information technology service segment maintained revenue scale but the growth in gross profit was constrained.

In the PRC market, while overall demand for information technology services remained stable amid the ongoing advancement of enterprise digital transformation, the slowdown in the domestic economy led corporate clients to adopt a more cautious approach to information technology service budgets, with stricter approval processes for project-related expenditures. At the same time, intense competition in the domestic information technology services market posed downward pressure on service pricing and profit margins.

Globally, the technology industry is undergoing a new wave of transformation, represented by artificial intelligence and cloud computing. To avoid being left behind by international technology trends and to meet the urgent demand of core clients for new technology integration, the Group continued to invest in retaining senior technical talents and in research and development during the Year. The dual pressures of rising R&D and service costs, coupled with declining service prices due to market competition, placed the information technology service segment under operational strain. Despite profitability challenges, the strategic role of the information technology service segment as the Group's core technology backbone remains unchanged. The Group is actively implementing cost-reduction and efficiency-enhancement measures, optimizing project delivery processes, and channeling resources into higher-margin IT services, with the aim of gradually restoring and improving gross profit levels while maintaining stable revenue.

Meanwhile, the Group is exploring new business opportunities by integrating current IT services with Web 3.0 technologies to diversify revenue streams. During the Year, the Group collaborated with various professional teams to evaluate commercialisation plans for Web 3.0 technologies and to develop related platforms, with the goal of transforming these initiatives into a stable source of revenue and profit for the segment.

* *For identification purposes only*

During the Year, the Group has provided services to customers in different aspects as follows, including but not limited to:

Agricultural management platform

The platform integrates traditional agricultural management with modern information technology to form an intelligent management system. It incorporates sensor technology and big data analysis to assist farmers in improving production efficiency, reducing costs, and enhancing the quality and yield of agricultural products. The platform has multiple functional modules covering farmland utilisation, crop growth management, agricultural product quality monitoring, environmental monitoring and equipment management.

Smart campus management system for an educational institute

The system monitors the campus overview comprehensively covering, inter alia, climate, equipment, pedestrian flow, and patrol data. It also assists in emergency management including area monitoring, alarm monitoring and emergency notification to ensure the safety of the teachers, students and staff.

Supply chain management system

The system coordinates, integrates, and optimises various links of the supply chain, covering the entire process from raw material procurement, production, inventory management, order processing, logistics transportation to product delivery to the end consumer. The system improves supply chain operational efficiency and transparency through demand forecasting, real-time data analysis, and monitoring, reduces inventory costs, lowers production and logistics risks, and enhances customer satisfaction.

AI customer service management system

The system uses AI technology combined with multi-channel customer service and intelligent chatbots to achieve automated customer support and management. The system provides real-time responses, supports both voice and text customer service, integrates social platforms and websites, enhances service efficiency and customer experience, and optimises response processes through intelligent learning and data analysis. This helps enterprises to reduce labor costs and improve overall operational efficiency.

In the Year, the five major customers of the information technology service segment accounted for approximately 88.0% and 42.9% of the revenue of this segment and the Group, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2026, the Group had approximately HK$35,880,000 bank and cash balances (2025: HK$11,399,000). The increase in bank and cash balances was mainly attributable to the decrease in costs and expenses and increase in proceeds from the issue of new shares of the Company (the "**Share(s)**").

As at 31 March 2026, the Group had total borrowings of approximately HK$23,865,000 (2025: HK$35,005,000), comprising trade finance of HK$nil (2025: HK$1,781,000), bank borrowings of approximately HK$19,557,000 (2025: HK$26,896,000), bank overdrafts of approximately HK$4,308,000 (2025: HK$nil) and loans from a related party of HK$nil (2025: HK$6,328,000). The trade finance and bank borrowings and overdrafts carried interest rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (2025: 1.8% to 2.0%) or 1% (2025: 1%) below Prime Rate and 8% (2025: 8%) over Prime Rate, respectively.

The net current assets as at 31 March 2026 amounted to approximately HK$27,391,000 (2025: net current liabilities of approximately HK$3,624,000). Current ratio of the Group as at 31 March 2026 was approximately 1.41 (2025: 0.96).

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a sufficient liquidity position throughout the Year. To manage liquidity risk, the Board closely monitors the Group's liquidity position and actively explores fund raising opportunities to ensure that sufficient financial resources are available to meet its funding requirements and commitment in a timely manner.

CHARGES ON ASSETS

The Group had no charges on its assets as at 31 March 2026 (2025: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group's consolidated financial statements are presented in Hong Kong dollars. The Group conducts business transactions mainly in Hong Kong dollars, United States dollars and Renminbi. As the Hong Kong dollar remains pegged to the United States dollar, there was no material exchange risk in this respect. To manage fluctuation of the Renminbi, the Group was able to hedge Renminbi receipts and Renminbi payments on an ongoing basis with revenue generated in Mainland China. All of the Group's bank loan facilities are denominated in Hong Kong dollars and carry interest at floating rates.

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 March 2026, the Group had capital commitments of approximately HK$40,062,000 (2025: HK$912,000).

CONTINGENT LIABILITIES

As at 31 March 2026, the Group had no material contingent liabilities (2025: nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2026, the Group had a total workforce of 257 (2025: 344) including 22 employees (2025: 22) in Hong Kong. Employee costs, including directors' emoluments, amounted to approximately HK$24,674,000 for the Year (2025: HK$45,781,000). The Group's remuneration policy is underscored by the principle of awarding equitable packages to employees, incentive-based where applicable, with remunerations being performance-oriented and market-competitive. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, the Group offers other staff benefits including share options, performance-based bonuses, provident fund contributions and medical insurance coverage.

DIVIDENDS

The Directors do not recommend the declaration of a final dividend for the Year.

SIGNIFICANT INVESTMENTS HELD

Investment in an associate

As at 31 March 2026, the Group had interest in an associate of Panteon Fintech Limited ("**Panteon Fintech**"), with net book value of approximately HK$9,660,000. This investment is held through a wholly-owned subsidiary of the Company.

Details of the investment as at 31 March 2026, are as follows:

	As at 31 March 2026					For the Year	
Company name	**Number of shares held**	**Proportion to the total issued share capital of the associate**	**Original investment**	**Net book value**	**Proportion to the total assets of the Group**	**Share of loss of an associate**	**Dividends received**
			HK$'000	HK$'000		HK$'000	HK$'000
Panteon Fintech	7,500	15%	9,900	9,660	6.68%	(240)	–

Although the Company indirectly holds less than 20% of the voting power of Panteon Fintech, the Company exercises significant influence over Panteon Fintech because the Company is guaranteed a seat on the board of directors of Panteon Fintech pursuant to the joint venture and shareholders' agreement and hence has the power to participate in the making of significant financial and operating decisions in relation to Panteon Fintech.

Panteon Fintech is an investment holding company. It holds 100% interest in Smart Finance Capital Limited which was in the preliminary stage to engage in, inter alia, development and operation of settlement platform.

For the year ended 31 March 2026, the Group recognised share of loss of an associate of Panteon Fintech of approximately HK$240,000.

Investment in an associate of Panteon Fintech is a strategic choice designed to foster enduring partnerships that promote mutual growth. Our intention is to maintain this investment for the long term, with the goal of generating sustainable value of the Company and its shareholders over time.

Except for investments in its subsidiaries and the above investment in an associate, during the Year, the Group did not hold any other significant investment in equity interest in any other company.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Investment in an associate during the Year

On 2 December 2025, the Group entered into a joint venture and shareholders' agreement with a third party, pursuant to which, the parties to the agreement agreed to jointly set up Panteon Fintech and the Group agreed to invest HK$9,900,000 for 15% equity interest in Panteon Fintech. Up to 31 March 2026, the Group has contributed HK$9,500,000 to Panteon Fintech and the remaining balance of HK$400,000 has been contributed on 14 April 2026.

Disclosable transaction — Acquisition of properties

On 23 December 2025, CRT Technology Limited (創新科技有限公司) (the "**Purchaser**"), a direct wholly-owned subsidiary of the Company, and Ms. Wang Xiu Hua (王秀華女士) (the "**Vendor**"), entered into a sale and purchase agreement (the "**Agreement**"). Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire Units 16A, 16B, 16C, 16D, 16E, 16F, 16G, 16H, 16I, and 16J of China Economic Trade Building (中國經貿大廈) located at Zizhuqi Road, Zhuzilin, Futian District, Shenzhen, the PRC (the "**Properties**"). To the best of the knowledge, information, and belief of the Board after making all reasonable enquiries, the Vendor is an individual who is a Chinese merchant engaged in property development and is an independent third party of the Company. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the acquisition exceeded 5% but all were less than 25%, the transaction constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The consideration for the acquisition was RMB45,000,000 (approximately HK$49,500,000), which was subject to an adjustment mechanism set out in the Agreement. The consideration was determined after arm's length negotiations by reference to prevailing market conditions. The transaction is funded by the internal resources of the Group, while the Group would also consider exploring mortgage loan alternatives to fund the payment.

The Properties are intended to provide essential office space to cater to the future business growth of the Group's Web 3.0 business. The Board believes that acquiring and owning the Properties for its Web 3.0 operations will enhance operational efficiency, minimise the risks of future reliance on leased premises, avoid long-term rental fluctuations or expenses, and strengthen the Group's asset base. The Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

Completion of the acquisition is subject to the fulfillment of the conditions precedent (the "**Conditions Precedent**") as set out in the Agreement that the Purchaser and the Vendor having completed the delivery inspection and acceptance of the Properties, and transfer registration at the real estate registration authority and the Purchaser or its designated party having obtained the new real estate ownership certificates of the Properties in accordance with the applicable laws of the PRC. The initial proposed completion date was 22 April 2026 according to the terms of the Agreement. As more time is required to fulfill the Conditions Precedent, the Purchaser and the Vendor have agreed in writing on 21 April 2026 to extend the proposed completion date to 31 July 2026 (or such later date as may be agreed between the Purchaser and the Vendor in writing).

For details of the acquisition, please refer to the announcements of the Company dated 23 December 2025 and 21 April 2026.

Except for the investment and acquisition above, the Group did not have any significant investment, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE DURING THE YEAR

Issue of 117,088,000 new Shares

On 6 November 2025, the Company, as the issuer, entered into twenty seven subscription agreements with twenty seven subscribers pursuant to which the subscribers had agreed to subscribe for, and the Company had agreed to allot and issue, 117,088,000 new ordinary Shares in aggregate at the subscription price of HK$0.9 per subscription Share. The subscription Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 22 August 2025. The net issue price was approximately HK$0.89 per subscription Share. The table below sets out the background of the subscribers:

	Subscribers	Background of the subscribers	Number of subscription Shares	Nominal value of the subscription Shares
				HK$
1.	Subscriber A	Individual investor familiar with the security investment sector	6,664,000	6,664
2.	Subscriber B	Individual investor and a merchant engaging in the pharmaceutical business	3,552,000	3,552
3.	Subscriber C	Individual investor and a merchant engaging in the pharmaceutical business	8,552,000	8,552
4.	Subscriber D	Individual investor and a financial planner	12,220,000	12,220
5.	Subscriber E	Individual investor and a merchant engaging in medical aesthetics business	2,452,000	2,452
6.	Subscriber F	Individual investor familiar with the security investment sector	7,776,000	7,776
7.	Subscriber G	Individual investor and a merchant engaging in the trading business	2,220,000	2,220
8.	Subscriber H	Individual investor familiar with the finance and audit sector and a senior economist	5,552,000	5,552
9.	Subscriber I	Individual investor familiar with information technology sector	3,332,000	3,332
10.	Subscriber J	Individual investor familiar with the security investment sector	5,552,000	5,552
11.	Subscriber K	Individual investor familiar with the home appliances manufacturing sector	1,108,000	1,108
12.	Subscriber L	Individual investor familiar with information technology sector	5,552,000	5,552

	Subscribers	Background of the subscribers	Number of subscription Shares	Nominal value of the subscription Shares
				HK$
13.	Subscriber M	Individual investor familiar with the e-commerce business	4,776,000	4,776
14.	Subscriber N	Individual investor and a merchant engaging in the information technology business	1,108,000	1,108
15.	Subscriber O	Individual investor and a merchant engaging in the construction and engineering and energy businesses	2,444,000	2,444
16.	Subscriber P	Individual investor familiar with the banking industry	552,000	552
17.	Subscriber Q	Individual investor and a merchant engaging in the mechanical and electrical engineering business	552,000	552
18.	Subscriber R	Individual investor familiar with the security investment sector	888,000	888
19.	Subscriber S	Individual investor familiar with the security investment sector	1,108,000	1,108
20.	Subscriber T	Individual investor familiar with the security investment sector	2,220,000	2,220
21.	Subscriber U	Individual investor familiar with the security investment sector	3,332,000	3,332
22.	Subscriber V	Individual investor familiar with the security investment sector	4,552,000	4,552
23.	Subscriber W	Individual investor familiar with the security investment sector	3,332,000	3,332
24.	Subscriber X	Individual investor familiar with the security investment sector	4,364,000	4,364
25.	Subscriber Y	Individual investor familiar with banking sector and a merchant engaging in fintech business	7,776,000	7,776
26.	Subscriber Z	Individual investor and a merchant engaging in apparel trading business	2,220,000	2,220
27.	Subscriber AA	A company which is principally engaged in investment holding and its ultimate beneficial owner is an individual with extensive experience in equity investment	13,332,000	13,332
	Total		**117,088,000**	**117,088**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the subscribers and its ultimate beneficial owner were independent of the Company and its connected persons.

The closing price was HK$1.12 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscription Shares was HK$117,088. The subscriptions were completed and 117,088,000 new Shares in aggregate were allotted and issued to the subscribers on 27 November 2025. Immediately after the completion of the subscriptions, no subscriber was regarded as a substantial Shareholder and a connected person of the Company under Chapter 14A of the Listing Rules.

The net proceeds from the subscriptions amounted to approximately HK$104.0 million. It is expected that such net proceeds from the subscriptions will be utilised for business development, repayment of debts and general working capital. The net proceeds are expected to be fully utilised within 12 months from the completion date of the subscriptions.

The detailed breakdown of the approximate allocation of the intended uses and the utilisation of the net proceeds from the share subscriptions as at the date of this annual report are as follows:

	Intended uses HK$ million	**Utilised** HK$ million	**Unutilised** HK$ million
Business development			
— Recruitment of expertise with Web 3.0 knowledge	10.0	(10.0)	–
— Operational expenses, including but not limited to rental expenses, acquisition of hardware and subscription of services; cooperation with business partners to develop Web 3.0 applications and/or investments in Web 3.0 technology companies	20.0	(20.0)	–
Repayment of debts	6.9	(6.9)	–
General working capital			
— Staff salaries and benefit	20.0	(13.3)	6.7
— Payment of due trade payables	15.0	(15.0)	–
— Professional fees, including but not limited to audit fees, legal advisor fees and consultancy fees	9.2	(9.2)	–
— Operational expenses, including but not limited to rental expenses, water and electricity charges, replacement of existing factory and office equipment and expenses in relation to governance compliance	10.0	(10.0)	–
— Research and development on electrical haircare products	2.0	(2.0)	–
— For the Liquidity	10.9	(10.9)	–
Total	**104.0**	**(97.3)**	**6.7**

The unutilised net proceeds are expected to be fully utilised within 12 months from the date of this report.

The Directors considered that the subscriptions represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions help to broaden the Company's funding channels.

For the details of the subscriptions, please refer to the announcements of the Company dated 6 November 2025, 17 November 2025 and 27 November 2025.

Issue of 46,000,000 new Shares

On 14 April 2025, the Company, as the issuer, entered into six subscription agreements with six subscribers pursuant to which the subscribers had agreed to subscribe for, and the Company had agreed to allot and issue, 46,000,000 new ordinary Shares in aggregate at the subscription price of HK$0.22 per subscription Share. The subscription Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 3 September 2024. The net issue price was approximately HK$0.22 per subscription Share. The table below sets out the background of the subscribers:

Subscribers	Background of the subscribers	Number of subscription Shares	Nominal value of the subscription Shares
			HK$
Subscriber A	An individual investor with extensive experience in equity investment and is a merchant.	4,544,000	4,544
Subscriber B	An individual investor with extensive experience in equity investment and is a merchant.	9,092,000	9,092
Subscriber C	An individual investor with extensive experience in equity investment and engages in cloud computing business in the PRC.	13,636,000	13,636
Subscriber D	An individual investor with extensive experience in equity investment and engages in electronic commerce in the PRC.	2,272,000	2,272
Subscriber E	An individual investor with extensive experience in equity investment and engages in electronic commerce in the PRC.	2,272,000	2,272
Subscriber F	An individual investor with extensive experience in equity investment and a consultant for an energy company in the PRC.	14,184,000	14,184
Total		**46,000,000**	**46,000**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the subscribers were independent of the Company and its connected persons.

The closing price was HK$0.27 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscription Shares was HK$46,000. The subscriptions were completed and 46,000,000 new Shares in aggregate were allotted and issued to the subscribers on 30 April 2025. Immediately after the completion of the subscriptions, no subscriber was regarded as a substantial Shareholder and a connected person of the Company under Chapter 14A of the Listing Rules.

The net proceeds from the subscriptions amounted to approximately HK$10.0 million. Approximately HK$5.0 million and HK$5.0 million were fully utilised for repayment of debts and general working capital as intended respectively. The Directors considered that the subscriptions represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions help to broaden the Company's funding channels.

For the details of the subscriptions, please refer to the announcements of the Company dated 14 April 2025 and 30 April 2025.

The board of the Company herein presents the annual report and the audited consolidated financial statements of the Group for the Year (the "**Financial Statements**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of the subsidiaries are set out in Note 36 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year.

A fair review of the Group's business and financial performance for the Year is set out in the section "Management Discussion and Analysis" on pages 6 to 20 of this annual report.

An analysis of the Group's performance for the year by geographical location is set out in Note 7 to the Financial Statements.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

On 27 April 2026 (the "**Date of Grant**"), the Company granted an aggregate of 56,700,000 share options of the Company (the "**Share Option(s)**") to 9 eligible persons of the Group (the "**Grantee(s)**") to subscribe for an aggregate of 56,700,000 ordinary Shares of HK$0.001 each at an exercise price of HK$0.62 per Share, subject to acceptance by the Grantees, under the share option scheme adopted by the Company on 22 August 2025. The Share Options are exercisable after twelve (12) months from the Date of Grant. The closing price of the Shares immediately before the date on which the Share Options were granted was HK$0.61. An aggregate of 18,900,000 Share Options were granted to Directors, Mr. Zhang Huijun, Ms. Cai Dongyan and Mr. Zhou Li Yang, and an aggregate of 37,800,000 Share Options were granted to other 6 employees of the Group. In view of the Directors and remuneration committee of the Company, there is no performance target attached to the Share Options. For the details of the grant of Share Options, please refer to the announcements of the Company dated 27 April 2026 and 30 April 2026.

Save as otherwise disclosed in this annual report, no important event affecting the Company has occurred since 31 March 2026 and up to the date of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

On 21 March 2024, Kenford Industrial Company Limited ("**Kenford Industrial**") (an indirect wholly-owned subsidiary of the Company) and Dongguan Kario Electrical Appliance Co., Ltd.* (東莞家利來電器有限公司) ("**Dongguan Kario**") (a company indirectly wholly-owned by Mr. Lam Wai Ming ("**Mr. Lam**"), a director of certain subsidiaries of the Company, and therefore a connected person of the Company at the subsidiary level) entered into the purchase agreement (the "**Purchase Agreement**"), pursuant to which Dongguan Kario agreed to sell and Kenford Industrial agreed to purchase electrical haircare appliances from 1 April 2024 to 31 March 2027 at market price and on normal commercial terms on OEM basis subject to the annual caps of HK$48.22 million, HK$53.05 million and HK$55.70 million for each of the three years ended 31 March 2027, respectively.

The following table sets out the annual cap for continuing connected transactions of the Group in the Year and the actual transaction amounts for continuing connected transactions of the Group in the Year:

	2026	
	Actual amount (HK$'000)	**Annual Cap (HK$'000)**
Purchase Agreement — Purchasing of electrical haircare appliances	**3,233**	**53,045**

The Purchase Agreement is subject to reporting, annual review and announcement requirement but is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A.101 of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, the Directors, including the independent non-executive Directors, have reviewed the continuing connected transactions set out above and in note 35 to the Financial Statements, and have confirmed that the Purchase Agreement was approved by the Board and:

(a) was entered into in the ordinary and usual course of business of the Group;

(b) was conducted on normal commercial terms;

(c) was entered into in accordance with the agreements governing such transactions, on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole; and

(d) did not exceed the annual cap of HK$53.05 million for the Year.

ZHONGHUI ANDA CPA Limited, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditors of the Company have reviewed the above-mentioned continuing connected transactions and confirmed to the Board that:

(1) nothing has come to their attention that may cause it to believe that these transactions have not been approved by the Board;

(2) nothing has come to their attention that may cause them to believe that these transactions were not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and

(3) nothing has come to their attention that may cause them to believe that these transactions have exceeded their respective annual caps for such transactions.

ZHONGHUI ANDA CPA Limited have issued their unqualified letter containing their findings and conclusions in respect of the Group's continuing connected transactions.

The Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules throughout the Year.

Save as disclosed above, the Group has not entered into any connected transaction during the Year that is not fully exempted under Chapter 14A of the Listing Rules. The material related party transactions entered into by the Group during the Year, as disclosed in note 35 to the Financial Statements (except for the remuneration of the Directors), did not constitute connected transactions under the Listing Rules.

Save as disclosed above, the Company did not enter into any transactions which constitute non-exempt connected transactions within the meaning of the Listing Rules during the Year.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 58 of this annual report.

The Directors have resolved not to declare the payment of final dividend in respect of the Year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 16 to the Financial Statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the issued share capital and share options of the Company during the Year are set out in Notes 28 and 30 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group during the Year are set out on page 60 of this annual report.

Details of the distributable reserves of the Company as at 31 March 2026 are set out in note 32 to the consolidated financial statements.

Report of the Directors

DIRECTORS

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

Executive Directors
Mr. Zhang Huijun *(Chairman)*
Ms. Cai Dongyan *(Chief Executive Officer)*
Mr. Zhou Li Yang
Mr. Zhang Jiayou (re-designated on 15 May 2026)

Independent Non-Executive Directors
Mr. Hu Zhigang
Mr. Ma Yu-heng
Professor Wang Zehua (appointed on 15 May 2026)

According to Article 83(3), the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting ("**AGM**") of the Company and shall then be eligible for re-election. Accordingly, Mr. Zhang Jiayou and Professor Wang Zehua shall retire and, being eligible, offer themselves for re-election at the AGM in accordance with Article 83(3). Mr. Zhang Jiayou and Professor Wang Zehua have obtained the legal advice required under Rule 3.09D of the Listing Rules on 15 May 2026 and confirmed that they understood their obligations as directors of a listed issuer.

According to Article 84(1), at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Zhang Huijun and Mr. Zhou Li Yang shall retire by rotation at the AGM and, being eligible, have offered themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

Biographical details of the existing Directors and the senior management of the Group are set out on pages 34 to 36 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTEREST AND CONTROLLING SHAREHOLDERS' INTEREST IN TRANSACTIONS, AGREEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed above, none of the Directors or controlling shareholders of the Company had a material interest, either directly or indirectly, in any transactions, agreements or contracts of significance to the business of the Group to which the Company, its holding companies, or any of its subsidiaries was a party during the Year.

DIRECTORS' AND OFFICERS' INDEMNITY

The Company continues to subscribe for an insurance policy to indemnify the Directors and senior management from any losses, claims, damages, liabilities and expenses, including without limitation, any proceedings brought against them, arising from the performance of their duties pursuant to their appointment under their respective service agreements or letter of appointment entered into with the Company. The current policy has been renewed and shall be under constant review and is in force for the benefit of the Directors as required by section 470 of the Hong Kong Companies Ordinance when the Report of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Hong Kong Companies Ordinance.

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 Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 31 March 2026, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register maintained by the Company under Section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 31 March 2026, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long position in the shares of the Company

Name of substantial shareholders	Capacity and Nature of Interest	Number of Shares held	Approximate percentage of issued Shares
China Yuen Capital Limited *(Note 1)*	Beneficial owner	217,944,500	28.82%
China Investment International Limited *(Note 1)*	Interest of controlled corporation	217,944,500	28.82%
Asia Glory Management Group Limited *(Note 1)*	Interest of controlled corporation	217,944,500	28.82%
Luckever Holdings Limited *(Note 1)*	Interest of controlled corporation	217,944,500	28.82%
Li Yuelan *(Note 1)*	Interest of controlled corporation	217,944,500	28.82%
Liu Xuezhong *(Note 1)*	Interest of controlled corporation	217,944,500	28.82%
Donghai International Financial Holdings Company Limited *(Note 2)*	Security interest in Shares	192,144,500	25.41%
東海證券股份有限公司 *(Note 2)*	Security interest in Shares	192,144,500	25.41%
Ma Hung Shun	Beneficial owner	45,076,000	5.96%

Note:

(1) Luckever Holdings Limited is owned as to 60.87% by Mr. Liu Xuezhong and 39.13% by Ms. Li Yuelan (the spouse of Mr. Liu Xuezhong).

China Yuen Capital Limited is owned as to 100% by China Investment International Limited, which is owned as to 100% by Asia Glory Management Group Limited, which in turn is owned as to 100% by Luckever Holdings Limited. By virtue of the SFO, each of China Investment International Limited, Asia Glory Management Group Limited, Luckever Holdings Limited, Mr. Liu Xuezhong and Ms. Li Yuelan were taken to be interested in the 217,944,500 Shares held by China Yuen Capital Limited.

(2) 東海證券股份有限公司 is the 100% immediate holding company of Donghai International Financial Holdings Company Limited. By virtue of the SFO, 東海證券股份有限公司 is taken to be interested in the 192,144,500 Shares held by Donghai International Financial Holdings Company Limited.

Save as disclosed above, as at 31 March 2026, no person (other than Directors and chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

2015 Share Option Scheme

Pursuant to a Shareholders' resolution passed on 6 August 2015, the Company has adopted a share option scheme (the "**2015 Share Option Scheme**") which remained in force for a period of ten (10) years. It expired on 5 August 2025. There was no option granted exercised, cancelled or lapsed under the 2015 Share Option Scheme during the Year (31 March 2025: Nil). There was no outstanding share option of the Company (the "**Option(s)**") under the 2015 Share Option Scheme as at 31 March 2026 (31 March 2025: Nil).

As at 1 April 2025 and 31 March 2026, the number of share options available for grant under 2015 Share Option Scheme was 44,564,600 and nil, respectively.

2025 Share Option Scheme

Pursuant to a Shareholders' resolution passed on 22 August 2025 (the "**Adoption Date**"), the Company has adopted a share option scheme (the "**2025 Share Option Scheme**") which will remain in force for a period of ten (10) years.

The following is the summary of the principal terms of the 2025 Share Option Scheme:

(a) Purpose

The purpose of the 2025 Share Option Scheme is to enable the Company to grant Options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.

(b) Who may join

Subject to the restrictions under the Listing Rules, any person belonging to any of the following classes who, in the sole discretion of the Board, have contributed or will contribute to the growth and development of the Company is defined as eligible participants:

(i) any full-time or part-time employee of the Company and/or any subsidiary of the Company; and

(ii) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company.

The Board may invite any eligible participant as the Board may in its absolute discretion select, having regard to each person's qualifications, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Company, to take up a right granted to subscribe for Shares pursuant to the 2025 Share Option Scheme at a price calculated in accordance with paragraph (c) below and "Options" shall be construed accordingly.

(c) Subscription price and acceptance period

The subscription price in respect of any Option shall, subject to any adjustments made pursuant to the terms of the 2025 Share Option Scheme, be a price determined by the Board and notified to each Grantee and shall be at least the highest of:

(i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the offer date (and if such offer date is not a business day, the business day immediately preceding such offer date);

(ii) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and

(iii) the nominal value of a Share.

The eligible participant must accept any such offer notified to him or her within fourteen (14) days from the offer date, failing which it shall be deemed to have been rejected. Upon acceptance of the offer, any eligible participant who accepts an offer in accordance with the terms of the 2025 Share Option Scheme (the "**Grantee**") shall pay HK$1.00 to the Company as consideration for the grant.

(d) Maximum number of Shares available for subscription

(1) The total number of Shares which may be issued upon exercise of all Options to be granted under the 2025 Share Option Scheme and any other share schemes of the Group must not, in aggregate, exceed 10% of the issued share capital of the Company (excluding treasury shares) as at the Adoption Date (the "**Scheme Mandate Limit**") unless Shareholders' approval has been obtained pursuant to Paragraphs (d) (2) or (d) (3) below. Any Options lapsed in accordance with the terms of the 2025 Share Option Scheme or any other share option schemes of the Group shall not be counted for the purpose of calculating the Scheme Mandate Limit;

(2) Subject to Paragraph (d) (1) above and other requirements under the Listing Rules, the Board may seek approval by Shareholders in general meeting to refresh the Scheme Mandate Limit and the Company must send a circular to the Shareholders containing the information required under the Listing Rules. However, the total number of Shares which may be issued upon exercise of all options to be granted under the 2025 Share Option Scheme and any other share schemes of the Group in these circumstances must not exceed 10% of the issued share capital of the Company at the date of approval of the refreshed limit (the "**Refreshed Scheme Mandate Limit**"). Options previously granted under the 2025 Share Option Scheme and any other share schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the 2025 Share Option Scheme or any other share schemes of the Group and exercised Options) will not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit;

(3) The Board may seek separate Shareholders' approval in general meeting to grant Options beyond the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit as referred to in Paragraphs (d) (1) or d (2) above (as the case may be) provided that the Options in excess of the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit are granted only to the eligible participants specifically identified by the Company before such approval is sought and the Company must issue a circular to the Shareholders containing a generic description of the specified eligible participants who may be granted such options, the number and terms of the Options to be granted, the purpose of granting Options to such eligible participants with an explanation as to how the terms of the Options serve such purpose, the information required under the Listing Rules; and

(4) if the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or refreshed Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all Options to be granted under the 2025 Share Option Scheme and any other share schemes of the Group under the Scheme Mandate Limit or Refreshed Scheme Mandate Limit as a percentage of the total number of Shares at the date immediately before and after such consolidation or subdivision shall be the same.

(e) Maximum entitlement of each eligible participant

(1) The total number of Shares issued and to be issued upon exercise of the Options granted to each eligible participant (including both exercised and outstanding Options under the 2025 Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company (excluding treasury shares). Where any further grant of Options to an eligible participant would result in the total number of Shares issued and to be issued upon exercise of all Options granted and to be granted to such eligible participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued share capital of the Company (excluding treasury shares) as at the date of such further grant, such further grant shall be subject to the approval of the Shareholders at a general meeting with such eligible participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting.

(2) Any grant of Options to a director, chief executive or substantial shareholder of the Company must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee).

(3) Where Options are proposed to be granted to a substantial shareholder of the Company or an independent non-executive Director, and the proposed grant of Options will result in the total number of Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company (excluding treasury shares), such grant of Options must be subject to the approval of the Shareholders taken on a poll at general meeting. In addition, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price only under paragraph (c). The Grantee, his associates and all core connected persons of the Company must abstain from voting in such general meeting (except that any Grantee, his associate or core connected person may vote against the proposed grant provided that his intention to do so has been stated in the relevant circular to the Shareholders).

(f) Conditions of grant

Subject to the requirements under the Listing Rules, the Board has the discretion to determine the restrictions and/or conditions for vesting of the Options, such as the minimum period the Options need to be held before the same would be exercised.

(g) Term of the 2025 Share Option Scheme

The 2025 Share Option Scheme will remain in force for a period of ten (10) years commencing from the Adoption Date, after which no further Options shall be granted but the Options which were granted during the life of the 2025 Share Option Scheme may continue to be exercisable in accordance with their terms of issue and the provisions of the 2025 Share Option Scheme shall in all other respects remain in full force and effect in respect thereof.

(h) Movement of Option

Particulars of the 2025 Share Option Scheme are set out in Note 30 to the Financial Statements.

There was no Option granted, exercised, cancelled, forfeited or lapsed under the 2025 Share Option Scheme for the Year.

As at 1 April 2025 and 31 March 2026, there was no outstanding Options and the number of Options available for grant under the 2025 Share Option Scheme was nil and 63,915,400 respectively.

The number of shares that may be issued in respect of options granted under all share schemes of the Company during the Year divided by the weighted average number of shares in issue for the Year was nil.

Save for the 2025 Share Option Scheme, the Company has not adopted any other share scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year were there any rights to acquire benefits by means of the acquisition of securities of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors:

a) during the Year and up to the latest practicable date prior to the printing of this annual report, the Company has maintained sufficient public float of not less than 25% of its issued Shares as required under the Listing Rules; and

b) as at 31 March 2026, the total number of issued Shares was 756,242,000 Shares. China Yuen Capital Limited held 217,944,500 Shares, representing approximately 28.82% of the entire issued share capital of the Company. The remaining 538,297,500 issued Shares were held by other public Shareholders, representing approximately 71.18% of the entire issued share capital of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the assets and liabilities and the results of the Group for the last five financial years is set out on pages 111 and 112 of this annual report.

RELATED PARTY TRANSACTIONS

Details of the information in relation to the related party transactions of the Group during the Year are set out on Note 35 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

TAXATION OF HOLDERS OF SHARES

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

(a) Hong Kong

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The duty is charged at the current rate of 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the existing Cayman Islands law, transfer or other dispositions of Shares are exempted from Cayman Islands stamp duty.

(c) Professional tax advice recommended

Intending holders of Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 79.3% of the total sales for the Year and sales to the largest customer included therein amounted to approximately 27.2%.

Purchases from the Group's five largest suppliers accounted for approximately 38.9% of the total purchases for the Year and purchases from the largest supplier included therein amounted to approximately 11.0%.

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

ENVIRONMENTAL POLICIES

The Group recognizes the importance of achieving environmental sustainability for both products and operations. The Group is fully committed to comply with the relevant environmental standards and policies related to its business operations in the PRC and Hong Kong. The manufacturing site in Dongguan, the PRC is certified with the ISO 14001:2004 standard for environmental management system and has obtained relevant certification where appropriate. The Group incorporates the "Reduce, Reuse and Recycle" principle and implements environmental-friendly measures in operations and workplaces to achieve efficient use of resources, waste reduction and energy saving. The Group remains steadfast in its support of environmental protection, consistent with its commitment to be a good corporate citizen.

COMPLIANCE WITH LAWS AND REGULATIONS

For the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

COMPETING INTEREST

Save and except for interests in the Group, none of the controlling shareholders, the Directors nor their respective associates (as defined under the Listing Rules) had any interest in any other companies or businesses during the Year which may, directly or indirectly, compete with the Group's business.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders of the Company, the Company is dedicated to develop an appropriate framework of corporate governance for the Group. In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 of the Listing Rules throughout the Year.

The Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company were in line with the CG Code during the Year. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly stringent regulatory requirements and to meet the rising expectations of the shareholders and investors of the Company.

The Company has published its corporate governance report, details of which are set out on pages 37 to 53 of this annual report.

CHANGE OF PARTICULARS OF THE DIRECTORS

In order to comply with the requirements of the amended Listing Rules regarding gender diversity at the Nomination Committee, Ms. Cai Dongyan, an executive Director and the chief executive officer of the Company, has been appointed as a member of the Nomination Committee with effect from 3 June 2025.

Mr. Zhang Jiayou, has been re-designated from an independent non-executive Director to an executive Director and has ceased to be a member of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 15 May 2026.

Professor Wang Zehua, an independent non-executive Director, has been appointed as a member of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 15 May 2026.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 21 August 2026 to Wednesday, 26 August 2026 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the AGM. During such period, no transfer of shares of the Company will be registered and no shares of the Company will be allotted and issued. Members whose names appear on the register of members of the Company on Wednesday, 26 August 2026 (i.e. the record date) will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 20 August 2026.

AUDITORS

The financial statements of the Company for the Year have been audited by ZHONGHUI ANDA CPA Limited who will retire, and being eligible, offer themselves for re-appointment at the forthcoming AGM of the Company.

There has no change in the auditors of the Company during the past three years.

On behalf of the Board
CHINA IN-TECH LIMITED

Zhang Huijun
Chairman
Hong Kong, 29 June 2026

Directors' and Senior Management's Profile

The biographical details of the Directors and senior management as at the date of this annual report are as follows:

DIRECTORS

Executive Directors

Mr. Zhang Huijun, aged 44, joined the Group in August 2017. Mr. Zhang is currently an executive Director, chairman of the Board and a member of the remuneration committee of the Company. Mr. Zhang has around 12 years of management experience. From 2006 to 2009, Mr. Zhang served as the trade investment manager of Tsingshan Holding Group Shanghai International Trading Co., Ltd.* (青山控股集團上海國際貿易有限公司). From 2010 to 2012, Mr. Zhang served as the project manager of Pt. Modern Group Indonesia. Mr. Zhang completed three-years studies majoring in Taxation at Hunan Tax College* (湖南稅務高等專科學校) in 2002.

Ms. Cai Dongyan, aged 50, joined the Group in August 2017. Ms. Cai is currently an executive Director, the chief executive officer of the Company and a member of the nomination committee of the Company. Ms. Cai worked at Shanghai Shenmei Beverage and Food Co., Ltd.* (上海申美飲料食品 有限公司) from July 1998 to December 1999, Motorola Paging Products Company* (摩托羅拉尋呼產品公司) from 2000 to 2001, 3M China Limited* (3M中國有限公司) from 2001 to 2006 and Minnesota Mining Production (Shanghai) International Trade Co., Ltd* (明尼蘇達礦業製造(上海)國際貿易有限公司) from 2009 to 2016. Ms. Cai obtained an undergraduate diploma majoring in hotel management at Shanghai Jiao Tong University in 1998. Ms. Cai is the spouse of Mr. Hao Yiming, one of the directors of China Yuen Capital Limited, the substantial Shareholder of the Company.

Mr. Zhou Li Yang, aged 67, joined the Group in February 2024. Mr. Zhou is currently an executive Director. Mr. Zhou has extensive experience in business management, mergers and acquisitions, project investment and fund management. From 2004 to 2011 and 2013 to 2017, Mr. Zhou served as the executive director, managing director and chief operating officer of CHK Oil Limited (中港石油有限公司) (formerly known as Pearl Oriental Oil Limited* 東方明珠石油有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 632). Before 2004, he had held managerial positions in listed companies on the stock exchanges of Hong Kong and the United States, including China CITIC Bank International (中信銀行國際) and Tianjin Development Holdings Limited (天津發展控股有限公司), investment fund and banks involving in the businesses of energy, banking, infrastructure, e-commerce, logistics and pharmaceutics for over ten years. Mr. Zhou also had more than ten years of management experience in government and commerce sectors in the PRC. The Securities and Futures Commission of Hong Kong obtained orders from the High Court of Hong Kong against Mr. Zhou on 25 May 2011 that he should not be or continue to be a director or take part in the management of any listed or unlisted company in Hong Kong for a period of one year. Prior to joining the Company, he was a senior consultant of Asia Glory Capital Limited (亞泰資本有限公司), a company wholly-owned by a substantial shareholder of the Company, China Investment International Limited (中國投資國際有限公司).

Mr. Zhang Jiayou, aged 54, joined the Group in December 2020 as an independent non-executive Director. Mr. Zhang was re-designated as an executive Director and ceased to be a member of the audit committee, remuneration committee and nomination committee of the Company on 15 May 2026. Mr. Zhang obtained his bachelor degree in Oil and Gas Geological Exploration from the China University of Petroleum in July 1997 and obtained a Qualification Certificate of Specialty and Technology issued by the China Petrochemical Corporation in December 2002. He has over 26 years of experience in research, evaluation, and acquisition in oil and gas projects, minerals projects and other asset projects. Between 1997 and 2003, Mr. Zhang worked in a subsidiary of China Petrochemical Corporation. He then worked in Energy Science Service & Consulting Associates from 2005 until 2011 and Pearl Oriental Oil Limited (currently known as CHK Oil Limited, the shares of which are listed on the Stock Exchange (stock code: 632)) between 2011 and 2017.

* *For Identification purpose only*

DIRECTORS (Continued)

Independent Non-Executive Directors

Mr. Hu Zhigang, aged 76, joined the Group in April 2020. Mr. Hu is currently an independent non-executive Director, the chairman of the remuneration committee and nomination committee of the Company and a member of the audit committee of the Company. Mr. Hu graduated from Nanjing Normal University with a bachelor's degree in economic management. He also obtained a degree of master of public administration from University of Canberra in Australia. He served as the vice president of China Real Estate Association, the deputy director and the director of Nanjing Real Estate Administration, the deputy secretary of Nanjing Real Estate Administration Committee and the deputy director and member of working committee of Nanjing Xianlin University Town Management Committee. He has more than 30 years of extensive experience in real estate market management in the PRC.

Mr. Ma Yu-heng, aged 56, joined the Group in July 2023. Mr. Ma is currently an independent non-executive Director, the chairman of the audit committee and a member of the nomination committee and remuneration committee of the Company. Mr. Ma has experience in financing, banking and corporate finance for over 28 years. Since March 2022, Mr. Ma has been the independent non-executive director of China Anchu Energy Storage Group Limited (中國安儲能源集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2399). Since August 2023, Mr. Ma has been an independent non-executive director of Fantasia Holdings Group Co., Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 1777). Since September 2022, Mr. Ma has been the chief financial officer of Guardforce AI Co., Ltd., a company listed on the NASDAQ in the United States of America (Stock code: GFAI). From 30 September 2022 to 4 July 2024, Mr. Ma has been the independent non-executive director of Summi (Group) Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0756). From 25 May 2022 to 21 April 2023, Mr. Ma has been an independent non-executive director of China U-Ton Future Space Industrial Group Holdings Ltd. (中國優通未來空間產業集團控股有限公司), a company formerly listed on the Main Board of the Stock Exchange (stock code: 6168). Mr. Ma is currently a member of CPA Australia. Mr. Ma graduated from Soochow University, Taiwan (台灣東吳大學) in June 1993 with a bachelor's degree in business administration in business mathematics. He also obtained a master's degree in business administration from Da-Yeh University, Chung Hua, Taiwan (台灣大葉大學) in June 1995.

Professor Wang Zehua, aged 40, joined the Group on 15 May 2026. Professor Wang is currently an independent non-executive Director, a member of the audit committee, the remuneration committee and the nomination committee of the Company. He has extensive academic research and commercialisation experience in blockchain, electrical and computer engineering. Professor Wang obtained his Ph.D. in Electrical and Computer Engineering from The University of British Columbia, Canada (the "**UBC**"), in 2017. He conducted postdoctoral research at the UBC and served as an adjunct professor in the Department of Electrical and Computer Engineering of the UBC. He is currently a distinguished professor and doctoral supervisor at China University of Mining and Technology. He is also a core faculty member of Blockchain@UBC, a multidisciplinary research cluster, in the Department of Electrical and Computer Engineering at the UBC. Professor Wang has long been engaged in research in blockchain systems, consensus and security, privacy-preserving computation, smart contract security, trusted artificial intelligence and related fields. He has published extensively in international journals and conferences. He currently serves as an Area Editor of "Computer Communications", published by Elsevier, a global leading publisher of scientific, technical and medical content, and as a Youth Editorial Board Member of "Blockchain: Research and Applications". He has also served as a guest editor for academic journals in the fields of mobile networks, blockchain and smart multimedia. Professor Wang was a co-founder of Verilog Solutions, a Canadian Web3 security company, and served as chief scientist of the RightMesh Project, which developed decentralised mobile mesh networking technologies and received a letter of commendation from the Prime Minister of Canada in 2018.

SENIOR MANAGEMENT

Mr. Lam Wai Ming, aged 68, joined the Group in January 1989. Mr. Lam is currently the director of the major subsidiaries of the Company. Mr. Lam is responsible for the overall management, planning and development of the major subsidiaries. Mr. Lam has over 44 years of experience in the electrical appliances industry. He holds an Executive Master of Business Administration from City University of Hong Kong. Mr. Lam received the Asia Pacific Entrepreneurship Awards — Outstanding Entrepreneur Awards from Enterprise Asia on 4 July 2011. Mr. Lam was the President of The Hong Kong Electrical Appliance Industries Association from 2016 to 2018.

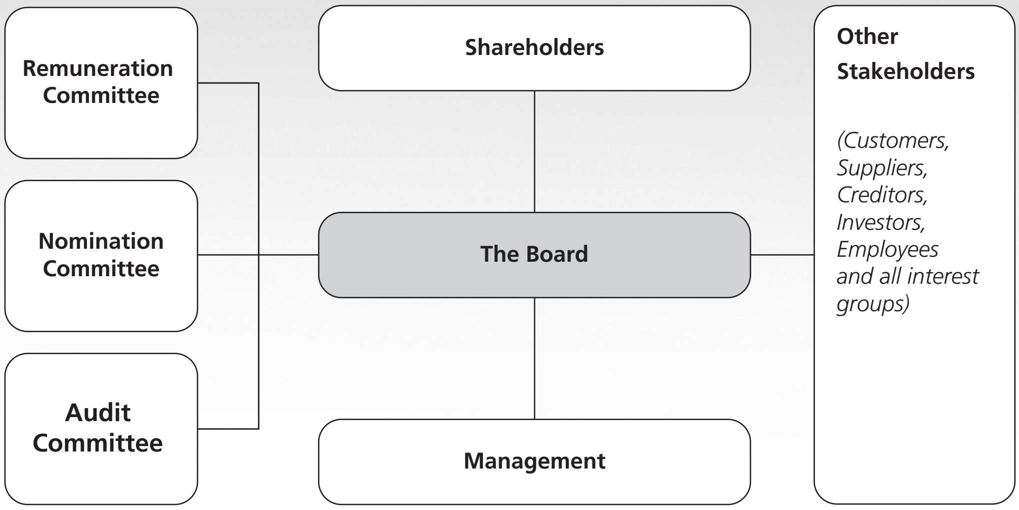
COMPANY SECRETARY

Mr. Ong Kam Chit Vincent, aged 59, was appointed as the Company Secretary with effect from 1 May 2023. Mr. Ong graduated from Lingnan University (formerly known as Lingnan College) with a Diploma in Accountancy with honour. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He has more than 32 years of experience in auditing, financial management and accounting.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the CG Code as set out in Appendix C1 of the Listing Rules throughout the financial year ended 31 March 2026. This corporate governance report contains the detailed explanations on the Company's practices in compliance with the applicable CG Code provisions.

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders, the Company is dedicated to develop an appropriate framework of corporate governance for the Group, the chart of which is shown below. The Group will keep on reviewing and improving the corporate governance practices and procedures from time to time to ensure its commitment to the corporate governance standard and strive for the enhancement of shareholder value.



DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix C3 of the Listing Rules. Upon specific enquiry by the Company, all the Directors have confirmed that they fully complied with the required standards as set out in the Model Code throughout the financial year ended 31 March 2026.

BOARD OF DIRECTORS

Board functions

The Board oversees the strategic development and determines objectives, strategy, policy and business plan of the Company. It monitors and controls the risk management operation and financial performance, reviews the corporate governance standard of the Company and sets appropriate policies pursuant to the Company's objectives.

Board composition

As at the date of this corporate governance report, the Board of Directors of the Company comprised seven Directors, of which four were executive Directors, namely, Mr. Zhang Huijun (Chairman), Ms. Cai Dongyan (Chief Executive Officer), Mr. Zhou Li Yang and Mr. Zhang Jiayou; and three were three independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Ma Yu-heng and Professor Wang Zehua. The biographical details of the existing Directors of the Company and the relationships among them are set out in the "Directors' and Senior Management's Profile" section on pages 34 to 36 of this annual report. Save as disclosed in this annual report, none of the Directors has any business, financial, family or material relationship with each other and the Company.

The Board believes it is a balanced composition as each of the Directors has his own skills, expertise, professional qualifications and appropriate experiences to effectively oversee the business of the Group and the Directors give sufficient time and attention to the Group's affairs. It can effectively exercise independent judgment for the business activities of the Group to safeguard the interests of the shareholders and to improve standard in corporate governance to fulfill the demands of the shareholders and stakeholders of the Group.

During the financial year ended 31 March 2026, the Board complied at all times with the requirements of the Listing Rules including: (i) the number of independent non-executive Directors representing at least one-third of the Board; (ii) one of the independent non-executive Directors being a professional accountant; and (iii) gender diversity being achieved and maintained. Each of the independent non-executive Directors has provided an annual confirmation of independence to the Company pursuant to rule 3.13 of the Listing Rules. The Company considered all of the independent non-executive Directors to be independent.

Board delegation

The Board delegates the authorities to the board committees and the senior management of the Company to provide professional advice and monitor the daily operation of the Group on issues which require discussion, expertise knowledge and experience to make the decision. The three committees of the Board, namely, Remuneration Committee, Nomination Committee and Audit Committee are responsible for making recommendation on the specified matters in line with the terms of reference adopted by the Board set out separately. The senior management is responsible for supervision on the daily operation of the Group by functions.

BOARD OF DIRECTORS (Continued)

Board, Board committees and general meetings

The total number of the meetings and the individual attendance of each Director in person at each of the meetings during the financial year ended 31 March 2026 were as follows:

Name of Directors	Board Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Audit Committee Meetings	Annual General Meeting
Executive Directors					
Mr. Zhang Huijun	29/29	3/3	N/A	N/A	1/1
Ms. Cai Dongyan	24/29	N/A	2/3	N/A	1/1
Mr. Zhou Li Yang	29/29	N/A	N/A	N/A	1/1
Mr. Zhang Jiayou (note 1)	29/29	3/3	3/3	10/10	1/1
Independent Non-Executive Directors					
Mr. Hu Zhigang	24/29	3/3	3/3	10/10	0/1
Mr. Ma Yu-heng	24/29	3/3	3/3	10/10	1/1
Professor Wang Zehua (note 2)	N/A	N/A	N/A	N/A	N/A

Notes:

1. Mr. Zhang Jiayou was an independent non-executive Director during the financial year ended 31 March 2026 and has been re-designated from an independent non-executive Director to an executive Director and has ceased to be a member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 15 May 2026.

2. Professor Wang Zehua has been appointed as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 15 May 2026.

BOARD OF DIRECTORS (Continued)

Board, Board committees and general meetings (Continued)

CG Code A.1.1 stipulates that the Board should meet regularly and board meetings should be held at least 4 times a year at approximately quarterly intervals. In compliance with the CG code, there were in total 29 board meetings held during the financial year ended 31 March 2026. The Board believes that the fairness and effectiveness for the decision making on the business needs are adequately ensured. The relevant Directors' attendance is shown on page 39 of this annual report.

Notices were given at least 14 days in advance for each of the regular Board meetings to all the Directors so that they could have an opportunity to attend the same in person during the Year. On ad hoc basis, the executive Directors met together upon reasonable notices or by agreement of the executive Directors to waive the notice of the meetings to discuss the matters as required by business needs. In respect of regular Board meetings, and so far as practicable, an agenda and accompanying board papers were sent in full to all Directors in a timely manner at least 3 days before the intended dates of Board meetings.

The company secretary of the Company attended all regular board meetings to advise on corporate governance and statutory and regulatory compliance when necessary. In addition, the Company has maintained a procedure for Directors to seek independent professional advice in appropriate circumstances. Minutes of board meetings and meetings of Board committees are kept by a duly appointed secretary of the meetings and such minutes could be inspected at any reasonable time on reasonable notice by any Director.

Minutes of Board meetings and Board committees meetings had recorded in sufficient details the matters considered by the Board and decisions reached, including any concerns raised by Directors or the representatives of the relevant parties or dissenting views expressed. Draft and final versions of minutes of Board meetings had been sent to all Directors and the representatives of the relevant parties involved in the meetings through electronic means for their comments and records respectively, in both cases within a reasonable time after the meetings held.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

5. to review the Company's compliance with the CG Code and disclosure in this corporate governance report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG Code A.2.1 requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Zhang Huijun served as the chairman of the Board and is responsible for formulating the strategies and policies of the business development of the Group, providing leadership and overseeing the functioning of the Board. During the Year, Ms. Cai Dongyan served as the chief executive officer attending to the Group's overall business development and implementation of the Group's policies. The functions and responsibilities between the chairman and the chief executive are clearly segregated. This segregation of roles ensures reinforcement of their independence, responsibility and accountability.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors was appointed for an initial term of three years commencing from the date of their respective appointment subject to retirement by rotation pursuant to the Articles.

DIRECTORS' TRAINING

Every newly-appointed Director of the Company will receive a comprehensive, formal and tailored induction package to ensure that the Director has a proper understanding of the Company's operation and business and the relevant statues, common laws, the Listing Rules, legal and regulatory requirements and governance policies. The company secretary also provides updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements to the Directors from time to time.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A summary of trainings received by Directors from 1 April 2025 to 31 March 2026 according to the records provided by the Directors is as follows:

	Type of trainings		
Directors	**Seminars and/or conferences and/or forums**	**Corporate events or visits**	**Reading**
Executive Directors			
Mr. Zhang Huijun	✓	✓	✓
Ms. Cai Dongyan	✓	✓	✓
Mr. Zhou Li Yang	✓	✓	✓
Independent Non-Executive Directors			
Mr. Hu Zhigang	✓	✓	✓
Mr. Zhang Jiayou (re-designated as an executive Director on 15 May 2026)	✓	✓	✓
Mr. Ma Yu-heng	✓	✓	✓

REMUNERATION COMMITTEE

Remuneration Committee functions

The remuneration committee of the Company (the "**Remuneration Committee**") was established to formulate remuneration policy for the Board's approval. It has adopted the terms of reference, which are in line with the provisions set out in the CG Code under Appendix C1 of the Listing Rules.

The principal duties of the Remuneration Committee are:

— to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

— to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

— to make recommendations to the Board on the remuneration of independent non-executive Directors; and

— to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Remuneration Committee composition

The Remuneration Committee comprises three independent non-executive Directors namely, Mr. Hu Zhigang, Mr. Ma Yu-heng and Professor Wang Zehua and one executive Director namely, Mr. Zhang Huijun. Mr. Hu Zhigang was appointed as the chairman of the Remuneration Committee.

Remuneration Committee Meeting

During the financial year ended 31 March 2026, the Remuneration Committee had met 3 times to discuss the following matters:

— to review and give comment to the overall remuneration policy and remuneration packages of the Group;

— to review and give comment to the basic salary of the executive Directors and senior management of the Group;

— to review and give comment to the performance and the performance bonus of the executive Directors of the Company;

— to note the fact that no compensation had been paid to the executive Directors and senior management of the Group in relation to their resignations, if any;

— to recommend the remuneration packages and approving the terms of service contracts of the executive Directors and senior management of the Group for the financial year ended 31 March 2026 prior to recommending them to the Board for determination; and

— to review the share option scheme of the Company.

REMUNERATION COMMITTEE (Continued)

Remuneration Committee Meeting (Continued)

The number of the Remuneration Committee meeting held during the financial year ended 31 March 2026 and the relevant record of individual attendance of the members of the Remuneration Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 39 of this annual report.

The Directors are remunerated with reference to their respective duties and responsibilities with the Company, the Company's performance and current market situation. Details of emoluments of the Directors from the Group for the Year are as disclosed in Note 13 to the Financial Statements.

NOMINATION COMMITTEE

Nomination Committee functions

The nomination committee of the Company (the "**Nomination Committee**") was established to formulate nomination policy for consideration of the Board and to implement the nomination policy laid down by the Board. It has adopted the terms of reference, which are in line with the CG Code under Appendix C1 of the Listing Rules.

As a result of the establishment and the adoption of the written terms of reference of the Nomination Committee, it has developed a formal, consistent and transparent procedure for the appointment of new Directors to the Board. There would be plans in place for orderly succession for appointments to the Board. All Directors would be subject to re-election at regular intervals.

The principal duties of the Nomination Committee are:

— to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

— to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

— to assess the independence of the independent non-executive Directors; and

— to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors, succession planning for Directors in particular the chairman and chief executive officer and the policy concerning the diversity of Board members.

A proposal for the appointment of a new Director will be considered and reviewed by the Nomination Committee. The Nomination Committee will consider the skills, experiences and expertise of the candidates as well as personal ethics, integrity and the willingness to commit time to the affairs of the Group. All candidates must be able to meet the standards set out in the Listing Rules. A candidate who is to be appointed as an independent non-executive Directors should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

NOMINATION COMMITTEE (Continued)

Nomination Committee composition

The terms of reference of the Nomination Committee were amended in June 2025 to the effect that the Nomination Committee shall consist of at least one Director of a different gender from time to time, and the Nomination Committee currently comprises one executive Director, namely, Ms. Cai Dongyan, and three independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Ma Yu-heng and Professor Wang Zehua. Mr. Hu Zhigang was appointed as the chairman of the Nomination Committee.

Nomination Committee meeting

During the financial year ended 31 March 2026, the Nomination Committee had met 3 times to discuss the following matters:

— determine the policy for nomination of directors;

— to consider the structure, size, and composition of the Board;

— to consider no new Board member be nominated and introduced to the Board; and

— to consider the re-election of the Directors of the Company at the annual general meeting of the Company.

The number of the Nomination Committee meeting held during the financial year ended 31 March 2026 and the relevant record of individual attendance of the members of the Nomination Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 39 of this annual report.

AUDITORS' REMUNERATION

During the financial year ended 31 March 2026, the Company engaged ZHONGHUI ANDA CPA Limited as the external auditors of the Company to perform audit service. The audit fee was approximately HK$800,000 for the year ended 31 March 2026.

During the Year, the fee paid to ZHONGHUI ANDA CPA Limited in respect of its non-audit services provided to the Group was HK$20,000.

AUDIT COMMITTEE

Audit Committee functions

The audit committee of the Company (the "**Audit Committee**") was established on 29 April 2005 with written terms of reference published on both the websites of the Stock Exchange and the Company. They are available for inspection by the shareholders of the Company upon request made to the company secretary. The primary duties of the Audit Committee are, inter alia, to review and supervise the financial reporting process, risk management and internal control system of the Group, to review the financial statements focusing particularly on (i) any changes in accounting policies and practices of the Group; (ii) the compliance with accounting standards and (iii) the compliance with the legal requirements, as well as to review the Company's annual reports and interim reports.

The Audit Committee has the responsibilities and powers set forth in the terms of reference of the Audit Committee. Committee members shall meet at least twice to consider the interim and final results prepared by the Board.

AUDIT COMMITTEE (Continued)

Audit Committee composition

The Audit Committee comprises three independent non-executive Directors, namely Mr. Ma Yu-heng, Mr. Hu Zhigang and Professor Wang Zehua. Mr. Ma Yu-heng, who is a qualified accountant with appropriate professional qualification and experience in financial matters, was appointed as the chairman of the Audit Committee. None of the Audit Committee members are members of the former or existing auditors of the Company.

Audit Committee meeting

During the financial year ended 31 March 2026, the Audit Committee had met 10 times to discuss the following matters:

— to review the final results of the Group for the year ended 31 March 2025 prior to recommending them to the Board for approval;

— to discuss with the management and the auditors of the Company about the audit modification (the "**Audit Modification**") relating to the assessment on the appropriateness of the going concern basis of preparing the consolidated financial statements for the year ended 31 March 2025 (the "**2025 Financial Statements**") and provide the views towards the Audit Modification to the Board;

— to review the twelve-month cashflow forecast for the going concern basis to prepare the 2025 Financial Statements;

— to review the plans to address the Audit Modification;

— to review the update of the Audit Modification regularly;

— to review the interim results of the Group for the six months ended 30 September 2025 prior to recommending them to the Board for approval;

— to review the selection and appointment of the external auditors of the Company for the financial year ended 31 March 2026 prior to recommending them to the Board for approval and the Board had agreed with the Audit Committee's view on this matter;

— to discuss with the Group's external auditors any significant or unusual items reflected in interim and annual reports;

— to discuss with the management the systems of internal control and risk management and ensure that management has discharged its duty to have effective systems; and

— to review the internal audit and risk management functions and reports of the Group.

The number of the Audit Committee meetings held during the financial year ended 31 March 2026 and the relevant record of individual attendance of the members of the Audit Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 39 of this annual report.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal control, risk management and financial reporting matters including the review of audited consolidated financial statements of the Group for the financial year ended 31 March 2026 in conjunction with the Group's external auditors.

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting

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

A shareholder shall make a written requisition to the Board or the Company Secretary to the principal place of business of the Company in Hong Kong with the address at Unit 506, 5/F, New World Tower 1, 18 Queen's Road Central, Central, Hong Kong, or at any address notified by the Company from time to time and for the attention of the Chairman of the Board or the Company Secretary, specifying the shareholding information of the Shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

Directing Enquiries to the Board

Any Shareholder who wishes to raise his/her enquiry(ies) concerning the Company to the Board may deliver his/her written enquiry(ies) to the principal place of business of the Company in Hong Kong at Unit 506, 5/F, New World Tower 1, 18 Queen's Road Central, Central, Hong Kong, or at any address notified by the Company from time to time and for the attention of the Chairman of the Board or the Company Secretary. Upon receipt of the enquiry(ies), the Company would reply as soon as possible.

INVESTOR RELATIONS

The Board recognises the importance of maintaining on-going communications with shareholders and investors for the performance of the Company and establishes different communication channels. These include: (i) the publication of interim and annual reports and/or dispatching circular, notices and other announcements and notifications; (ii) conducting annual general meeting or extraordinary general meeting (if any) which provides a forum for Shareholders of the Company to raise comments and exchange views with the Board; and (iii) updating the websites with the corporate information, achievements and new development of the Group.

To strengthen the investors' relationship, the Company provides different ways for investors to access the soft and hard copies of the Company's information. The printed copies of this annual report in both English and Chinese languages will be dispatched to the relevant Shareholders by the end of July 2026. Shareholders can obtain corporate communications free of charge by notice in writing to the Company Secretary. This annual report in both English and Chinese languages is also available on the following websites:

(a) www.hkexnews.hk

(b) www.chinaintech464.com

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2026, and confirm that the financial statements give a true view of the financial positions and results of the Group as at the date and for the year of the date ended, and are prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. The statement of the external auditors of the Company, ZHONGHUI ANDA CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 54 to 57 of this annual report.

INTERNAL AUDIT

The Company has set up an internal audit department since February 2008. The Audit Committee has met with the internal auditor and discussed with the Board about the internal control report. The Board also, through the Audit Committee, conducted reviews of the effectiveness of the systems of internal control and risk management of the Group twice for the financial year ended 31 March 2026, which cover all material controls, including strategic, financial, operational and compliance controls. The Audit Committee considers the systems effective and adequate.

The internal audit department's primary responsibilities include:

1. Strategic audit includes assessing the threats and opportunities that influence the Company's development. The Company's business environment is affected by economic and political conditions globally.

2. Financial audit includes ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use as well as for publication, ensuring compliance with relevant legislation and regulations, and implementing credit risk management. The Directors are responsible for overseeing the preparation of accounts for the financial year to ensure such accounts give a true and fair view of the state of affairs of the Group. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. As at the date of this corporate governance report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern required to be disclosed.

3. Operational audit includes: (i) maintaining and ensuring compliance with ISO9001 under the family of ISO9000, a series of international standards on quality management and quality assurance developed by the International Organization for Standardization, for the quality control of the Group's production; (ii) maintaining and implementing a sound network system to avoid computer viruses or other system malfunctions; and (iii) maintaining a team of staff for product development. The Group has been maintaining product liability insurance for most types of the Group's products against possible claims relating to personal injury or property damage arising from the use of the products manufactured by the Group.

The internal audit department's other responsibilities include:

1. reviewing the work-flow and the implementation status of the Group's policies and procedures of all functional departments;

2. reviewing the compliance status on rules and regulations that are applicable to the Group;

3. reviewing those areas of concern identified by the Audit Committee or the management of the Company;

4. reporting significant issues related to the processes for controlling the activities of the Group, including potential improvements to those processes and providing information concerning such issues to the Audit Committee of the Company;

5. issuing periodic reports to the Audit Committee and the Board summarising the results of audit activities and substantive follow-up of audit recommendations; and

6. investigating suspected fraudulent activities within the Group.

The internal audit department carries out annual risk assessment on each identified audit area and devises an annual audit plan according to the nature of business and risk exposures of the Group, and the scope of work includes strategic, financial, operational and compliance reviews. The audit plan is reviewed and approved by the Audit Committee.

INTERNAL AUDIT (Continued)

The Board was satisfied with the adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

RISK MANAGEMENT

The Board recognises risk management as one of the key elements to the success of the Company. The Group takes a pragmatic approach to manage different risks to align with its business development strategically. The management identifies potential risks, assesses their impact and likelihood and develops appropriate action plans to mitigate risks to a level that the Company is willing to take in achieving the Company's objectives on a regular basis. The Group will continue to enhance the risk management practices and internal control system and adopt a stringent governance framework with reference to the best practices in the market.

The Group's business, financial position and results may be affected by certain risks and uncertainties. Foreign currency risk, interest rate risk, liquidity risk and credit risk are the main inherent risks which may cause the Group's financial condition or results differing materially from expected or historical results.

Foreign currency risk

The Group's reporting currency is Hong Kong dollars but most of the business transactions are denominated in other currencies including United States dollars and Renminbi. The Group may enter into forward currency contracts to hedge against the currency risks arising from the Group's operations and its funding sources, with reference to cash flow forecasts, capital expenditure commitments and business budget. The Group does not speculate on foreign currencies.

Interest rate risk

The Group's exposure to the risk of changes in interest rates is mainly attributable to the bank loan with floating interest rates. The Group has adequate internal control procedures to monitor the financial position exposures arising from fluctuation in the market interest rate for funding sources denominated in Hong Kong dollars and United States dollars.

RISK MANAGEMENT (Continued)

Liquidity risk

The objective of liquidity risk management is to ensure the adequacy of the Group's funds to meet the daily business operations, capital commitments and bank loans repayment. The Group monitors its liquidity position on a daily basis as the Group's treasurer reviews the cashflow positions in different geographical areas and adjusts financing requirements.

Credit risk

Credit risk arises from the possibility that the customers are unwilling or unable to fulfill their obligations which then incurs financial losses to the Group. The Group's credit control function manages the credit risks by assessing the credit limits and credit terms to be granted to customers and setting up the internal control system of credit approvals and other monitoring procedures to recover overdue debts, if any.

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective internal control and risk management systems within the Group and reviewing their effectiveness, particularly in respect of financial, operational, and compliance controls, and setting appropriate policies so that the objectives of the Group can be effectively and efficiently achieved and the associated risks can be identified, managed and mitigated at an acceptable level.

Appropriate policies and procedures are provided to the staff to take all measures that can (i) safeguard assets against unauthorised use or disposition; (ii) keep proper and accurate accounting records and enhance the reliability of financial reporting; and (iii) ensure efficiency and effectiveness of operations and compliance with applicable laws and regulations. The design of the internal control and risk management systems is to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage and minimise the risk of failure in the Group's operational systems.

The Group's internal control and risk management frameworks include the following major components:

1. an organisation structure with defined responsibility, proper segregation of duties and appropriately delegated authority;

2. policies and procedures relating to financial control, internal control and risk management that can identify, assess, measure and control risks effectively and efficiently;

3. operational and financial budgeting and forecasting systems which facilitate performance measurement, including regular budgeting analysis;

4. clear rules and guidelines which empower the review and approval of major capital and current expenditures;

5. strict internal procedures and controls enabling the handling and dissemination of inside information; and

6. developing a whistleblowing policy that encourages employees to report any incidents of fraud, corruption, theft or misconduct in confidence and a fearless working environment.

INTERNAL CONTROL (Continued)

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Group complies with requirements of SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours under the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements and other corporate communications are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

The internal audit department evaluates the overall adequacy and effectiveness of the Group's internal control and risk management systems. Identified deficiencies are from time to time reported to the Audit Committee and recommendations are made to the Board and the management of the Company.

The Group has also engaged external independent professionals to review its risk management and internal control systems and further enhance its risk management and internal control systems as appropriate.

MANAGEMENT FUNCTIONS

The Board has delegated certain management and administration functions to the management. The management should report back and obtain prior approval from the Board before making decisions or entering into any agreements or arrangements to discharge its functions. The Directors clearly understand the Group's delegation arrangements in place. The key terms and conditions relative to the Directors' appointments have been set out in their service agreements and/or letters of appointments.

COMPANY SECRETARY

Mr. Ong Kam Chit Vincent ("**Mr. Ong**") was appointed as the Company Secretary on 1 May 2023. The biographical details of Mr. Ong are set out under the section headed "Directors' and Senior Management's Profile" section on pages 34 to 36 of this annual report.

Mr. Ong took not less than 15 hours of relevant professional trainings during the year ended 31 March 2026 and had complied with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

The declaration, payment and amount of dividends will be subject to the discretion of the Board and the approval of the shareholders of the Company, and will depend on the following factors:

— our earnings and financial condition;

— operating requirements;

— capital requirements; and

— other factors that our Directors may consider relevant.

The payment of dividends by the Company is also subject to all applicable laws and regulations and the articles of association of the Company.

BOARD PERFORMANCE EVALUATION

The Board believes that regular Board performance evaluation (the "**Board Performance Evaluation**") is an essential element to maintaining high standards of corporate governance and enhancing Board effectiveness. The objective of Board Performance Evaluation is for measuring the accountability, transparency and effectiveness of the Board, and ultimately aiming to identify areas for improvement and promote the ongoing enhancement of governance procedures. The scope of the evaluation will cover various aspects, including but not limited to: (i) Board mix and composition; (ii) relationship between the Board and the management; and (iii) quality of information and decision making.

Pursuant to Code Provision B.1.4 of the Corporate Governance Code (with effect from 1 July 2025) that the Board Performance Evaluation shall be conducted at least once in every two years. During the year ended 31 March 2026, the Company has not conducted the Board Performance Evaluation (except for the review of the Board's composition and skills). The Board Performance Evaluation will be conducted during the year ending 31 March 2027.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "**Board Diversity Policy**") on 31 December 2018. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge, which have been adopted by the Company as measurable objectives for the purpose of implementation of the Board Diversity Policy. The Board has achieved all of the measurable objectives under the Board Diversity Policy.

NOMINATION POLICY

Pursuant to the CG Code relating to nomination policy which has come into effect since 1 January 2019, the Board adopted a nomination policy (the "**Nomination Policy**") on 31 December 2018. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to reputation; skill, experience and professional expertise; diversity in all its aspects; commitment in respect of available time; and the independence criteria applicable to the candidate to be nominated as an independent non-executive director. The Nomination Policy also sets out some nomination procedures:

— The Company Secretary shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members;

— For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation;

— In order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to the shareholders. The name, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to shareholders; and

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

WORKFORCE DIVERSITY POLICY

The Company has adopted a workforce diversity policy. The Company considers workforce diversity as an important element in maintaining sustainable growth and operational success and driving high performance across the Group.

The Company is committed to fostering an inclusive, diverse, and supportive workplace where all employees, regardless of gender, age, family status, race ethnicity, religion, sexual orientation, disability or other characteristics protected by applicable laws, are valued, respected, and treated fairly with equal opportunities. The Company does not tolerate any form of bias, discrimination, harassment and violence in the workplace and in any work-related circumstances.

As at 31 March 2026, the male-to-female ratios in the senior management of the Group and the workforce (excluding the senior management) were approximately 1.50:1 (2025: 1.55:1) and 1.22:1 (2025: 1:1.030), respectively, which are considered by the Board as satisfactory and in line with the industry which the Group operates its businesses in.

The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time, such that there is a pipeline of female senior management and potential successors to the Board in the future. The Board will periodically monitor the gender composition of the workforce and set targets if and as needed.

ENVIRONMENTAL PROTECTION

The Group is fully committed to environmental sustainability both for its products and its operations. The implementation of the European Union's Directives on Restriction of the use of the certain Hazardous Substances in Electrical and Electronic Equipment ("**RoHS**") in August 2005 in European Union members' states has impacted on the electrical and electronic Industry. Accordingly, the Group installed new equipment and established a comprehensive set of policies and procedures to ensure the Group's products completely satisfy RoHS requirements for the European Community and equivalent requirement for the rest of the world. The Group had also made it mandatory for all vendors and business partners to comply with the RoHS requirements.

In addition, the Group's production process has conformed to local environmental regulations. The Group is actively pursuing opportunities to directly contribute to environmental protection, and remains steadfast in its support of environmental protection, consistent with its commitment to be a good corporate citizen.

The environmental, social and governance report in compliance with Appendix C2 of the Listing Rules will be issued in due course.

CONSTITUTIONAL DOCUMENTS

There were no amendment in the memorandum and articles of association of the Company during the financial year ended 31 March 2026.

REMOVAL OF DISCLAIMER OF OPINION FOR THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

References are made to the annual report of the Company for the year ended 31 March 2025 (the "**2025 Annual Report**"), in which the auditors of the Company (the "**Auditors**") did not express an opinion on the consolidated financial statements of the Group for the year ended 31 March 2025 due to material uncertainties relating to going concern (the "**Disclaimer of Opinion**").

The Auditors have removed the Disclaimer of Opinion.

LOOKING FORWARD

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

TO THE SHAREHOLDERS OF
CHINA IN-TECH LIMITED
中國智能科技有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China In-Tech Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 58 to 110, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, 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"), as applicable to audits of financial statements of public interest entities. We have also 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK$30,487,000 for the year ended 31 March 2026 and as at 31 March 2026, the Group had current liabilities of approximately HK$67,301,000, but the Group only had cash and cash equivalents of approximately HK$35,880,000. Besides, the Group had a net operating cash outflow of approximately HK$22,334,000 for the year ended 31 March 2026. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Estimation of the net realisable value of inventories

Refer to Note 19 to the consolidated financial statements.

Inventories are carried at the lower of cost and net realisable value. Net realisable value is determined based on the estimated selling price less the estimated costs of completion, if relevant, other costs necessary to make the sale for electrical haircare products. The balance of inventories of approximately HK$6,021,000 as at 31 March 2026 is material to the consolidated financial statements. In addition, the net realisable value of inventories involves application of judgement and is based on estimates.

Our audit procedures included, among others:

— Obtaining an understanding of assessment process taken by management to estimate the net realisable value for inventories and the inventory provision policy adopted by the Group;

— Assessing the ageing of the inventories on a sample basis;

— Assessing the net realisable values of the inventories on a sample basis; and

— Checking subsequent sales and usage of the inventories on a sample basis.

We consider that the Group's impairment test for inventories is supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Impairment assessment for trade receivables

Refer to Note 20 to the consolidated financial statements.

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of approximately HK$11,138,000 is material to the consolidated financial statements. In addition, the Group's estimation involves application of judgement and is based on assumptions and estimates.

Our audit procedures, where applicable, included, among others:

— Obtaining an understanding of the assessment process of expected credit loss of trade receivables;

— Assessing whether trade receivables had been appropriately grouped by management based on their shared credit risk characteristics;

— Testing the accuracy of the aging of trade receivables on a sample basis;

— Assessing the competence, independence and integrity of the external valuer engaged by the Company;

— Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

— Checking key assumptions and input data in the valuation model to supporting evidence;

— Evaluating whether the historical loss rates had been appropriately adjusted to reflect current economic conditions and forward-looking information relevant to the Group's operations;

— Checking arithmetical accuracy of the valuation model; and

— Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the Company's 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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.

AUDITOR'S RESPONSIBILITY 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Audit Engagement Director
Practising Certificate Number P07374
Hong Kong, 29 June 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Revenue	7	**76,797**	105,797
Cost of sales		**(69,995)**	(111,277)
Gross profit/(loss)		**6,802**	(5,480)
Other gains, net	9	**1,891**	4,332
Distribution costs		**(4,394)**	(3,304)
Administrative expenses		**(33,589)**	(49,521)
Share of losses of associates		**(245)**	–
Loss from operations		**(29,535)**	(53,973)
Finance costs	10	**(1,546)**	(1,765)
Loss before tax		**(31,081)**	(55,738)
Income tax (expense)/credit	11	**(1,240)**	1,529
Loss for the year	12	**(32,321)**	(54,209)
Other comprehensive income after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**489**	2,724
Other comprehensive income for the year, net		**489**	2,724
Total comprehensive expenses for the year		**(31,832)**	(51,485)
Loss for the year attributable to:			
Owners of the Company		**(30,487)**	(49,739)
Non-controlling interests		**(1,834)**	(4,470)
		(32,321)	(54,209)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(30,895)**	(46,723)
Non-controlling interests		**(937)**	(4,762)
		(31,832)	(51,485)
Loss per share			
Basic and diluted (HK cents)	15	**(4.51)**	(8.96)

Consolidated Statement of Financial Position

At 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Property, plant and equipment	16	**515**	–
Right-of-use assets	17	**1,707**	–
Deposits, prepayments and other receivables	21	**38,141**	1,470
Investment in associates	18	**9,660**	–
		50,023	1,470
Current assets			
Inventories	19	**6,021**	5,789
Trade receivables	20	**11,138**	36,086
Contract costs	24	**19,565**	919
Deposits, prepayments and other receivables	21	**22,088**	23,813
Bank and cash balances	22	**35,880**	11,399
		94,692	78,006
Current liabilities			
Trade payables	23	**8,654**	14,928
Accruals and other payables		**20,602**	16,244
Contract liabilities	24	**9,363**	11,769
Loans from a related party	25	**–**	6,328
Lease liabilities	26	**4,817**	3,594
Bank borrowings and overdrafts	27	**23,865**	28,677
Tax liabilities		**–**	90
		67,301	81,630
Net current assets/(liabilities)		**27,391**	(3,624)
Total assets less current liabilities		**77,414**	(2,154)
Non-current liabilities			
Lease liabilities	26	**544**	3,283
NET ASSETS/(LIABILITIES)		**76,870**	(5,437)
Capital and reserves			
Share capital	28	**756**	593
Reserves	32	**73,982**	(9,099)
Equity attributable to owners of the Company		**74,738**	(8,506)
Non-controlling interests		**2,132**	3,069
TOTAL EQUITY		**76,870**	(5,437)

The consolidated financial statements on pages 58 to 110 were approved and authorised for issue by the Board of Directors on 29 June 2026 and are signed on its behalf by:

Zhou Li Yang
Director

Zhang Jiayou
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2026

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Merger reserve**	**Statutory reserve**	**Translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2024	533	86,915	942	519	2,608	(59,270)	32,247	7,831	40,078
Loss for the year	–	–	–	–	–	(49,739)	(49,739)	(4,470)	(54,209)
Other comprehensive income/ (expenses) for the year	–	–	–	–	3,016	–	3,016	(292)	2,724
Issue of new shares pursuant to subscription (note 28)	60	5,910	–	–	–	–	5,970	–	5,970
At 31 March 2025	593	92,825	942	519	5,624	(109,009)	(8,506)	3,069	(5,437)
At 1 April 2025	**593**	**92,825**	**942**	**519**	**5,624**	**(109,009)**	**(8,506)**	**3,069**	**(5,437)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(30,487)**	**(30,487)**	**(1,834)**	**(32,321)**
Other comprehensive (expenses)/ income for the year	**–**	**–**	**–**	**–**	**(408)**	**–**	**(408)**	**897**	**489**
Issue of new shares pursuant to subscriptions (note 28)	**163**	**113,976**	**–**	**–**	**–**	**–**	**114,139**	**–**	**114,139**
At 31 March 2026	**756**	**206,801**	**942**	**519**	**5,216**	**(139,496)**	**74,738**	**2,132**	**76,870**

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	2026 HK$'000	2025 HK$'000
Cash flows from operating activities		
Loss before tax	**(31,081)**	(55,738)
Adjustments for:		
Depreciation of property, plant and equipment	**95**	392
Depreciation of right-of-use assets	**748**	4,161
Impairment loss on property, plant and equipment	**–**	2,365
Impairment loss on right-of-use assets	**–**	6,257
Provision of loss allowance for trade receivables	**1,266**	3,724
Impairment loss on prepayments	**42**	373
Interest income	**(2)**	(19)
Loss on lease termination	**–**	235
Write-down of inventories	**1,171**	260
Interest on bank borrowings and overdrafts	**1,285**	1,369
Interest expense on lease liabilities	**261**	396
Share of losses of associates	**245**	–
Operating cash flow before working capital changes	**(25,970)**	(36,225)
Change in inventories	**(1,403)**	5,495
Change in trade receivables	**23,620**	(813)
Change in contract costs	**(18,646)**	4,949
Change in deposits, prepayments and other receivables	**3,494**	9,855
Change in trade payables	**(4,167)**	(6,140)
Change in accruals and other payables	**4,474**	2,804
Change in contract liabilities	**(2,406)**	1,397
Cash used in from operations	**(21,004)**	(18,678)
Income tax paid	**(1,330)**	(31)
Net cash used in operating activities	**(22,334)**	(18,709)
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	**(15,400)**	(1,177)
Interest received	**2**	19
Investment in associates	**(9,505)**	–
Advance to associates	**(55)**	–
Payments for acquisition of intangible assets	**(21,846)**	–
Net cash used in investing activities	**(46,804)**	(1,158)

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Cash flows from financing activities			
Issue of new shares pursuant to subscriptions	28	**114,139**	5,970
New bank borrowings raised		**25,185**	26,895
Repayment of bank borrowings		**(37,833)**	(38,006)
(Repayment to)/advance from a related party		**(6,328)**	243
Repayment of lease liabilities		**(4,515)**	(2,166)
Lease interests paid		**(261)**	(87)
Interests paid on bank borrowings and overdrafts		**(1,285)**	(1,369)
Net cash generated from/(used in) financing activities		**89,102**	(8,520)
Net increase/(decrease) in cash and cash equivalents		**19,964**	(28,387)
Effect of foreign exchange rate changes		**209**	(156)
Cash and cash equivalents at beginning of year		**11,399**	39,942
Cash and cash equivalents at end of year		**31,572**	11,399
Analysis of cash and cash equivalents			
Bank and cash balances	22	**35,880**	11,399
Bank overdrafts	27	**(4,308)**	–
		31,572	11,399

1. GENERAL INFORMATION

China In-Tech Limited (the "**Company**") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is located at Unit 506, 5/F, New World Tower 1, 18 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 36 to the consolidated financial statements.

To the best knowledge of the directors of the Company (the "**Directors**"), as at 31 March 2026, China Yuen Capital Limited ("**CYC**"), a company incorporated in the British Virgin Islands, is the immediate holding company of the Company; Luckever Holdings Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company of the Company.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK$30,487,000 for the year ended 31 March 2026 and as at 31 March 2026, the Group had current liabilities of approximately HK$67,301,000, but the Group only had cash and cash equivalents of approximately HK$35,880,000. Besides, the Group had a net operating cash outflow of approximately HK$22,334,000 for the year ended 31 March 2026. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements, after taking into consideration of the followings:

(i) The Group is actively negotiating with financial institutions and lenders for extension or refinancing of the borrowings;

(ii) The Group will actively negotiate with various financial institutions and potential investors or lenders to secure new financing arrangement to meet the Group's working capital and financial requirements in the near future. The Group will also actively seek opportunities to carry out fund raising activities including but not limited to the placing of new shares of the Company or rights issue as alternative sources of funding; and

(iii) The Group has been endeavouring to improve the Group's operating performance and cash flows through cost control measures and working capital management to maintain sufficient liquidity.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the Directors are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The Directors believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

However, should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively, and to provide for any further liabilities which might arise.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 April 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

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

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the Directors to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling interests and owners of the Company.

Profit or loss and each component of other comprehensive income are 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.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investments in associates is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Associates (Continued)

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Company's presentation currency. The functional currency of the Company is United States dollars ("**US$**"). The Directors consider that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(c) Translation on consolidation

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

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold improvements	The shorter of term of the lease, or 5 years
Plant and machinery	5 to 10 years
Furniture, fixtures and office equipment	5 years
Moulds	5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal useful lives are as follows:

Buildings, plant and machinery	Over the lease term of 2 years to 3 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

(b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on 5% of the employees' relevant income, subject to a ceiling of monthly relevant income of HK$30,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also participates in a defined contribution retirement scheme organised by the government in the People's Republic of China (the "**PRC**"). The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation

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

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

Deferred tax is recognised on 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred 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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

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

Related parties

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

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

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

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

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets, except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group’s position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome that certain measures to improve its financial position, to provide liquidity and cash flow. Details are explained in note 2 to consolidated financial statements.

Key sources of estimation uncertainty

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

(a) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgements and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade receivables and doubtful debt expenses in the year in which such estimate has been changed.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. In addition, certain deposits and other receivables, bank and cash balances, trade payables and accruals and other payables are denominated in foreign currencies other than the functional currency of the respective group entities.

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

The carrying amounts of the Group's entities foreign currency denominated monetary assets and monetary liabilities at the reporting date exposing to currency risk are as follows:

For entities with a US$ functional currency holding monetary assets and liabilities

	Assets		Liabilities	
	2026	2025	**2026**	2025
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**6,020**	9,606	**2,000**	5,157
Renminbi ("**RMB**")	**602**	290	**740**	771

For entities with a US$ functional currency holding monetary assets and liabilities denominated in HK$, the Directors considered that, as HK$ is pegged to US$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of US$ against HK$.

Other than above, several subsidiaries of the Group with RMB as functional currency have the following intra-group payables denominated in HK$, which are foreign currency of the relevant group entities.

	Amount due to group entities	
	2026	2025
	HK$'000	HK$'000
HK$ against RMB	**89,364**	81,373

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2025: 5%) increase and decrease in RMB against US$ and HK$ against RMB and all other variable are held constant. 5% (2025: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding denominated monetary items and adjusts their translation at the year end for a 5% (2025: 5%) change in RMB against US$ and HK$ against RMB. A positive number below indicates an increase in pre-tax loss for the year where RMB strengthens 5% (2025: 5%) against US$ and HK$ strengthens 5% (2025: 5%) against RMB. For a 5% (2025: 5%) weakening of RMB against US$ and HK$ against RMB, there would be an equal and opposite impact on the pre-tax loss for the year and the balances below would be negative.

	2026	2025
	HK$'000	HK$'000
Increase in pre-tax loss for the year	**4,475**	4,093

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The carrying amount of bank balances, trade receivables, deposits and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 March 2026 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— internal credit rating;

— external credit rating (if available);

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— actual or expected significant changes in the operating results of the borrower; and

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade loan receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Total HK$'000
At 31 March 2026			
Trade payables	**8,654**	**–**	**8,654**
Accruals and other payables	**20,602**	**–**	**20,602**
Bank borrowings and overdrafts	**24,337**	**–**	**24,337**
Lease liabilities	**4,941**	**550**	**5,491**
	58,534	**550**	**59,084**
At 31 March 2025			
Trade payables	14,928	–	14,928
Accruals and other payables	16,244	–	16,244
Bank borrowings and overdrafts	29,356	–	29,356
Loans from a related party	6,328	–	6,328
Lease liabilities	3,802	3,352	7,154
	70,658	3,352	74,010

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the bank balances and bank borrowings and overdrafts. The Directors consider that the changes in interest rates of bank balances and bank borrowings and overdrafts have no significant impact to the Group due to the low interest rates and short-term maturities and therefore no sensitivity analysis is presented for bank balances and bank borrowings and overdrafts.

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

(e) Categories of financial instruments

	2026 **HK$'000**	2025 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**51,039**	53,377
Financial liabilities:		
Financial liabilities at amortised cost	**53,121**	66,177

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their fair values.

7. REVENUE

	2026 HK$'000	2025 HK$'000
Revenue from contracts with customers and total revenue		
Sales of electrical haircare appliances	**39,408**	75,246
Service income from information technology service	**37,389**	30,551
	76,797	105,797

Disaggregation of revenue from contracts with customers:

	2026		
Segments	**Sales of electrical haircare appliances HK$'000**	**Information technology service HK$'000**	**Total HK$'000**
Major products/services			
Sales of hair dryer	**16,253**	**–**	**16,253**
Sales of hair straightener	**7,085**	**–**	**7,085**
Sales of air brush	**15,579**	**–**	**15,579**
Information technology service	**–**	**37,389**	**37,389**
Others	**491**	**–**	**491**
	39,408	**37,389**	**76,797**
Geographical markets			
Europe	**35,040**	**–**	**35,040**
Asia	**4,277**	**37,389**	**41,666**
Australia	**91**	**–**	**91**
	39,408	**37,389**	**76,797**
Timing of revenue recognition			
At a point in time	**39,408**	**–**	**39,408**
Over time	**–**	**37,389**	**37,389**
	39,408	**37,389**	**76,797**

7. REVENUE (Continued)

Segments	2025 Sales of electrical haircare appliances HK$'000	Information technology service HK$'000	Total HK$'000
Major products/services:			
Sales of hair dryer	40,982	–	40,982
Sales of hair straightener	13,206	–	13,206
Sales of air brush	17,206	–	17,206
Information technology service	–	30,551	30,551
Others	3,852	–	3,852
	75,246	30,551	105,797
Geographical markets			
Europe	59,071	–	59,071
Asia	14,221	30,551	44,772
Australia	1,954	–	1,954
	75,246	30,551	105,797
Timing of revenue recognition			
At a point in time	75,246	–	75,246
Over time	–	30,551	30,551
	75,246	30,551	105,797

Sales of electrical haircare appliances

The Group manufactures and sells electrical haircare appliances to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The Group generally allows a credit period ranging from 14 to 95 days for their trade receivables with terms that are common within the industry and are not considered financing arrangements. The Group negotiates with customers to provide a portion of upfront payments upon acceptance of orders. The advance payments received by the Group for goods are recognised as a contract liability until the goods have been delivered to the customer.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

7. REVENUE (Continued)

Information technology services

The Group provides information technology services to the customers. When the progress towards complete satisfaction of the performance obligations of an information technology service contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to information technology service performed. This method provides the most reliable estimate of the percentage of completion.

The Group generally allows a credit period of 180 days for their trade receivables with terms that are common within the industry and are not considered financing arrangements. The Group negotiates with customers to provide a portion of upfront payments upon acceptance of orders. The advance payments received by the Group for services are recognised as a contract liability until the services have been delivered to the customer.

When the progress towards complete satisfaction of the performance obligations of a information technology contract cannot be measured reasonably, revenue from the contract is recognised only to the extent of contract costs incurred that is expected to be recoverable.

8. SEGMENT INFORMATION

The Group has two reportable segments as follows:

(i) Electrical haircare appliance segment: manufacturing and selling electrical haircare appliances; and

(ii) Information technology service segment: provision of information technology services in the PRC.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include finance costs and corporate and other unallocated expenses. Segment assets do not include corporate and other unallocated assets. Segment liabilities do not include loans from a related party and corporate and other unallocated liabilities.

8. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2026/as at 31 March 2026

	Sales of electrical haircare appliances HK$'000	Information technology services HK$'000	Total HK$'000
Segment revenue			
Sales to external customers	39,408	37,389	76,797
Segment results	(10,723)	(4,181)	(14,904)
Reconciliation:			
Finance costs			(1,546)
Share of losses of associates			(5)
Corporate and other unallocated expenses			(15,866)
			(32,321)
Segment assets	26,737	77,266	104,003
Reconciliation:			
Corporate and other unallocated assets			40,712
Total assets			144,715
Segment liabilities	59,917	3,675	63,592
Reconciliation:			
Corporate and other unallocated liabilities			4,253
Total liabilities			67,845
Other Segment Information			
For the year ended 31 March 2026			
Interest revenue	2	–	2
Additions to property, plant and equipment	182	–	182
Depreciation and amortisation	33	–	33
(Reversal)/provision of loss allowance for trade receivables	(174)	1,440	1,266
Impairment loss on prepayments	42	–	42
Share of losses of associates	–	240	240
As at 31 March 2026			
Investment in associates	–	9,660	9,660

8. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2025/as at 31 March 2025

	Sales of electrical haircare appliances HK$'000	Information technology services HK$'000	Total HK$'000
Segment revenue			
Sales to external customers	75,246	30,551	105,797
Segment results	(35,719)	(8,993)	(44,712)
Reconciliation:			
Unallocated loss			(2)
Finance costs			(1,765)
Corporate and other unallocated expenses			(7,730)
			(54,209)
Segment assets	41,365	36,945	78,310
Reconciliation:			
Corporate and other unallocated assets			1,166
Total assets			79,476
Segment liabilities	62,695	6,737	69,432
Reconciliation:			
Corporate and other unallocated liabilities			15,481
Total liabilities			84,913
Other Segment Information			
For the year ended 31 March 2025			
Interest revenue	18	1	19
Additions to property, plant and equipment	1,108	–	1,108
Depreciation and amortisation	3,739	814	4,553
Provision of loss allowance for trade receivables	635	3,089	3,724
Impairment loss on property, plant and equipment	2,365	–	2,365
Impairment loss on right-of-use assets	6,257	–	6,257
Impairment loss on prepayments	373	–	373

8. SEGMENT INFORMATION (Continued)

Geographical information

All the Group's non-current assets excluding financial instruments and investment in associates are located in Hong Kong.

Information about major customers

Revenue from major customers individually accounting for 10% or more of total revenue are as follows:

	2026	2025
	HK$'000	HK$'000
Electrical haircare appliance segment		
Customer A	**20,890**	27,507
Customer B	**12,137**	24,769
Information technology service segment		
Customer C	**17,747**	6,749*

* Revenue from this customer did not exceed 10% of total revenue in the respective year. These amounts were shown for comparative purpose.

9. OTHER GAINS, NET

	2026	2025
	HK$'000	HK$'000
Bank interest income	**2**	19
Income from sale of mould	**–**	1,420
Compensation received in respect of cancelled orders and late payment from customers	**–**	197
Net foreign exchange gain	**1,187**	2,067
Sales of raw materials	**486**	99
Sub-contracting income	**–**	522
Loss on lease termination	**–**	(235)
Sundry income	**216**	243
	1,891	4,332

10. FINANCE COSTS

	2026	2025
	HK$'000	HK$'000
Interest on bank borrowings and overdrafts	**1,285**	1,369
Interest on lease liabilities	**261**	396
	1,546	1,765

11. INCOME TAX (EXPENSE)/CREDIT

	2026	2025
	HK$'000	HK$'000
Deferred tax	**–**	(1,484)
Current tax — PRC enterprise income tax		
(Under-provision)/over-provision in prior years	**(1,240)**	3,013
	(1,240)	1,529

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The income tax provision of the Group in respect of operations in the PRC which qualified as "Small Low-Profit Enterprise" for the years ended 31 March 2026 and 2025 were entitled to a preferential income tax rate. From 1 January 2023 to 31 December 2027, the profits of no more than RMB3 million are taxed at 5%.

The income tax provision of the Group in respect of operations in the PRC which obtained "High and New Technology Enterprise" qualification under EIT Law were entitled to a preferential income tax rate of 15%.

According to policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 200% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year ("**Super Deduction**").

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

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime of the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided in the consolidated financial statement as the subsidiaries of the Group operating in Hong Kong are either suffering from tax losses, or the assessable profits are wholly absorbed by tax losses brought forwards for both years.

11. INCOME TAX (EXPENSE)/CREDIT (Continued)

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by the PRC enterprise income tax rate is as follows:

	2026 HK$'000	2025 HK$'000
Loss before tax	**(31,081)**	(55,738)
Tax at the tax rate of 25% (2025: 25%)	**(7,770)**	(13,935)
Tax effect of expenses not deductible for tax purposes	**4,415**	5,035
Tax effect of income not taxable for tax purposes	**(50)**	(5)
Super Deduction	**–**	(1,056)
Tax effect of tax losses not recognised	**3,986**	9,961
Tax losses previously recognised and reversed	**–**	1,484
Tax effect of utilisation of tax losses not previously recognised	**(581)**	–
Under-provision/(over-provision) in prior years	**1,240**	(3,013)
Income tax expense/(credit)	**1,240**	(1,529)

At the end of the reporting period, the Group has unused tax losses of approximately HK$63,262,000 (2025: HK$80,075,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to unpredictability of future profit streams. Included in unused tax losses are losses from certain subsidiaries operating in the PRC of approximately HK$41,314,000 (2025: HK$56,396,000) that will expire in various dates within five years up to 2030 (2025: 2029). All other tax losses may be carried forward indefinitely.

12. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging the following:

	2026 HK$'000	2025 HK$'000
Auditor's remuneration		
Audit services	**800**	800
Non-audit services	**20**	20
	820	820
Depreciation of right-of-use assets	**748**	4,161
Depreciation of property, plant and equipment	**95**	392
Write-down of inventories (included in cost of inventories sold)	**1,171**	260
Provision of loss allowance for trade receivables	**1,266**	3,724
Impairment loss on property, plant and equipment	**–**	2,365
Impairment loss on right-of-use assets	**–**	6,257
Impairment loss on prepayments	**42**	373
Cost of inventories sold	**35,676**	81,350
Directors' remuneration (note 13)		
As directors (independent non-executive Directors)	**372**	372
For management (executive Directors)	**930**	885
Retirement benefits contributions	**45**	44
	1,347	1,301
Staff costs (not including directors' emoluments)		
Salaries, bonus and allowances	**21,110**	40,727
Retirement benefits scheme contributions	**2,217**	3,753
	23,327	44,480
Total staff costs (including directors' emoluments)	**24,674**	45,781

Cost of inventories sold includes staff costs and depreciation of approximately HK$8,684,000 (2025: HK$25,226,000) which are included in the amounts disclosed separately above.

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

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable to the Directors and the chief executive were as follows:

	Directors' fees HK$'000	Retirement benefit contributions HK$'000	Total HK$'000
For the year ended 31 March 2026			
Executive directors			
Zhang Huijun (Chairman)	360	18	378
Cai Dongyan (Chief Executive Officer)	180	9	189
Zhou Li Yang	390	18	408
	930	45	975
Independent non-executive directors			
Ma Yu Heng	96	–	96
Hu Zhigang	96	–	96
Zhang Jiayou (note i)	180	–	180
	372	–	372
Total	1,302	45	1,347

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

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

	Directors' fees HK$'000	Retirement benefit contributions HK$'000	Total HK$'000
For the year ended 31 March 2025			
Executive directors			
Zhang Huijun (Chairman)	345	17	362
Cai Dongyan (Chief Executive Officer)	180	9	189
Zhou Li Yang	360	18	378
	885	44	929
Independent non-executive directors			
Ma Yu Heng	96	–	96
Hu Zhigang	96	–	96
Zhang Jiayou (note i)	180	–	180
	372	–	372
Total	1,257	44	1,301

Note:

(i) Re-designated to executive director on 15 May 2026.

During the Year, Ms. Cai Dongyan has agreed to waive her emoluments of HK$420,000. Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any emoluments during the Year.

During the year ended 31 March 2025, Mr. Zhang Huijun and Ms. Cai Dongyan have agreed to waive their emoluments of HK$255,000 and HK$420,000, respectively.

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

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included nil (2025: nil) Director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining five (2025: five) individuals are set out below:

	2026 **HK$'000**	2025 HK$'000
Basic salaries and allowances	**2,738**	2,989
Retirement benefits contributions	**72**	90
	2,810	3,079

The emoluments fell within the following bands:

	2026 **Number of individuals**	2025 Number of individuals
Nil to HK$1,000,000	**5**	5

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

14. DIVIDENDS

The Directors did not recommend the payment of any dividend for the years ended 31 March 2026 and 2025.

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2026 **HK$'000**	2025 HK$'000
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	**(30,487)**	(49,739)

	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**675,598**	555,017

No diluted loss per share for the current and prior years was presented as there were no potential ordinary shares in issue.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Total HK$'000
COST						
At 1 April 2024	8,835	26,496	22,349	3,759	81,781	143,220
Additions	–	–	–	–	1,108	1,108
Exchange differences	–	–	(12)	–	–	(12)
At 31 March 2025 and 1 April 2025	**8,835**	**26,496**	**22,337**	**3,759**	**82,889**	**144,316**
Additions	**428**	**–**	**–**	**–**	**182**	**610**
Exchange differences	**–**	**–**	**53**	**–**	**–**	**53**
At 31 March 2026	**9,263**	**26,496**	**22,390**	**3,759**	**83,071**	**144,979**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS						
At 1 April 2024	8,835	26,496	22,349	3,759	80,132	141,571
Charge for the year	–	–	–	–	392	392
Impairment loss recognised in profit or loss	–	–	–	–	2,365	2,365
Exchange differences	–	–	(12)	–	–	(12)
At 31 March 2025 and 1 April 2025	**8,835**	**26,496**	**22,337**	**3,759**	**82,889**	**144,316**
Charge for the year	**62**	**–**	**–**	**–**	**33**	**95**
Exchange differences	**–**	**–**	**53**	**–**	**–**	**53**
At 31 March 2026	**8,897**	**26,496**	**22,390**	**3,759**	**82,922**	**144,464**
CARRYING AMOUNTS						
At 31 March 2026	**366**	**–**	**–**	**–**	**149**	**515**
At 31 March 2025	–	–	–	–	–	–

17. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2026 HK$'000	2025 HK$'000
At 31 March:		
Right-of-use assets		
— Buildings, plant and machinery	**1,707**	–
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
— Less than 1 year	**4,941**	3,802
— Between 1 and 2 years	**550**	3,352
	5,491	7,154
Year ended 31 March:		
Depreciation charge of right-of-use assets		
— Buildings, plant and machinery	**748**	4,161
Lease interests	**261**	396
Total cash outflow for leases	**4,776**	2,253
Termination of leases	**–**	3,426
Additions to right-of-use assets	**2,455**	–
Impairment on right-of-use assets	**–**	6,257
Exchange loss	**–**	142

The Group leases various buildings, plant and machinery. Lease agreements are typically made for fixed periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

18. INVESTMENT IN ASSOCIATES

	2026	2025
	HK$'000	HK$'000
Unlisted investments:		
Share of net assets	**1,295**	–
Goodwill	**8,365**	–
	9,660	–

Particulars of the associates of the Group are as follows:

Name	**Place of incorporation/ registration/operation**	**Percentage of ownership interest/profit sharing** **2026**	2025	**Principal activities**
Panteon Fintech Limited	British Virgin Islands (''BVI'')	**15%**	N/A	Investment holding and developing payment platform
Fusionrock Capital Holdings Limited	Hong Kong	**49%**	N/A	Investment holding

Although the Group holds less than 20% of the voting power of Panteon Fintech Limited, the Group exercises significant influence over this company because the Group is guaranteed a seat on the boards of directors of this company through investment agreement and hence has the power to participate in the making of significant financial and operating decisions in relation to of this company.

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method:

	2026
	HK$'000
At 31 March:	
Carrying amounts of interests	**1,295**
Year ended 31 March:	
Loss from operations	**(245)**
Total comprehensive expenses	**(245)**

19. INVENTORIES

	2026 HK$'000	2025 HK$'000
Raw materials	**3,304**	3,639
Work in progress	**2,176**	1,491
Finished goods	**541**	659
	6,021	5,789

20. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 14 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

	2026 HK$'000	2025 HK$'000
Trade receivables	**18,247**	41,661
Less: loss allowance	**(7,109)**	(5,575)
	11,138	36,086

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2026 HK$'000	2025 HK$'000
0 to 60 days	**2,311**	10,167
61 to 120 days	**3,908**	12,024
121 to 365 days	**325**	6,266
Over 1 year	**4,594**	7,629
	11,138	36,086

Reconciliation of loss allowance for trade receivables:

	2026 HK$'000	2025 HK$'000
At the beginning of the year	**5,575**	1,851
Increase in loss allowance for the year	**1,266**	3,724
Currency translation differences	**268**	–
At the end of the year	**7,109**	5,575

20. TRADE RECEIVABLES (Continued)

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	1–90 days past due	91 days–1 year past due	Over 1 year past due	Total
At 31 March 2026					
Weighted average expected loss rate	**10%**	**10%**	**59%**	**56%**	
Receivable amount (HK$'000)	**6,698**	**251**	**2,936**	**8,362**	**18,247**
Loss allowance (HK$'000)	**703**	**25**	**1,738**	**4,643**	**7,109**
At 31 March 2025					
Weighted average expected loss rate	0%	2%	25%	49%	
Receivable amount (HK$'000)	28,235	1,476	1,378	10,572	41,661
Loss allowance (HK$'000)	25	25	338	5,187	5,575

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2026 HK$'000	2025 HK$'000
Included in non-current assets		
Rental deposits	**569**	534
Prepayments for acquisition of properties	**14,000**	–
Prepayments for acquisition of motor vehicle and moulds	**1,726**	936
Prepayment for development of intangible assets	**21,846**	–
	38,141	1,470
Included in current assets		
Deposits	**839**	406
Other prepayments	**17,122**	17,736
Other tax recoverable	**1,514**	719
Other receivables	**2,613**	4,952
	22,088	23,813
Total	**60,229**	25,283

22. BANK AND CASH BALANCES

The bank balances carry interests at market rates ranging from 0.00%-0.05% (2025: 0.00%-0.20%) per annum.

As at 31 March 2026, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$1,424,000 (2025: HK$6,018,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

23. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2026	2025
	HK$'000	HK$'000
0 to 60 days	**4,657**	8,410
61 to 120 days	**903**	2,988
121 to 365 days	**51**	336
Over 1 year	**3,043**	3,194
	8,654	14,928

The credit periods on purchases of goods range from 30 to 120 days.

24. CONTRACT COST AND CONTRACT LIABILITIES

Disclosures of revenue-related items:

	As at 31 March		
	2026	2025	2024
	HK$'000	HK$'000	HK$'000
Contract liabilities	**9,363**	11,769	10,372
Contract costs	**19,565**	919	5,868

	As at 31 March		
	2026	2025	2024
	HK$'000	HK$'000	HK$'000
Contract receivables (included in trade receivables)	**11,138**	36,086	38,997

24. CONTRACT COST AND CONTRACT LIABILITIES (Continued)

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

	2026	2025
	HK$'000	HK$'000
— Year ended 31 March 2025	**N/A**	23,644
— Year ended 31 March 2026	**9,667**	–
	9,667	23,644

Year ended 31 March	**2026**	2025
	HK$'000	HK$'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	**11,769**	10,372

Significant changes in contract liabilities

	2026	2025
	HK$'000	HK$'000
Increase due to operations in the year	**12,713**	13,785
Transfer of contract liabilities to revenue	**15,119**	12,388

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

Costs to obtain contracts with customers, mainly initial cost incurred for tender of contract are capitalised as contract costs because the Group expects to recover these costs. Capitalised contract costs are amortised to profit or loss when the related revenue is recognised.

25. LOANS FROM A RELATED PARTY

		2026	2025
	Note	**HK$'000**	HK$'000
CYC	(a)	**–**	6,328

(a) CYC is the Company's immediate holding company. The amounts are unsecured, interest-free and repayable within one year from the drawn down date.

26. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2026	2025	**2026**	2025
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**4,941**	3,802	**4,817**	3,594
In the second to fifth years, inclusive	**550**	3,352	**544**	3,283
	5,491	7,154		
Less: Future finance charges	**(130)**	(277)		
Present value of lease liabilities	**5,361**	6,877	**5,361**	6,877
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(4,817)**	(3,594)
Amount due for settlement after 12 months			**544**	3,283

At 31 March 2026, the average effective borrowing rate was ranged from 3.5% to 4.0% (2025: 3.5% to 4.0%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

27. BANK BORROWINGS AND OVERDRAFTS

	2026	2025
	HK$'000	HK$'000
Carrying amount of secured bank borrowings repayable within one year or contain a repayment on demand clause and shown under current liabilities	**19,557**	28,677
Bank overdrafts	**4,308**	–
	23,865	28,677

The range of average interest rates at 31 March was as follows:

	2026	2025
	HK$'000	HK$'000
Carrying amount of secured bank borrowings repayable within one year or contain a repayment on demand clause and shown under current liabilities	**3.50% to 6.73%**	3.60% to 7.71%
Bank overdrafts	**5.25% to 7.82%**	N/A

27. BANK BORROWINGS AND OVERDRAFTS (Continued)

The Group entered into several banking facilities with banks in Hong Kong and the PRC. Bank borrowings and overdrafts are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The secured bank borrowings and overdrafts are:

— guaranteed by personal guarantee from key management personnel of subsidiaries of the Company (the "**Key Management Personnel**");

— guaranteed by related companies controlled by the Key Management Personnel; and/or

— secured by certain properties owned by related companies controlled by the Key Management Personnel.

As at 31 March 2026, the Group has issued a guarantee to a bank in respect of banking facilities granted to a related company. In the opinion of the Director, the possibility of default by the related company is remote and, with reference to the valuation performed by an independent professional valuer engaged by the Company, in case of default in payments, the net realisable value of the pledged properties by the related company can recover the repayment of the outstanding principals together with the accrued interest and penalty. Accordingly, no provision has been made in the consolidated financial statements.

The Group also uses trust receipt loans as its supplier finance arrangement. The banks will settle the Group's suppliers directly using the funds of these trust receipt loans. The terms of these trust receipt loans are within 4 months from drawing of the loans.

Included in the bank borrowings balances above are the following supplier finance arrangement liabilities:

	As at 31 March 2026 HK$'000	As at 31 March 2025 HK$'000
Carrying amount of liabilities	**–**	1,781
of which suppliers have received payment	**–**	1,781
Range of payment due dates after invoice dates		
Supplier finance arrangement liabilities	**180–240 days**	180–240 days
Comparable trade payable not part of the supplier finance arrangement	**60–120 days**	60–120 days

The major non-cash increases of supplier finance arrangement liabilities during the year are as follows:

	2026 HK$'000	2025 HK$'000
Trade payable settlements	**2,107**	5,069

28. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised:		
Ordinary shares of HK$0.001 (2025: HK$0.001) each		
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	**1,000,000**	**1,000**
Issued and fully paid:		
Ordinary shares of HK$0.001 (2025: HK$0.001) each		
At 1 April 2024	533,154	533
Issue of new shares pursuant to subscription (note i)	60,000	60
At 31 March 2025 and 1 April 2025	**593,154**	**593**
Issue of new shares pursuant to subscriptions (note ii and iii)	**163,088**	**163**
At 31 March 2026	**756,242**	**756**

Notes:

(i) On 4 November 2024, the Company, as the issuer, entered into a subscription agreement with a subscriber pursuant to which the subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, 60,000,000 subscription shares in aggregate at the subscription price of HK$0.10 per subscription share. The subscription was completed on 19 November 2024 and the premium on the issue of shares, amounting to approximately HK$5,940,000, net of share issue expenses of HK$30,000, was credited to the Company's share premium account.

(ii) On 14 April 2025, the Company, as the issuer, entered into six subscription agreements with six subscribers pursuant to which the subscribers have agreed to subscribe for, and the Company has agreed to allot and issue, 46,000,000 subscription shares in aggregate at the subscription price of HK$0.22 per subscription share. The subscriptions were completed on 30 April 2025 and the premium on the issue of shares, amounting to approximately HK$10,074,000, net of share issue expenses of HK$30,000, was credited to the Company's share premium account.

(iii) On 6 November 2025, the Company, as the issuer, entered into twenty-seven subscription agreements with twenty-seven subscribers pursuant to which the subscribers have agreed to subscribe for, and the Company has agreed to allot and issue, 117,088,000 subscription shares in aggregate at the subscription price of HK$0.90 per subscription share. The subscriptions were completed on 27 November 2025 and the premium on the issue of shares, amounting to approximately HK$105,262,000, net of share issue expenses of HK$1,330,000, was credited to the Company's share premium account.

29. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of debts, which includes the loans from a related party, lease liabilities, and bank borrowings and overdrafts disclosed in notes 25, 26 and 27 and equity attributable to owners of the Company, comprising share capital and reserves. The Directors review the capital structure on a continuous basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as addition to new borrowings and repayment of existing debts.

30. SHARE OPTION SCHEME

2015 Share Option Scheme

The share option scheme of the Company was adopted pursuant to a resolution passed on 6 August 2015 (the "**2015 Share Option Scheme**") for the primary purpose of providing incentives to Directors and eligible employees of the Group, and remains in force for a period of ten years.

Under the 2015 Share Option Scheme, the Board may, at its absolute discretion, offer to grant options to any employee, executive and officer of the Group, any director (including non-executive director and independent non-executive director) and any adviser, consultant, supplier and/or agent of the Group whom the Board considered have contributed or will contribute to the Group.

The total number of shares in respect of which options may be granted under the 2015 Share Option Scheme is not permitted to exceed 10% of the nominal amount of all issued shares as at 6 August 2015, without prior approval from the shareholders of the Company. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the shareholders of the Company.

Options granted were exercisable from the date of grant to 5 August 2025 (both days inclusive). The exercise price is determined by the Directors, and would not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The 2015 Share Option Scheme was expired on 5 August 2025. After the expiration of the 2015 Share Option Scheme, no further options will be granted.

30. SHARE OPTION SCHEME (Continued)

2025 Share Option Scheme

The share option scheme of the Company was adopted pursuant to a resolution passed on 22 August 2025 (the "**2025 Share Option Scheme**") for the primary purpose of providing incentives to Directors and eligible employees of the Group, and remains in force for a period of ten years.

Under the 2025 Share Option Scheme, the Board may, at its absolute discretion, offer to grant options to (i) any full-time or part-time employee of the Company and/or any subsidiary of the Company; and (ii) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company, whom the Board considered have contributed or will contribute to the Group.

The total number of shares in respect of which options may be granted under the 2025 Share Option Scheme is not permitted to exceed 10% of the issued shares capital of the Company as at 22 August 2025, without prior approval from the shareholders of the Company. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the shareholders of the Company. Where options are proposed to be granted to a substantial shareholder or an independent non-executive director of the Company, and the proposed grant of options will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company such grant of options must be subject to the approval of the shareholders of the Company taken on a poll at general meeting.

The vesting period of a share option shall not be shorter than 12-month from the date of acceptance of the offer before the share option can be exercised. A shorter vesting period may be granted to the eligible participants at the discretion of the board of Directors or the remuneration committee of the Company.

The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price of the share of the Company on the date of offer; (ii) the average closing price of the share of the Company for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share of the Company.

No share options were granted, exercised, cancelled or lapsed under the 2015 Share Option Scheme and 2025 Share Option Scheme during the current and prior years nor outstanding at the end of both reporting periods.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2026 HK$'000	2025 HK$'000
Non-current assets		
Property, plant and equipment	**366**	–
Right-of-use assets	**1,707**	–
Investment in subsidiaries	**448**	136
Deposits, prepayments and other receivables	**24,636**	–
	27,157	136
Current assets		
Deposits, prepayments and other receivables	**5,769**	–
Amounts due from subsidiaries	**15,256**	6,314
Bank and cash balances	**32,080**	1,166
	53,105	7,480
Current liabilities		
Accruals and other payables	**3,580**	9,753
Amounts due subsidiaries	**71**	41
Loans from a related party	**–**	6,328
Lease liabilities	**1,329**	–
	4,980	16,122
Net current assets/(liabilities)	**48,125**	(8,642)
Total assets less current liabilities	**75,282**	(8,506)
Non-current liabilities		
Lease liabilities	**544**	–
NET ASSETS/(LIABILITIES)	**74,738**	(8,506)
Capital and reserves		
Share capital	**756**	593
Reserves	**73,982**	(9,099)
TOTAL EQUITY	**74,738**	(8,506)

32. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2024	86,915	(55,201)	31,714
Issue of new shares pursuant to subscription (note 28)	5,910	–	5,910
Loss and total comprehensive expenses for the year	–	(46,723)	(46,723)
At 31 March 2025 and 1 April 2025	**92,825**	**(101,924)**	**(9,099)**
Issue of new shares pursuant to subscriptions (note 28)	**113,976**	**–**	**113,976**
Loss and total comprehensive expenses for the year	**–**	**(30,895)**	**(30,895)**
At 31 March 2026	**206,801**	**(132,819)**	**73,982**

(c) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the consolidated financial statements.

(iii) Statutory reserve

The subsidiaries of the Company established in Mainland China are governed by the laws and regulations of Mainland China and their articles of association. They are required to provide for statutory reserve, which is appropriated from net profit after taxation but before dividend distribution based on the local statutory financial statements prepared in accordance with accounting principles and relevant financial regulations applicable to enterprises established in Mainland China. They are required to allocate at least 10% of their net profit to the reserve fund until the balance of such fund has reached 50% of its registered capital. The statutory reserve can only be used to offset accumulated losses or increase capital.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Interest payable (included in other payables)	Lease liabilities	Bank borrowings	Loans from a related party	Total liabilities from financing activities
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2024	–	14,656	35,277	6,085	56,018
Changes in cash flows	(1,369)	(2,253)	(11,111)	243	(14,490)
Non-cash changes					
— Interest charged	1,369	396	–	–	1,765
— Setting off against rental prepayments	–	(2,428)	–	–	(2,428)
— Lease termination	–	(3,341)	–	–	(3,341)
— Trade payables settlement	–	–	5,069	–	5,069
— Exchange difference	–	(153)	(558)	–	(711)
At 31 March 2025 and 1 April 2025	**–**	**6,877**	**28,677**	**6,328**	**41,882**
Changes in cash flows	**(1,285)**	**(4,776)**	**(12,648)**	**(6,328)**	**(25,037)**
Non-cash changes					
— Additions	**–**	**2,455**	**–**	**–**	**2,455**
— Interest charged	**1,285**	**261**	**–**	**–**	**1,546**
— Trade payables settlement	**–**	**–**	**2,107**	**–**	**2,107**
— Exchange difference	**–**	**544**	**1,421**	**–**	**1,965**
At 31 March 2026	**–**	**5,361**	**19,557**	**–**	**24,918**

34. CAPITAL COMMITMENTS

	2026 HK$'000	2025 HK$'000
Capital expenditure in respect of the acquisition contracted for but not provided in the consolidated financial statements:		
— Properties	**39,165**	–
— Moulds	**897**	912
	40,062	912

35. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2026 HK$'000	2025 HK$'000
Balances with its related parties:		
Deposits, prepayments and other receivables to companies controlled by Mr. Lam Wai Ming included in deposits, prepayments and other receivables	**3,030**	2,529
Trade receivables to a company controlled by Mr. Lam Wai Ming included in trade receivables	**–**	211
Other payables to a company controlled by Mr. Lam Wai Ming included in other payables	**11,537**	–
Amount due from an associate included in other receivables	**8**	–
Amount due to an associate included in other payables	**353**	–
Transactions with its related parties:		
Sale to a company controlled by Mr. Lam Wai Ming	**52**	1,080
Purchase from a company controlled by Mr. Lam Wai Ming	**3,233**	6,271
Rent paid to a company controlled by Mr. Lam Wai Ming	**3,411**	3,237

Note: Mr. Lam Wai Ming is a key management personnel of the Group.

Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group. The key management personnel compensations (excluding Directors) are as follows:

	2026 HK$'000	2025 HK$'000
Basic salaries and allowances	**1,557**	1,524
Retirement benefit contributions	**43**	60
	1,600	1,584

36. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Details of the Company's major subsidiaries at 31 March 2026 and 2025 are set out below:

Name of subsidiaries	Place of incorporation/ registration/ operation	Issued and paid up shares/ registered capital	Percentage of ownership interest attributable to the Company		Principal activities
			2026	2025	
Direct subsidiary					
Asia Pilot Development Limited	BVI	US$1	**100%**	100%	Investment holding
Indirect subsidiaries					
Kenford Industrial Company Limited	Hong Kong	HK$1,000,000	**100%**	100%	Design, manufacture and sale of electrical haircare appliances, electrical healthcare appliances and other small household electrical appliances
東莞建福電器有限公司 Dongguan Kenford Electrical Appliance Company Limited (note 1)	PRC	HK$27,980,600	**100%**	100%	Provision of contract processing services
廈門天洋數字科技有限公司 Xiamen Tianyang Digital Technology Company Limited ("**Xiamen Tianyang**") (note 1)	PRC	RMB10,000,000	**51%**	51%	Investment holding and provision of information technology service
長沙騰洋數字科技有限公司 Changsha Tengyang Digital Technology Company Limited (note 1)	PRC	RMB10,000,000	**51%**	51%	Investment holding and provision of information technology service
長沙騰海網路技術有限公司 Changsha Tenghai Network Technology Company Limited (note 1)	PRC	RMB5,000,000	**51%**	51%	Provision of information technology service
U-Bridge Network Limited (note 2)	BVI	US$10,000	**100%**	–	Investment holding
CRT Technology Limited (note 2)	BVI	US$10,000	**100%**	–	Investment holding

Notes:

1. The entity is registered as wholly foreign owned enterprise under the PRC law. The English translation of the company name is for identification purpose only.

2. These entities were established on the 18th December 2025 in BVI.

36. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (Continued)

The following table shows information of subsidiaries that have non-controlling interests ("**NCI**") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Xiamen Tianyang	
	2026	2025
Principal place of business/country of incorporation	**PRC**	PRC
% of ownership interests/voting rights held by NCI	**49%**	49%
	HK$'000	HK$'000
At 31 March:		
Non-current assets	**–**	–
Current assets	**29,774**	33,915
Current liabilities	**(27,015)**	(29,429)
Net assets	**2,759**	4,486
Accumulated NCI	**1,352**	2,198
Year ended 31 March:		
Revenue	**37,389**	29,538
Loss	**(2,267)**	(6,023)
Total comprehensive expenses	**(1,725)**	(6,314)
Loss allocated to NCI	**(1,111)**	(2,951)
Net cash generated from/(used in) operating activities	**2,184**	(18,592)
Net cash (used in)/generated from financing activities	**(2,276)**	18,687
Net (decrease)/increase in cash and cash equivalents	**(92)**	95

37. EVENTS AFTER THE REPORTING PERIOD

The Company granted an aggregate of 56,700,000 share options of the Company to 9 eligible persons of the Group (the "**Grantee(s)**") on 27 April 2026 (the "**Date of Grant**") to subscribe for an aggregate of 56,700,000 ordinary shares of HK$0.001 each in the Company, subject to acceptance by the Grantees, under the 2025 Share Option Scheme. The exercise price is HK$0.62. The vesting period is 12 months after the Date of Grant and exercisable from 27 April 2027 to 26 April 2036. For details, please refer to the announcements of the Company dated 27 April 2026 and 30 April 2026.

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 June 2026.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets					
Property, plant and equipment	**515**	–	1,649	914	56
Right-of-use assets	**1,707**	–	13,986	4,594	7,593
Deposits, prepayments and other receivables	**38,141**	1,470	1,410	4,549	9,745
Deferred tax assets	**–**	–	1,484	1,956	–
Investment in associates	**9,660**	–	–	–	–
	50,023	1,470	18,529	12,013	17,394
Current assets					
Inventories	**6,021**	5,789	11,544	13,735	69,009
Trade receivables	**11,138**	36,086	38,997	25,249	49,060
Contract costs	**19,565**	919	5,868	–	–
Deposits, prepayments and other receivables	**22,088**	23,813	34,299	12,869	33,188
Tax recoverable	**–**	–	–	30	–
Bank and cash balances	**35,880**	11,399	39,942	8,878	12,362
	94,692	78,006	130,650	60,761	163,619
Current liabilities					
Trade payables	**8,654**	14,928	26,137	17,083	53,831
Accruals and other payables	**20,602**	16,244	13,440	5,750	9,218
Contract liabilities	**9,363**	11,769	10,372	8,883	10,961
Loans from a related party	**–**	6,328	6,085	1,420	–
Lease liabilities	**4,817**	3,594	5,454	3,589	3,917
Bank borrowings and overdrafts	**23,865**	28,677	35,277	7,352	26,349
Tax liabilities	**–**	90	3,134	–	–
	67,301	81,630	99,899	44,077	104,276
Net current assets/(liabilities)	**27,391**	(3,624)	30,751	16,684	59,343
Total assets less current liabilities	**77,414**	(2,154)	49,280	28,697	76,737
Non-current liabilities					
Lease liabilities	**544**	3,283	9,202	2,713	6,302
	544	3,283	9,202	2,713	6,302
Net assets/(liabilities)	**76,870**	(5,437)	40,078	25,984	70,435
Capital and reserves					
Share capital	**756**	593	533	446	446
Reserves	**73,982**	(9,099)	31,714	25,538	69,989
Equity attributable to owners of the Company	**74,738**	(8,506)	32,247	25,984	70,435
Non-controlling interests	**2,132**	3,069	7,831	–	–
Total equity	**76,870**	(5,437)	40,078	25,984	70,435

Five Years Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March				
	2026 HK$'000	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000
Revenue	**76,797**	105,797	180,995	168,700	265,758
Cost of sales	**(69,995)**	(111,277)	(145,304)	(186,951)	(250,037)
Gross profit/(loss)	**6,802**	(5,480)	35,691	(18,251)	15,721
Other gains, net	**1,891**	4,332	1,397	9,117	12,204
Distribution costs	**(4,394)**	(3,304)	(2,558)	(2,490)	(2,960)
Administrative expenses	**(32,281)**	(36,802)	(36,299)	(32,173)	(44,857)
Gain on disposal of subsidiaries	**–**	–	–	–	15,904
Provision of loss allowance for trade receivables	**(1,266)**	(3,724)	(667)	(681)	(222)
Impairment loss on prepayments	**(42)**	(373)	(200)	(641)	(3,994)
Impairment loss on property, plant and equipment	**–**	(2,365)	–	–	(19)
Impairment loss on right-of-use assets	**–**	(6,257)	–	–	(2,602)
Share of losses of associates	**(245)**	–	–	–	–
Loss from operations	**(29,535)**	(53,973)	(2,636)	(45,119)	(10,825)
Finance costs	**(1,546)**	(1,765)	(1,418)	(1,217)	(641)
Loss before tax	**(31,081)**	(55,738)	(4,054)	(46,336)	(11,466)
Income tax (expense)/credit	**(1,240)**	1,529	(3,786)	1,956	–
Loss for the year	**(32,321)**	(54,209)	(7,840)	(44,380)	(11,466)
Other comprehensive income/ (expenses) after tax					
Items that will not be reclassified to profit or loss:					
Loss on revaluation of properties	**–**	–	–	–	(1,692)
Deferred tax effect arising on revaluation of properties	**–**	–	–	–	423
Item that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	**489**	2,724	(2,007)	(71)	4,526
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**–**	–	–	–	(8,663)
Other comprehensive income/ (expenses) for the year, net	**489**	2,724	(2,007)	(71)	(5,406)
Total comprehensive expenses for the year	**(31,832)**	(51,485)	(9,847)	(44,451)	(16,872)
Loss per share					
Basic and diluted (HK cents)	**(4.51)**	(8.96)	(3.16)	(9.96)	(2.57)

Note: Certain comparative figures have been reclassified to conform to the current year's presentation.