SYNERTONE

協同通信集團有限公司
Synertone Communication Corporation

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1613

Annual Report 2026

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Han Weining
Mr. You Yiyang
Mr. He Bianliu *(resigned on 22 August 2025)*

NON-EXECUTIVE DIRECTOR

Ms. Woodham Mostovaya Ekaterina
(resigned on 31 May 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Mingqi
Mr. Xu Wei
Mr. Xu Dongsen

COMMITTEES

AUDIT COMMITTEE

Ms. Li Mingqi *(Chairperson)*
Mr. Xu Wei
Mr. Xu Dongsen

NOMINATION COMMITTEE

Mr. Xu Dongsen *(Chairperson)*
Ms. Li Mingqi
Mr. Xu Wei

REMUNERATION COMMITTEE

Mr. Xu Wei *(Chairperson)*
Ms. Li Mingqi
Mr. Xu Dongsen

COMPANY SECRETARY

Mr. See Hiu Lun

AUTHORISED REPRESENTATIVES

Mr. You Yiyang
Mr. See Hiu Lun

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1011, 10/F
Tower A, New Mandarin Plaza
Tsim Sha Tsui East
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

130 Qunxian Road, Nanhu District
Jiaxing City, Zhejiang Province
China

PRINCIPAL BANKERS

HONG KONG

The Hongkong & Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
CMB Wing Lung Bank Limited

PEOPLE'S REPUBLIC OF CHINA ("PRC")

Bank of China
China Construction Bank
Agricultural Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
China Minsheng Bank
Bank of Tianjin

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
No.16 Harcourt Road
Hong Kong

AUDITOR

Prism Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

WEBSITE

www.synertone.net

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

1613

FINANCIAL HIGHLIGHTS

The financial highlights of Synertone Communication Corporation (the "Company", together with its subsidiaries, the "Group") for the year ended 31 March 2026 are presented as follows:

- Revenue of the Group decreased by approximately HK$80.1 million or 68.5% from approximately HK$116.9 million for the year ended 31 March 2025 to approximately HK$36.8 million for the year ended 31 March 2026.
- Gross profit of the Group decreased by approximately HK$5.5 million from approximately HK$15.9 million for the year ended 31 March 2025 to approximately HK$10.4 million for the year ended 31 March 2026, with the gross profit margin increased from approximately 13.6% for the year ended 31 March 2025 to 28.3% for the year ended 31 March 2026.
- Loss attributable to owners of the Company increased by approximately HK$9.8 million or 30.2% from approximately HK$32.5 million to HK$42.3 million for the year ended 31 March 2026.

Results performance for the year ended 31 March	**2026**	2025	2024
Revenue (HK$'000)	**36,797**	116,933	62,581
Gross profit (HK$'000)	**10,398**	15,909	24,757
Gross profit margin (%)	**28.3**	13.6	39.6
Loss for the year (HK$'000)	**(46,165)**	(35,831)	(17,768)
Net loss margin (%)	**125.5**	30.6	28.4
Basic loss per share (HK$)	**(0.09)**	(0.08)	(0.06)

Liquidity and gearing ratio as at 31 March	**2026**	2025	2024
Inventories turnover days *(Note 1)*	**461**	163	459
Trade receivables turnover days *(Note 2)*	**231**	86	140
Trade payables turnover days *(Note 3)*	**144**	45	156
Current ratio	**2.2**	1.3	1.3
Gearing ratio (%) *(Note 4)*	**N/A**	30.5	12.4

Operating cash flow and capital expenditure for the year ended 31 March	**2026**	2025	2024
Net cash used in operating activities (HK$'000)	**(1,704)**	(38,192)	(17,478)
Capital expenditure (HK$'000) *(Note 5)*	**–**	319	25

FINANCIAL HIGHLIGHTS (CONTINUED)

Notes:

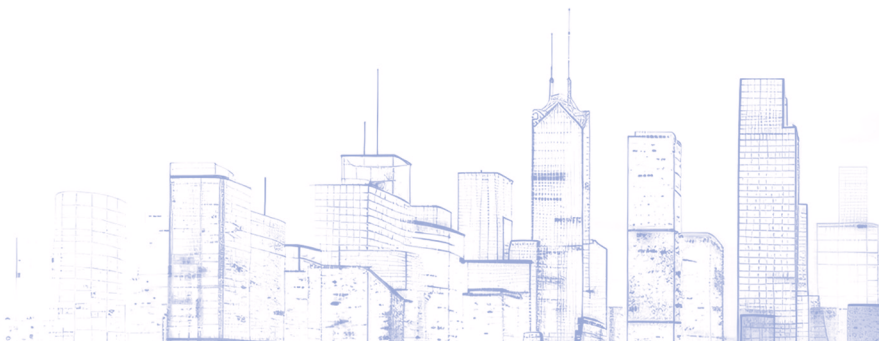
1. Calculation was based on the average of the inventory balance at the beginning and the end of the relevant year divided by cost of sales (excluding depreciation charge) for the year and multiplied by 365 days.

2. Calculation was based on the average of the trade receivables balance at the beginning and the end of the relevant year divided by total turnover for the year and multiplied by 365 days.

3. Calculation was based on the average of the trade payables balance at the beginning and the end of the relevant year divided by cost of sales (excluding depreciation charge) for the year and multiplied by 365 days.

4. Calculation was based on total bank borrowings and lease liabilities, net of cash and cash equivalents at the end of the relevant year, over total equity at the end of the relevant year.

5. It represented the payments in relation to the purchase of property, plant and equipment.



CHAIRMAN'S STATEMENT

To Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of the Company, we hereby present the Group's annual report for the financial year ended 31 March 2026 ("FY2026").

FY2026 is a challenging year to the Company since the macroeconomy in China was recovering slowly and weaken the consumer demand. Against this headwind, the Group scaling back the smartphone distribution business, successfully completed the placing of 1,000,000,000 shares on 29 June 2026 and aim to strengthen the building intelligence and control system operations.

The Group achieved revenue of approximately HK$36.8 million in FY2026, a substantial decrease of approximately HK$80.1 million, compared to HK$116.9 million in the financial year ended 31 March 2025 ("FY2025"). The decrease was primarily due to the scaling back of the smartphone distribution segment. The control system segment recorded approximately HK$26.5 million and the building intelligence segment recorded approximately HK$10.3 million. The gross profit margin increased from 13.6% for FY2025 to 28.3% for FY2026.

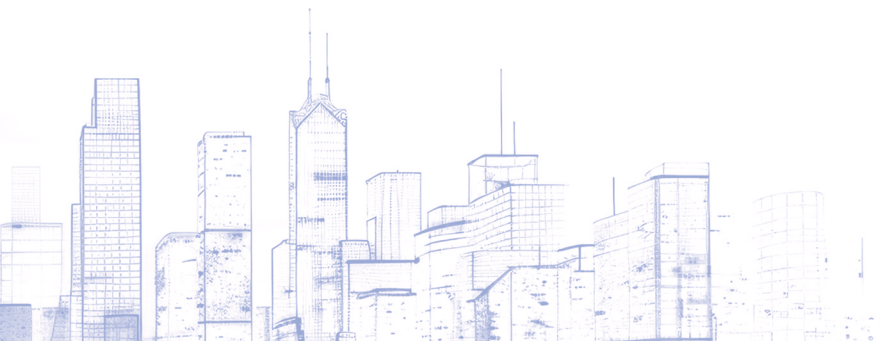
It is our ongoing strategy to explore new investment or opportunities which can expand or diversify our business and bring long-term benefit to the Group. The Group is committed to generating sustainable returns to our shareholders and the Group will formulate various business strategies to cope with the development of the Group. We will closely monitor the market and take appropriate actions when needed.

On the other hand, the Company successfully placed 1,000,000,000 shares from placing of new shares in June 2026, which strengthened the Group's financial position with net proceeds expected to be applied as general working capital and for further investments of the Group for the building intelligence and control system operations.

On behalf of the Board, we would like to extend our heartfelt gratitude to our shareholders, employees, customers, suppliers, and stakeholders for their unwavering support and dedication to the Company over the years.

The Board of the Directors of the Company

29 June 2026



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is one of the leading providers of building and home intelligence products and integrated automation control systems and solutions. The Group's products are widely used in high-rise buildings, high-end residential complexes and smart communities by providing fully digital intelligent control systems for modern living. As one of the world's leading providers of automation control systems, the Group possesses leading standard of technical know-how and commercial competitiveness with which the products are extensively applied in diversified industries including electrical power, petrochemical, public utilities, mining, natural gas and food and beverage industries. The Group has its operation base in Jiaxing City, Zhejiang province of China and has established offices and sales network across major cities in China, including Beijing, Shanghai, Changsha and Hangzhou. Besides, in July 2024, the Group launched its smartphone distribution business, with the primary objective of serving as a distributor of Xiaomi-branded smartphones, ecosystem products and related equipment. This new venture leverages the Group's established sales network and market expertise to expand its presence in the consumer electronics market, aligning with its commitment to innovation and diversification.

During the financial year ended 31 March 2026 ("FY2026" or the "Current Year"), the Group's principal operations include (i) design, development and sales of automation control systems and solutions, (ii) design, research and development, manufacture and sales of intelligent systems and other related products including video intercom and surveillance systems for residential homes and buildings, (iii) rental and maintenance services in relation to computer equipment and machines, information technology infrastructure and other related services and (iv) smartphone distribution business.

Control system operations

The Group's control system operations provide customers with automation control systems and solutions, which are widely used in various industries to monitor pressure, temperature, fluid levels and operating condition, including airport refill system and public utilities control. The Group has established a solid customer base ranging from sizeable listed corporations to governmental entities, municipal utilities (fresh water, sewage, gas and city lights) as well as power generation plants.

The external revenue recorded by the Group's control system segment decreased to HK$26.5 million for FY2026 (2025: HK$29.5 million). The segment profit of HK$0.3 million was recorded by the control system segment for FY2026 as compared to a segment profit of HK$8.7 million for the year ended 31 March 2025 ("FY2025" or the "Prior Year") mainly due to reversal of allowance for expected credit loss was recorded in FY2025.

Building intelligence operations

The Group's building intelligence business mainly provides customers, which comprise major property developers or building systems integrators, with (i) video intercom system and security alarm solutions products for residential complexes; and (ii) smart home devices and systems for households. The production base is located at Jiaxing Science City in Zhejiang province of China, which has developed an efficient and unified manufacturing control process with ISO9001 certification and has been accredited high technology enterprise status with continuing new products and software developments.

The sales operation of the Group's "MOX" brand video intercom and surveillance system products increased from revenue at HK$1.6 million for the Prior Year to HK$10.3 million for the Current Year. The Group's building intelligence segment recorded a segment loss of HK$9.1 million for the Current Year (2025: loss of HK$11.9 million). Such change was mainly due to the decrease in administrative cost after disposed of certain subsidiaries during the Current Year. A strategic decision was made by the Group to relocate the production to Australia to service the Australia and the Western market, in order to rejuvenate the business, in consideration of the current geopolitical situation.

Data centre operations

In 2022, the Group developed and commenced its new data centre business in the provision of rental and maintenance services to customers in relation to computer equipment and machines, information technology infrastructure and other related services. The launch of the new business by the Group was for the purpose of better utilisation of the Group's financial resources and improving the Group's financial position and performance under the unfavourable business environment.

The revenue for the Prior Year of approximately HK$12,000 was attributable to the rental and maintenance services of commercial service robots. As the service contracts expired during the Current Year, the revenue for the Current Year was nil. A segment loss was nil (2025: HK$18,000) was recorded for the Current Year. However, this business enabled the Group to accumulate some technical expertise and knowledge to venture into business in financial and artificial intelligence related sectors, which are being closely monitored and followed.

Smartphone distribution business

The Group commenced its new smartphone distribution business in July 2024. The primary objective of the Group is to serve as a distributor of Xiaomi-branded smartphones, ecosystem products and related equipment (the "Products"). The Group typically procures the Products from an authorised distributor and sells the Products directly to wholesalers.

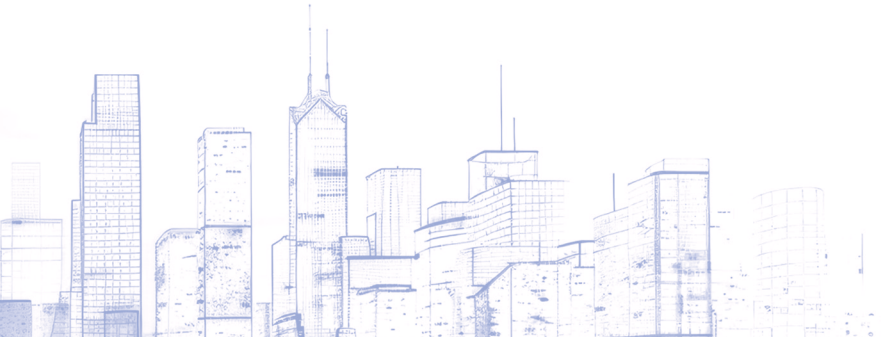
The Group's smartphone distribution business recorded a revenue of HK$45,000 and a segment loss of HK$0.8 million for the Current Year as compared to a revenue of HK$85.9 million and a segment loss of HK$9.3 million for the Prior Year. The substantial revenue decline in the smartphone distribution business was primarily due to the scaling back its operations during the Current Year, where intense market competition and low profitability prevail with slim profit margins.

Business prospects on the Group's principal operations

During the Current Year, market conditions remained challenging, with persistent inflation and elevated interest rates continuing to suppress consumer demand and business investment in China. Consumers have become increasingly price-sensitive and cautious about discretionary spending. Furthermore, ongoing Sino-US tensions contributed to a weak and disappointing economic recovery in China during the Current Year.

Amid the rapid expansion of artificial intelligence, Internet-of-Things, and intelligent home technology worldwide, the Board believes that these trends will generate sustained and stable demand for the Group's building intelligence products in the Western markets. Accordingly, the Group has made a strategic decision to relocate the production plant to Australia (plan to be built) to cater the Australia and the Western markets. At the same time, with an accumulated user base of close to one million households, long history of working with property developers, and vast experiences in this industry sector, the Group is also actively looking at expanding into not only products but also related services for the residential and commercial buildings.

Additionally, the Group will keep maintaining a prudent approach, with continued emphasis on strict cost control. The management will also proactively review and leverage our strength and experiences in high tech areas, such as financial technology and artificial intelligence, to capture business opportunities for a sustainable future.



Future fund raising and investment opportunities

The Company will continue to explore opportunities for new business and investments or mergers and acquisitions which can expand or diversify the Group's business and will bring long-term benefit to the Group. For the purpose of financing the Group's current businesses or any potential investment or acquisitions in the future, the Company is also continuously seeking and assessing any potential fund-raising opportunities, which may include the issue of new shares or convertible securities of the Company or its subsidiaries. The Company will make announcement(s) in respect thereof as required by the Listing Rules should they materialise.

FINANCIAL REVIEW

Revenue

The Group recorded a revenue of approximately HK$36.8 million for the Current Year, representing significantly decrease of approximately HK$80.1 million or 68.5% as compared to the revenue of approximately HK$116.9 million for the Prior Year.

During the Current Year, the Group derived its revenue from the control system, the building intelligence, the data centre business and the smartphone distribution business. The following table sets forth a breakdown of revenue by business segments for the years presented:

	2026		2025	
	HK$'000	**%**	HK$'000	%
Control system	**26,452**	**71.9**	29,499	25.2
Building intelligence	**10,300**	**28.0**	1,553	1.4
Data centre	**–**	**–**	12	–
Smartphone distribution	**45**	**0.1**	85,869	73.4
	36,797	**100.0**	116,933	100.0

The Group's revenue decreased by approximately HK$80.1 million or 68.5% from approximately HK$116.9 million for the Prior Year to approximately HK$36.8 million for the Current Year. The decrease was mainly from scaling back our smartphone distribution business during the Current Year which was intense market competition and low profitability.

Cost of sales

Cost of sales of the Group consists of costs of raw materials, labour costs and manufacturing overheads. It decreased by approximately HK$74.6 million or 73.9% from approximately HK$101.0 million for FY2025 to approximately HK$26.4 million for FY2026, which is in line with the decrease in revenue for the Current Year.

Gross profit and gross profit margin

The Group's gross profit for FY2026 was approximately HK$10.4 million, representing a decrease of approximately HK$5.5 million or 34.6% from approximately HK$15.9 million for FY2025. The gross profit margin for FY2026 increased to 28.3% as compared to 13.6% for FY2025. The increase was mainly due to the scaling back in smartphone distribution business during the Current Year which contributed slim gross profit margin.

Other income

The Group's other income represents, among others, interest income, government grants and value-added taxes refund. The other income for the Current Year slightly decreased to approximately HK$0.4 million (2025: approximately HK$2.5 million) which mainly due to no government grant obtained during the Current Year (2025: approximately HK$0.5 million).

Other (losses) gains, net

The Group recorded other losses of approximately HK$301,000 for FY2026 (2025: other gains HK$12,000) mainly due to an one-off loss on disposal of subsidiaries of approximately HK$301,000 was recognised in FY2026.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK$246,000 or 109% from approximately HK$226,000 for the Prior Year to approximately HK$472,000 for the Current Year, which is in line with the increase in sales from building intelligence segment for the Current Year.

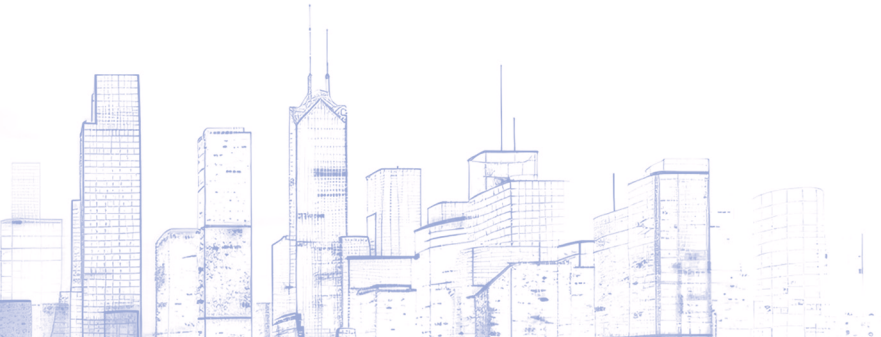
Administrative and other operating expenses

The administrative and other operating expenses of the Group, which mainly represent the staff costs, depreciation of property, plant and equipment and right-of-use assets and legal and professional fees. It decreased by approximately HK$14.5 million from approximately HK$36.0 million for FY2025 to approximately HK$21.5 million for FY2026, which was mainly due to decrease in staff costs and the share-based payment expenses in the Current Year.

Allowance for expected credit loss, net

During the Current Year, the Group recorded a net allowance for expected credit loss of approximately HK$8.1 million in relation to its trade receivables, other receivables and amount due from a former associate, as compared to approximately HK$2.5 million for the Prior Year.

As at 31 March 2026, the Group's trade receivables amounted to approximately HK$37.4 million (2025: approximately HK$53.5 million) and other receivables amounted to approximately HK$32.1 million (2025: approximately HK$27.7 million), out of which amounts of approximately HK$21.7 million (2025: approximately HK$22.6 million) and approximately HK$17.0 million (2025: approximately HK$17.6 million) were considered impaired for each of the trade receivables and other receivables respectively. Apart from the specific full provision made according to the Group's individual assessment on long outstanding receivables as disclosed in the previous paragraph, the remaining receivables were assessed based on an expected credit loss model. For the purpose of assessment of expected credit loss, expected loss rates were estimated based on historical observed default rates over the expected life of the debtors and were adjusted for forward-looking information that was available without undue costs or effort.



Financial asset at FVTPL

The Company held a 15% equity interest in Iogo Workshop Investment Limited, which was engaged in leasing and renting of charging stations for mobile devices and extended value-added services. The Company accounted for this 15% equity interest as financial asset at fair value through profit or loss, and recorded a fair value loss on financial asset at fair value through profit or loss of approximately HK$23.7 million (2025: approximately HK$9.2 million).

Finance costs

The finance costs of the Group was approximately HK$41,000 for FY2026. The decrease in finance costs of approximately HK$2,313,000 or 98.3% from approximately HK$2,354,000 for FY2025 was due to the disposal of subsidiaries which bearing for the bank borrowings during the Current Year.

Loss for the year

The loss attributable to owners of the Company increased significantly by approximately HK$9.8 million or 30.2% from approximately HK$32.5 million for the Prior Year to approximately HK$42.3 million for the Current Year, which was mainly attributable to the decrease in revenue of approximately HK$80.1 million and the fair value loss of financial assets at fair value through profit or loss of approximately HK$23.7 million.

Trade receivables

The Group provides credit terms to its customers who purchased the Group's products during the year ended 31 March 2026. The trade receivables (after loss allowance) at 31 March 2026 is approximately HK$15.7 million, of which approximately HK$4.7 million or 29.9% was subsequently settled as at the date of this report. There is no material changes of the long aged receivables (aged over 365 days) between FY2026 and FY2025, while there is an improvement in the group of aged 181-365 days, decreased by 88.5%, mainly due to the Group put more effort to collect money from customers.

The management of the Group regularly reviewed the aging analysis of trade receivables and performed collective assessment (for the receivables past due within 365 days) and individual assessment (for the receivables past due over 365 days) on expected credit loss (ECL) estimation. The ECL rates of collective assessment were ranging from 1.18% to 3.27% (FY2025: 1.76% to 6.53%), no material changes between FY2026 and FY2025, which contributed to the credit quality of the receivables portfolio has strengthened, leading to a more favorable historical loss experience compared to the FY2025. The Group assessed the ECL rates by using a provision matrix and considered the forward-looking information about the economic conditions, and considered that the loss allowance on trade receivables were adequate.

Deposit and prepayments

Deposits are the rental deposits and utility deposits paid. Prepayments are advances to staff, prepaid expenses and prepayments made to numerous suppliers in the normal course of business with individual amount not more than HK$3 million. Following the scaling back of our smartphone distribution business, prepayments for undelivered goods totaling approximately HK$19,351,000 were settled by the suppliers during the year ended 31 March 2026. Up to the date of this report, prepaid expenses of approximately HK$129,000 and prepayments to suppliers of approximately HK$428,000 were subsequently utilized. In view of the significant amount of deposits were paid to well-known property developer in Hong Kong and the prepayments to suppliers were subsequent utilized according to the business plan, the Group will monitor the usage of the prepayments to suppliers and expense them accordingly when consumed.

Inventories

Inventories are the raw materials, work in progress and finished goods for building intelligence business and control system business. Up to the date of this report, approximately HK$234,000 of finished goods were subsequently sold. The management of the Group assessed the net realizable value of the inventories and supported by several key evidence, as follows:

- There was no evidence of a decline in the selling prices of finished goods, indicating that they continue to be realisable at or above their carrying cost;
- The Group achieved a gross profit margin of around 28% for FY2026, which reflects the competitiveness of its products and indicates solid pricing ability of the Group in the market;
- The finished goods are durable, with no significant technological changes that would materially impact the selling price; and
- Raw materials and work in progress are held for incorporation into finished products, which are expected to be sold at or above cost. Such items are not written down below cost when the related finished goods remain recoverable at or above cost.

Accordingly, the carrying amount of inventories at the end of the reporting period was considered appropriate and no write-down was considered necessary.

Capital structure, liquidity and financial resources

The liquidity requirements arise principally from the need for working capital to finance its operations and expansions. The Group has been meeting its working capital and other capital requirements principally from cash generated from its operations, bank borrowings and capital contributions by the Shareholders. In the long term, the operation of the Group will be funded by internally generated cash flow and, if necessary, additional equity financing and bank borrowings. As at 31 March 2026, the issued share capital of the Company was approximately HK$53.6 million (2025: HK$44.9 million), comprising 535,864,491 shares (the "Shares") of the Company (2025: 448,741,440 Shares) of nominal value of HK$0.10 each (2025: HK$0.10 each).

In October 2025, the Company proposed to issue by way of rights issue of up to 897,482,880 rights shares (the "Rights Shares") on the basis of two (2) rights share for every one (1) shares held on the record date, at the subscription price of HK$0.135 per rights share (the "Subscription Price") (the "Rights Issue 2025") . The Subscription Price represented a discount of approximately 35.71% to the closing price of HK$0.21 per Share as quoted on the Stock Exchange on the 15 October 2025, being the last trading day for the Shares on the Stock Exchange immediately prior to the date of the announcement dated 15 October 2025. The Board considered that the Rights Issue 2025 will raise the Group's corporate profile and enhance its capital base, enabling it to expand the scale and scope of its operations further, the expansion of the control system business and building intelligence business of the Group.

On 15 January 2026, being the latest time for acceptance of the offer of and payment for the Rights Shares, the Company had received a total of six (6) valid applications and acceptances of provisional allotments under the provisional allotment letter for a total of 87,123,051 Rights Shares offered under the Rights Issue 2025, representing approximately 9.71% of the total number of Rights Shares offered under the Rights Issue 2025 and representing approximately 16.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue 2025. On 11 February 2026, the Company allotted and issued 87,123,051 Rights Shares. The aggregate nominal value of the Rights Shares issued and allotted pursuant to the Rights Issue 2025 was HK$11.8 million. The net proceeds from the Rights Issue 2025, after deduction of expenses related to the Rights Issue 2025, amounting to approximately HK$10.8 million, representing a net price of approximately HK$0.124 per Rights Share, which were intended to be used as the Group's working capital. As at 31 March 2026, the net proceeds from the Rights Issue 2025 of approximately HK$10.8 million were partially utilized during the Current Year as intended for the Group's general working capital, with details as follows:

	Planned use of net proceeds	Utilized amounts as at 31 March 2026	Unutilized amounts as at 31 March 2026	Expected timeline for unutilized proceeds
	HK$'000	HK$'000	HK$'000	
(i) Staff salaries and pension contribution	6,500	490	6,010	March 2027
(ii) Rental expenses and management fee	2,050	250	1,800	March 2027
(iii) Other general working capital of the Group	2,250	40	2,210	March 2027
Total	10,800	780	10,020	

On 5 March 2026, the Company entered into a placing agreement (the "2026 Placing Agreement") with Arta Asset Management Limited (the "2026 Placing Agent"), pursuant to which the Company agreed to place through the 2026 Placing Agent up to a maximum of 1,000,000,000 placing shares of the Company of nominal value of HK$0.10 each (the "2026 Placing Share(s)") at the price (the "2026 Placing Price") of HK$0.108 per 2026 Placing Share to not less than six placees on a best effort basis (the "2026 Placing"). The 2026 Placing Price represents a discount of approximately 20.0% to the closing price of HK$0.135 per Share as quoted on the Stock Exchange on the date of the 2026 Placing Agreement.

The completion of the 2026 Placing took place on 29 June 2026 and an aggregate of 1,000,000,000 2026 Placing Shares were allotted and issued to not less than six independent placees at the 2026 Placing Price of HK$0.108 per 2026 Placing Share, representing approximately 186.61% of the total issued share capital of the Company immediately before the completion of 2026 Placing.

The net proceeds from the 2026 Placing were approximately HK$106.6 million. For details, please refer to the announcement of the Company dated 29 June 2026.

The current ratio of the Group, calculated by dividing the current assets by the current liabilities, as at 31 March 2026 was approximately 2.2 (2025: approximately 1.3). Gearing ratio calculated by total borrowings (comprising bank borrowings and lease liabilities) net of cash and cash equivalents, over total equity. There is no gearing ratio presented for FY2026 as the total borrowings net of cash and cash equivalents, over total equity, resulting a negative figures (2025: 30.5%).

Bank borrowings

As at 31 March 2026, the Group do not have outstanding bank borrowings (2025: approximately HK$43.0 million).

Pledge of assets

As at 31 March 2026, the Group do not have assets pledged against bank borrowings raised by the Group (2025: land use rights and property, plant and equipment in aggregate carrying value of approximately HK$25.8 million).

Contingent liabilities

As at 31 March 2026, the Group had no material contingent liabilities.

Major acquisition and disposal

The Group had no other major acquisition or disposal transactions during the year ended 31 March 2026.

Significant capital expenditure for the year

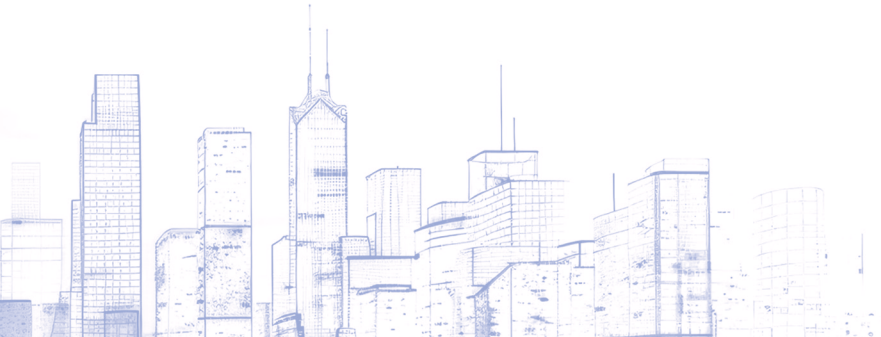
Save as disclosed elsewhere in this report, the Group had no significant capital expenditure commitments as at 31 March 2026.

Risk of foreign exchange fluctuations

Substantially all transactions of the Group are denominated in Renminbi ("RMB"), United States Dollar ("USD") and HK$ and most of the bank deposits are denominated in RMB, USD and HK$ to minimise foreign exchange exposure. Despite the fluctuation of the exchange rates of RMB and USD against HK$ during the Current Year, the Directors expect that any fluctuation of RMB and USDs' exchange rate will not have material adverse effect on the operation of the Group. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure as at 31 March 2026.

Employee and remuneration policy

As at 31 March 2026, the Group had 61 (2025:82) employees. For the year ended 31 March 2026, the staff costs of the Group amounted to approximately HK$15.4 million, representing a decrease of approximately HK$9.2 million or 37.4% as compared to approximately HK$24.6 million for the corresponding period last year, mainly due to the increase in number of the Group's employees and share-based payment expenses approximately HK$4.9 million for the Prior Year.



The Group's employee remuneration policy is determined based on a number of factors such as individual performance, experience and prevailing industry practices. Compensation policies and packages of employees are being reviewed on an annual basis. In addition to basic salary, performance related remuneration such as bonus may also be awarded to employees based on internal performance evaluation. The emoluments of the Directors are reviewed at least annually and recommended by the remuneration committee of the Company (the "Remuneration Committee"), and decided by the Board, as authorised by the Shareholders at the annual general meeting, in accordance with the Group's operating results, individual performance and comparable market statistics. The Company adopted a share option scheme on 26 September 2025 and eligible participants of which may be granted the share options to subscribe for the Shares in order to enable the Company to grant options to its employees, executives, officers or service providers who are contributing to the Group as their incentives and rewards. As at 31 March 2026, 10,790,400 share options were outstanding under the share option schemes of the Company.

The Group has been committing resources in continuing education and training programmes for management staff and other employees in order to upgrade their skills and knowledge. These training courses include internal courses run by the management of the Group and external courses provided by professional trainers. They range from technical training for production staff to financial and administrative trainings for management staff.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 29 June 2026, the Company completed the placing of 1,000,000,000 new shares under specific mandate at a placing price of HK$0.108 per share. The placing shares were allotted and issued to not less than six placees. The net proceeds from the placing amounted to approximately HK$106.6 million, which are intended to be applied towards the expansion of the Group's building intelligence business and for general working capital purposes. Details of the placing are set out in the announcement of the Company dated 29 June 2026.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2026 (year ended 31 March 2025: nil).

DIRECTORS

EXECUTIVE DIRECTORS

Han Weining (韓衛寧*), ("Mr. Han"), aged 64, was appointed as an Executive Director and the Chief Executive Officer of the Company for a term of three years (subject to rotation and re-election) in February 2011 and June 2015, respectively. Mr. Han has resigned from the role of Chief Executive Officer on 18 March 2025 while remaining as an Executive Director. Mr. Han is currently a director of certain subsidiaries of the Company. From 1989 to 2006, he worked at Citect Corporation Limited, later acquired by Schneider Electric and his last position was the Director of Asia Pacific. Mr. Han graduated from Zhejiang University (浙江大學) majoring in Wireless Electronic Technology and obtained Bachelor Master Degree in Engineering in 1983 and 1986, respectively. He was elected as a member of the Institution of Engineers in Australia in 1994. Mr. Han is the sole shareholder of Excel Time Investments Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO"). Mr. Han is a director and sole shareholder of Hong Kong Able Trillion Group Limited.

You Yiyang (游弋洋), ("Mr. You"), aged 42, was appointed as an executive Director of the Company for a term of three years (subject to rotation and re-election) in March 2024. Mr. You obtained a bachelor's degree in finance from the University of International Business and Economics in 2006, followed by a master's degree in accounting and a master's degree in logistics management from the University of Sydney in 2008. From 2013 to 2017, Mr. You worked for Kunwu Jiuding Investment Management Co., Ltd.* (昆吾九鼎投資管理有限公司) as the general manager of the South China branch, a member of the investment decision-making committee, a member of the management committee and the deputy general manager. From 2017 to 2023, Mr. You served as the founder and a director of Suzhou Regend Therapeutics Co., Ltd.* (蘇州吉美瑞生醫學科技有限公司). He is currently a director of certain subsidiaries of the Company. Mr. You has worked in professional equity investment institutions for over ten years and has extensive experience in equity investment.

* *For identification purpose only*

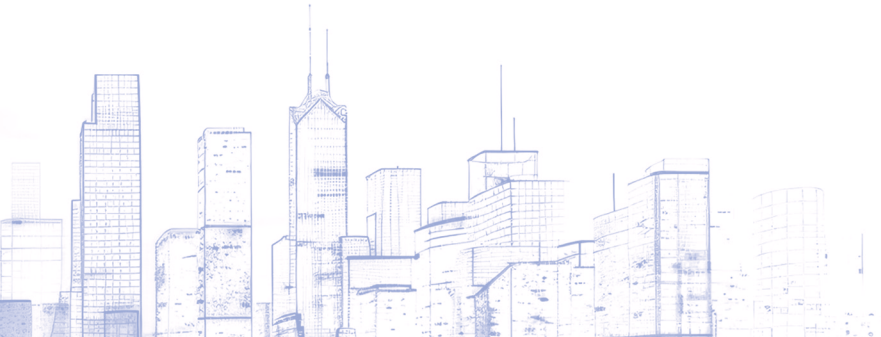
INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Mingqi (李明綺) ("Ms. Li"), aged 58, was appointed as an independent non-executive Director of the Company for a term of three years (subject to rotation and re-election) in October 2016. She is the chairperson of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Ms. Li graduated from Fudan University in Shanghai with a Bachelor's degree in Economics. She has also obtained a Master's degree in Economics from the Southern Methodist University and a Master's degree in Management and Administrative Sciences from the University of Texas. Ms. Li is a Certified Public Accountant in the State of New York, the United States of America and was licensed under license series 7 and 63 at the registered representative level in the United States of America from May 2019. She has extensive experience in financial management. Ms. Li was a senior associate of JP Morgan Chase, associate/portfolio manager of BHF Capital, vice president of Transamerica Business Capital, vice president of Morgan Stanley and hedge fund controller of Mercury Capital Management. She was also an independent non-executive director of Sino Gas International Holdings, Inc., whose shares were previously listed on the Over-The-Counter Bulletin Board in the United States of America, from March 2011 to November 2014. Ms. Li served as a business consultant of Seekers Advisors H.K. Limited from May 2015 to August 2016 and is currently a registered representative of Arkadios Capital and an independent non-executive director of Neo-Neon Holdings Limited (Stock Code: 1868), whose shares are listed on the Main Board of the Stock Exchange.

Xu Wei (徐煒) ("Mr. Xu"), aged 48, was appointed as an independent non-executive Director of the Company for a term of three years (subject to rotation and re-election) in December 2023. He is the chairperson of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Xu graduated from Zhejiang University in the People's Republic of China ("China") with a Bachelor of Laws (International Economics Law) degree. He is a practising lawyer in China and possesses professional qualifications in securities practice, independent directorship, intermediate human resources management and registered corporate legal advisory. Mr. Xu has been the executive officer of a law firm in China since December 2014. He has extensive experience in civil litigations and arbitrations, corporate finance and mergers and acquisitions in China. Mr. Xu was a member of the Merger and Acquisition and Investment Committee* (併購與投資專業委員會) of Hangzhou Lawyers Association* (杭州律師協會) in China from May 2019 to May 2022, and has also been the practical mentor of Hangzhou City University in China since November 2010.

* *For identification purpose only*

Xu Dongsen (徐冬森), aged 37, was appointed as an independent non-executive Director of the Company for a term of three years (subject to rotation and re-election) in August 2024. He is the chairperson of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Xu Dongsen obtained a Bachelor's degree in Economics from Xi'an Jiaotong University and followed by a Master's degree in Taxation from Graduate School of Chinese Academy of Social Sciences. He further obtained an Executive Master of Business Administration from Guanghua School of Management, Peking University. Before joining the Group, Xu Dongsen possessed more than 10 years' experience in the field of operational management and equity investment, he worked as an investment director for a professional equity investment and management company.



REPORT OF THE DIRECTORS

The Directors are pleased to present the Company's annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2026.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 11 October 2006 as an exempted company with limited liability under the Companies Law Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 18 April 2012, the shares of the Company successfully commenced dealing on the Main Board of the Stock Exchange.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal operations of the Group are conducted in the PRC and Hong Kong. The principal businesses of the Group include provision of (i) design, development and sales of automation control systems and solutions, (ii) design, research and development, manufacture and sales of intelligent systems including video intercom and surveillance systems for residential homes and buildings, (iii) rental, maintenance, other related services in relation to computer equipment and machines, and information technology infrastructure and (iv) smartphone distribution business. Particulars of principal activities of the principal subsidiaries of the Company are set out in note 17 to the financial statements.

Further discussion and analysis of these activities, including an indication of likely future developments in the Group's business, can be found in the Chairman's Statement and the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' Report.

Details of key performance indicators are shown in the "Financial Highlights" and "Management Discussion and Analysis" of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

BUSINESS/MARKET RISKS

The Group's revenue is primarily derived from the smartphone distribution business, which faces intense competition and limited profit margins. Numerous distributors and brands compete in the market, putting pressure on gross margins as they strive to gain market share. The Group must effectively control costs and optimize operational efficiency to maintain profitability and achieve sustainable growth. Failure to address the competitive landscape may negatively impact the Group's operational performance.

The functional manager will carefully scrutinise each project for related risks and returns. These include assessment of relevant government policies, market demand, market conditions and economic data. The management is responsible for supervision, conducting regular operational reviews and keeping the Board fully informed through regular reports (either in written or verbal form), and prompt decisions can therefore be made if changes are required.

OPERATIONAL RISK

The front-line or functional manager will review key activities of the Group and ensures all material required control procedures, including financial and operational, are functioning implemented. Precautionary and contingency measures are also set up to ensure the Group is protected against major potential loss, damage or impact to the business operations.

FINANCIAL RISK

The Group's business operation is exposed to risks from exchange rates, interest rates and liquidity. Please also refer to note 29 to the financial statements for discussion of the financial risks facing by the Group.

COMPLIANCE RISKS

Front-line or functional manager reviews key activities of the Group to ensure the compliance of local rules and regulations from time to time. The responsible persons of each of the major subsidiaries are required to communicate and consult with local legal advisors in daily operations or for material transactions if necessary. The Group has implemented certain internal control procedures to avoid/reduce the risk of non-compliance of local rules and regulations as well as the requirements of the Listing Rules.

KEY RELATIONSHIPS

(a) Employees

Human resources are one of the greatest assets of the Group and the Group ensures all staff are reasonable remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety. The Group maintains a good relationship with its employees. Staff salary payment and promotion will be measured against their progressive performance level, contribution, and achievement against the objectives set by the Group. The annual performance evaluation will be conducted annually.

(b) Customers

To maintain customer intimacy and keep good relationship with key customers, the Group has implemented a series of policies including the promotion of new products to customers, offered free testing and the provision of after sales and maintenance services.

(c) Suppliers

The Group has developed stable relationships with many of its key suppliers and implements stringent selection criteria for raw materials suppliers and product parts and components suppliers to maintain the quality of its products. The Group only procures raw materials and parts and components from suppliers who have passed its quality and reliability tests. The Group randomly inspects test samples of raw materials and product parts from its suppliers and return those that do not pass the inspection. Every year the Group will also conduct annual appraisal on key suppliers and new suppliers so as to ensure materials produced by these suppliers are in line with the Group's quality requirement.

Further discussion on the key relationships is set out in the Environmental, Social and Governance Report set out in this annual report.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise our environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

As a responsible corporation, the Group is committed to maintain the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

Further discussion on the environmental policies is set out in the Environmental, Social and Governance Report set out in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC and Hong Kong while the Company itself is listed on the Stock Exchange. The Group's establishment and operations accordingly shall comply with all PRC and Hong Kong laws and applicable laws in the jurisdictions where it has operations. During the year ended 31 March 2026 and up to the date of this annual report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2026 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 91 to 92 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 March 2026.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the five financial years ended 31 March 2026 is set out on page 184 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 March 2026, together with the reasons therefore, are set out in note 27(b) to the financial statements. Details of change in the capital structure of the Company are set out in the paragraph headed "Capital structure, liquidity and financial resources" in the section headed "Management Discussion and Analysis" of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles of Association") or, applicable laws of the Cayman Islands which would oblige the Company to offer new shares of the Company on a pro rata basis to the Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2026.

RESERVES

The movements in the reserves of the Company and the Group during the year ended 31 March 2026 are set out in note 27 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2026, the aggregate amount of reserves available for distribution to owners of the Company, which included accumulated losses and share premium, was nil (2025: nil).

MAJOR SUPPLIERS AND CUSTOMERS

The information in respect of the Group's revenue from sales of goods or rendering of services attributable to the major customers and purchases attributable to the major suppliers during the year ended 31 March 2026 is as follows:

	Percentage of the Group's total	
	Revenue	Purchases
The largest customer	22.4%	
Five largest customers in aggregate	58.7%	
The largest supplier		18.0%
Five largest suppliers in aggregate		37.6%

At all time during the year ended 31 March 2026, none of the Directors or any of their close associates or any Shareholders who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had an interest in any of the five largest suppliers or the five largest customers.

DIRECTORS

The Directors during the year ended 31 March 2026 and up to the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Mr. Han Weining
Mr. You Yiyang
Mr. He Bianliu (resigned on 22 August 2025)

NON-EXECUTIVE DIRECTOR

Ms. Woodham Mostovaya Ekaterina (resigned on 31 May 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Mingqi
Mr. Xu Wei
Mr. Xu Dongsen

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. and the Board considered that each of the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

In accordance with the Articles of Association, Mr. Xu Wei and Mr. Xu Dongsen will retire by rotation at the forthcoming annual general meeting ("2026 AGM") and, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2026 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of the year or at any time during the year ended 31 March 2026.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. Save for the above, at no time during the year ended 31 March 2026 and up to the date of this annual report, there was or is, any permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) being in force for the benefit at any of the Directors (whether made by the Company or otherwise) or any of the directors of an associated company (if made by the Company).

EMOLUMENT POLICY

The Group's employee remuneration policy is determined based on a number of factors such as individual performance, experience and prevailing industry practices. Compensation policies and packages of employees are reviewed on an annual basis. In addition to basic salary, performance related remuneration such as bonus may also be awarded to employees based on internal performance evaluation. The emoluments of the Directors are reviewed at least annually and recommended by the Remuneration Committee, and decided by the Board, as authorised by the Shareholders at the annual general meeting, in accordance with the Group's operating results, individual performance and comparable market statistics. The Company adopted a share option scheme on 26 September 2025 and eligible participants of which may be granted the share options to subscribe for the Shares in order to enable the Company to grant options to its employees, executives, officers or service providers who are contributing to the Group as their incentives and rewards. As at 31 March 2026, 10,790,400 share options were outstanding under the share option schemes of the Company.

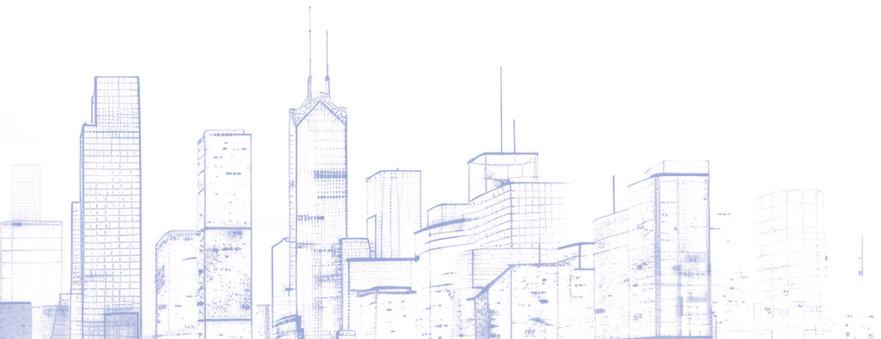
The Group has been committing resources in continuing education and training programs for management staff and other employees in order to upgrade their skills and knowledge. These training courses include internal courses run by the management of the Group and external courses provided by professional trainers, ranging from technical training for production staff to financial and administrative trainings for management staff.

DIRECTORS' INTERESTS AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No transaction, arrangement or contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2026.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of Directors nor their respective close associates (as defined in the Listing Rules) had engaged in or were interested in any business which competed or was likely to compete, either directly or indirectly, with business of the Group during the year ended 31 March 2026.



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

As at 31 March 2026, the interests and short positions of the Directors and chief executive of the Company in any of the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules were as follows:

LONG POSITIONS IN SHARES

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Han Weining	Interest in a controlled corporation	43,414,331 *(Note 1)*	8.10%
	Interest in a controlled corporation	11,800,000 *(Note 2)*	2.20%
	Beneficial owner	1,632,000	0.31%

Notes:

1. These interests in Shares are held by Excel Time Investments Limited ("Excel Time"), which is wholly and beneficially owned by Mr. Han Weining, an executive Director. By virtue of the SFO, Mr. Han Weining is deemed to be interested in these 43,414,331 Shares.

2. These interests in Shares are held by Hong Kong Able Trillion Group Limited ("Able Trillion"), which is wholly and beneficially owned by Mr. Han Weining, an executive Director. By virtue of the SFO, Mr. Han Weining is deemed to be interested in these 11,800,000 Shares. Mr. Han Weining is a director of Able Trillion.

Save as disclosed above, as at 31 March 2026, none of the Directors or chief executives of the Company had any interests or 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 SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Saved for the 3,596,800 Share Options granted to Mr. You Yiyang, an executive Director on 26 April 2024, of exercise price of HK$0.49 under the Share Option Scheme to subscribe for up to 3,596,800 ordinary shares of HK$0.1 each in the share capital of the Company. At no time during the year ended 31 March 2026 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 31 March 2026, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

LONG POSITION IN SHARES

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued Shares *(Note 1)*
Infinity Holding Resources Limited	Beneficial owner	74,176,000 *(Note 2)*	13.84%
Nan Yu	Beneficial owner	74,176,000 *(Note 2)*	13.84%

Notes:

1. Based on 535,864,491 Shares in issue as at 31 March 2026.

2. These interests in Shares are held by Infinity Holding Resources Limited, which is 100% owned by Nan Yu.

Save as disclosed above, as at 31 March 2026, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

2022 SHARE OPTION SCHEME

The Company has a share option scheme (the "2022 Share Option Scheme") which was adopted on 2 September 2022 and shall be valid until 1 September 2032, whereby the Board or a duly authorised committee thereof may at any time on any business day following the date of adoption and before the tenth anniversary thereof, offer to grant to eligible participants an option to subscribe for shares of the Company as incentives or rewards for their contribution to the Group. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.

The Board may at its discretion invite anyone belonging to any of the following classes of persons to take up options to subscribe for Shares, subject to such conditions as the Board may think fit, which includes (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time) of the Group or any entity in which the Company or any its subsidiary holds any interest (the "Invested Entity"), and (ii) any discretionary trust who discretionary objects include any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time) of the Group or any Invested Entity. For the purpose of the 2022 Share Option Scheme, the options may be granted to any corporation wholly-owned by any person belonging to class (i) mentioned above. The eligibility of any of the above persons to the grant of any option shall be determined by the Board from time to time on the basis of his contribution to the development and growth of the Group. The Company shall be entitled to cancel any option granted to a grantee but not exercised if such grantee fails to meet the eligibility criteria determined by the Board.

The total number of Shares which may be issued upon exercise of all options to be granted under the 2022 Share Option Scheme and any other share option scheme of the Company (the "Scheme Mandate Limit") must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval of the 2022 Share Option Scheme by the Shareholders, unless Shareholders' approval has been obtained to refresh the Scheme Mandate Limit in general meeting from time to time or to grant options beyond the Scheme Mandate Limit. Share options lapsed in accordance with the terms of the 2022 Share Option Scheme or any other share option scheme of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2022 Share Option Scheme and any other share option scheme for the time being of the Company shall not, in aggregate, exceed 30% of the Shares in issue from time to time. No option may be granted under the 2022 Share Option Scheme or any other share option scheme of the Company if it would result in the above-mentioned 30% limit being exceeded. The total number of Shares issued and to be issued upon exercise of the options granted to an eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time unless, among others, approval by Shareholders in a general meeting is obtained. The 2022 Share Option Scheme does not specify a minimum period for which an option must be held. The Board may, at its discretion, fix any minimum period for which an option must be held. An option shall be exercisable at any time during such period(s) to be notified by the Board to each grantee, provided that no option shall be exercisable later than 10 years after its date of grant.

The subscription price in respect of any option shall be at the discretion of the Board, provided that it shall be not less than the highest of (i) the closing price of a Share on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; (ii) the average closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the offer date in respect of such options; and (iii) the nominal value of a Share.

On 26 April 2024, the Company has granted a total of 25,043,200 share options under the 2022 Share Option Scheme (the "Share Options") to certain eligible persons to subscribe, in aggregate, for up to 25,043,200 Shares. Among the Share Options, 3,596,800 Share Options were granted to Mr. You Yiyang, an executive Director, and the remaining 21,446,400 Share Options were granted to six employees of the Group. During the year ended 31 March 2026, nil Share Options were exercised (2025: 14,252,800 Share Options were exercised by four employees of the Group at an exercise price of HK$0.49 per share).

As at 31 March 2026, 10,790,400 (2025: 10,790,400) share options were outstanding under the 2022 Share Option Scheme of the Company.

The total number of Shares available for issue under the 2022 Share Option Scheme is 10,794,464 Shares, representing approximately 0.70% of the total number of Shares in issue as at the date of this report.

The Company terminated the 2022 Share Option Scheme on 26 September 2025, the 2025 AGM. Upon termination of the 2022 Share Option Scheme, no additional share options can be granted under the 2022 Share Option Scheme. However, any share options that have been granted but not exercised and remain valid prior to termination of the 2022 Share Option Scheme will continue to be exercisable according to the terms of the 2022 Share Option Scheme.

2025 SHARE OPTION SCHEME

The Company adopted a new share option scheme with the approval of the shareholders with effect from 26 September 2025 ("2025 Share Option Scheme"). Below sets out a summary of certain principal terms of the rules of such scheme. More information is included in the Company's circular dated 1 September 2025. The 2025 Share Option Scheme shall be valid until 25 September 2035, whereby the Board or a duly authorised committee thereof may at any time on any business day following the date of adoption and before the tenth anniversary thereof, offer to grant to eligible participants an option to subscribe for shares of the Company as incentives or rewards for their contribution to the Group. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.

The Board may at its discretion invite anyone belonging to any of the following classes of persons to take up options to subscribe for Shares, subject to such conditions as the Board may think fit, which includes (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time) of the Group or any entity in which the Company or any its subsidiary holds any interest (the "Invested Entity"), and (ii) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group or which will contribute significantly to the growth of the Group's financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged in (a) services related to the design, development and operation of control systems and building intelligence that would substantially increase the financial performance of the Group; (b) technical consulting services for the planning, construction, development, and management and/or operation of data storage and related services that would significantly enhance the competitiveness of the Group; or (c) advisory services and

consultancy services for the development and supervision of projects on areas related to control systems, building intelligence and data centre operation business that are necessary from a commercial perspective to help maintain or enhance the competitiveness of the Group, excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition's and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartially and objectivity. The eligibility of any of the above persons to the grant of any option shall be determined by the Board from time to time on the basis of his contribution to the development and growth of the Group. The Company shall be entitled to cancel any option granted to a grantee but not exercised if such grantee fails to meet the eligibility criteria determined by the Board.

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 option scheme of the Company (the "Scheme Mandate Limit") must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval of the 2025 Share Option Scheme by the Shareholders, unless Shareholders' approval has been obtained to refresh the Scheme Mandate Limit in general meeting from time to time or to grant options beyond the Scheme Mandate Limit. Within the Scheme Mandate Limit, the total number of new Shares which may be issued pursuant to the exercise of Options granted to the Service Providers (as defined in the circular of the Company dated 1 September 2025) shall be no more than 1% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the adoption date. Share options lapsed in accordance with the terms of the 2025 Share Option Scheme or any other share option scheme of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2025 Share Option Scheme and any other share option scheme for the time being of the Company shall not, in aggregate, exceed 30% of the Shares in issue from time to time. No option may be granted under the 2025 Share Option Scheme or any other share option scheme of the Company if it would result in the above-mentioned 30% limit being exceeded. The total number of Shares issued and to be issued upon exercise of the options granted to an eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time unless, among others, approval by Shareholders in a general meeting is obtained. The 2025 Share Option Scheme does not specify a minimum period for which an option must be held. The Board may, at its discretion, fix any minimum period for which an option must be held. An option shall be exercisable at any time during such period(s) to be notified by the Board to each grantee, provided that no option shall be exercisable later than 10 years after its date of grant.

The subscription price in respect of any option shall be at the discretion of the Board, provided that it shall be not less than the highest of (i) the closing price of a Share on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; (ii) the average closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the offer date in respect of such options; and (iii) the nominal value of a Share.

As at 31 March 2026, nil share options were outstanding under the 2025 Share Option Scheme of the Company.

The total number of Shares available for issue under the 2025 Share Option Scheme is 44,874,144 Shares, representing approximately 2.92% of the total number of Shares in issue as at the date of this report.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Change in Director's information since the date of the 2025 interim report of the Company up to the date of this annual report is set out below:

Ms. Woodham Mostovaya Ekaterina resigned as the non-executive director of the Company with effect from 31 May 2026.

CODE ON CORPORATE GOVERNANCE PRACTICES

A report on the principal corporate governance practice adopted by the Company is set out on pages 31 to 46 of this annual report.

CONNECTED TRANSACTION

During the year ended 31 March 2026, the Directors are not aware of any transactions of the Group which constituted non-exempt connected transactions or non-exempt continuing connected transactions under the Listing Rules.

RELATED PARTY TRANSACTIONS

During the year ended 31 March 2026, the Group had entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards but these transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. Details of these related party transactions are set out in note 33 to the financial statements.

EQUITY-LINKED AGREEMENT

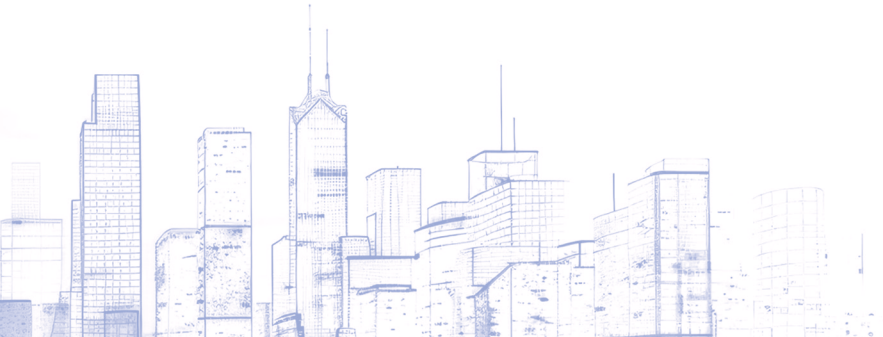
Save for the 2022 Share Option Scheme and 2025 Share Option Scheme as disclosed in the paragraph headed "Share Option Scheme" of this report, 2026 Placing Agreement as disclosed in the paragraph headed "Capital structure, liquidity and financial resources" in the section headed "Management Discussion and Analysis" of this annual report, no equity-linked agreements were entered into by the Company during the year ended 31 March 2026 or subsisted at the end of the year.

SHARES ISSUED DURING THE YEAR

On 11 February 2026, the Company allotted and issued 87,123,051 Rights Shares to six (6) valid applicants at the subscription price of HK$0.135 per share. The gross proceeds and net proceeds arising from the share allotment amounted to approximately HK$11.8 million and HK$10.8 million, respectively, which is planned to use for the Group's administrative working capital.

The Directors considered that the allotment of new shares pursuant to Rights Issue 2025 would provide additional and immediate funding for the Company to maintain the Group's working capital requirement while broadening the capital base of the Company, and was in the interests of the Company and the Shareholders as a whole.

Save as disclosed above, there were no shares issued by the Company during the year ended 31 March 2026.



AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the Audit Committee. The Audit Committee comprises three independent non-executive Directors, namely Ms. Li Mingqi (as committee chairperson), Mr. Xu Wei and Mr. Xu Dongsen. The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 March 2026 and considered that the Company had complied with all applicable accounting standards and requirements and made adequate disclosures.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief as at the latest practicable date prior to the issue of this annual report, the Company has maintained sufficient public float as required under the Listing Rules during the year ended 31 March 2026 and up to the date of this annual report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2026 were audited by Prism Hong Kong Limited ("Prism"). Prism shall retire and a resolution will be proposed for approval by Shareholders at the 2026 AGM to re-appoint Prism as the auditor of the Company.

On Behalf of the Board

Han Weining
Executive Director

Hong Kong, 29 June 2026

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. The Board considers that the Company was in compliance with all the applicable code provisions as set out in the CG Code during the year ended 31 March 2026 apart from code provisions C.2 and F.2.2 as disclosed below.

CODE PROVISIONS UNDER C.2 OF THE CG CODE

Under code provision C.2 of the CG Code, there should be two key aspects on the management of the Company, being the management of the Board and the day-to-day management of the Group's business. There should be a clear division of these responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Under the current structure and functions of the Board, the role of chairman should be responsible for the management and leadership of the Board while the role of chief executive officer should be responsible for the day-to-day management of the Group's business. However, the position of the chairman of the Board has been vacant since 3 January 2020, and hence the Company did not comply with code provisions under C.2 of the CG Code during the year ended 31 March 2026.

Currently, the roles and functions of the chairman, including the coordination and communication of the Board, are performed collectively by the Board members themselves. The Company is from time to time identifying the suitable candidates who possess suitable leadership, knowledge, skills and experience to fill the vacancy of chairman of the Board.

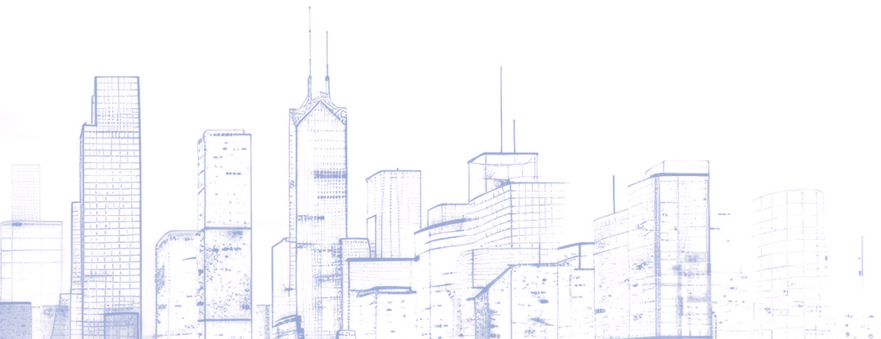
CODE PROVISION F.2.2 OF THE CG CODE

Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. As the position of chairman of the Board was vacant as at the date of the annual general meeting held on 26 September 2025 (the "2025 AGM"), Mr. Han Weining, being the executive Director of the Company on the date of the 2025 AGM, was appointed as the chairman of the 2025 AGM to answer and address questions raised by the Shareholders at the 2025 AGM.

The Directors believed that Mr. Han Weining, as the executive Director on the date of the 2025 AGM, possessed sufficient knowledge on the Group's businesses and had the required leadership in maintaining an effective dialogue with Shareholders and addressing any issues or questions raised in the general meeting. Therefore, Mr. Han was considered suitable and appropriate to act as the chairman of the 2025 AGM in the absence of the chairman of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all Directors, all Directors have confirmed that they had complied with the required standard of dealings as set out in the Model Code during the year ended 31 March 2026.



BOARD OF DIRECTORS

(A) THE COMPOSITION OF THE BOARD

As at 31 March 2026 and at the date of this report, the Board comprised two executive Directors, one non-executive Director (resigned on 31 May 2026) and three independent non-executive Directors. There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board. The Board members during the year and up to the date of this annual report, were:

Executive Directors
Mr. Han Weining
Mr. You Yiyang
Mr. He Bianliu (resigned on 22 August 2025)

Non-executive Director
Ms. Woodham Mostovaya Ekaterina (resigned on 31 May 2026)

Independent Non-Executive Directors
Ms. Li Mingqi
Mr. Xu Wei
Mr. Xu Dongsen

Each Director possesses skills and experience appropriate to the business of the Group and the biographical details of the Directors, as at the date of this annual report, are set out on pages 15 to 17 of this annual report.

Appropriate directors' liability insurance cover has been arranged to indemnify the Directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are to be reviewed regularly.

(B) BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") and delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors. The Board diversity would be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skill, knowledge and length of service, and the selection of candidates will also base on the above. The Nomination Committee will review and adopt the above measurements when it reviewed the composition of the Board and it will also review the Board Diversity Policy, on an annual basis, to ensure its continued effectiveness from time to time. After assessing the suitability of the Directors' skills and experiences to the Company's business, the Nomination Committee considered that the existing Board was appropriately structured.

As at the date of this report, the Board consists of five Directors, one of which is female. The Board considers that it is not necessary to set numerical targets and timeline for Board gender diversity for the time being. The Board will strive to improving gender diversity as and when suitable candidates are identified.

(C) RESPONSIBILITY OF DIRECTORS

The Board is responsible for the overall leadership of the Company. The executive Directors, with the assistance from the senior management, form the core management team of the Company. The executive Directors are responsible for formulating the purposes, values, business strategies and development plan of the Group, while the senior management personnel are delegated to supervise and execute the plans and overall management of the Group.

Training and Continuous Development for Directors

As at the date of this annual report, the Company has received the continuous professional development records from each of the Directors as a record of training (in the form of reading articles, researches, journals or professional updates, and attending briefings, trainings, seminars or conference) they received for the year ended 31 March 2026.

(D) BOARD MEETINGS AND GENERAL MEETING

In compliance with the code provision C.5.1 of the CG Code, there are at least four regular board meetings should be held each year at approximately quarterly intervals. A notice of the meeting would be given to all Directors at least 14 days prior to the date of the meeting to enable all Directors to attend the meetings. The agenda of the meeting shall be determined after consulting each Director so that each Director is given the opportunity to include their proposals into the agenda.

For the year ended 31 March 2026, five Board meetings and one general meeting, being the 2025 AGM, were held and the attendance record of the Directors during their tenure is set out below:

	Number of Board meetings attended/held	Attendance ratio	General meetings
Executive Directors			
Mr. Han Weining	5/5	100%	1/1
Mr. You Yiyang	5/5	100%	1/1
Mr. He Bianliu (resigned on 22 August 2025)	2/2	100%	1/1
Non-executive Director			
Ms. Woodham Mostovaya Ekaterina (resigned on 31 May 2026)	5/5	100%	1/1
Independent Non-executive Directors			
Ms. Li Mingqi	5/5	100%	1/1
Mr. Xu Wei	5/5	100%	1/1
Mr. Xu Dongsen	5/5	100%	1/1

The company secretary of the Company (the "Company Secretary") assists the chairman of each meetings in preparing the agenda for meetings and ensures that all applicable rules and regulations are followed. The Company Secretary also keeps detailed minutes of each meetings, which are available to all Directors for inspection. A draft of Board minutes are circulated to all Directors for their comments and approved as soon as practicable after the Board meetings.

All Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have unrestricted access to the advice and service of the Company Secretary, who is responsible for providing Directors with board papers and related materials and ensuring that board procedures are followed.

(E) INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The current independent non-executive Directors are Ms. Li Mingqi, Mr. Xu Wei and Mr. Xu Dongsen. The Board considers that all independent non-executive Directors possess appropriate and sufficient industry and finance experience and qualification to carry out their duties so as to protect the interest of the Shareholders. One of the independent non-executive Directors, Ms. Li Mingqi, Ms. Li is a Certified Public Accountant in the State of New York, the United States of America and was licensed under license series 7 and 63 at the registered representative level in the United States of America from May 2019. She has extensive experience in financial management. During the year ended 31 March 2026, Mr. Han Weining, in his capacity as the chairman of the 2025 AGM had held meeting with the independent non-executive Directors without the presence of other Directors to discuss issues that they wish to raise regarding the Group.

The Board confirms that the Company has received from each of the independent non-executive Directors an annual confirmation in respect of their independence for the year under review and up to the date of this annual report pursuant to Rule 3.13 of the Listing Rules. Based on the confirmation, the Board considers all independent non-executive Directors to be independent.

(F) TERMS OF APPOINTMENT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Mingqi has renewed her letter of appointment with the Company for a term of three years commencing on 3 October 2022, which is automatically renewable for successive terms of three years upon the expiry of the said term, unless terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the letter of appointment.

Mr. Xu Wei entered into a letter of appointment with the Company and he was appointed as an independent non-executive Director for an initial term of three years commencing from 1 December 2023, which is automatically renewable for successive terms of three years upon the expiry of the said term, unless terminated by not less than one month's notice in writing served by either party on the other or otherwise in accordance with the terms of the letter of appointment.

Mr. Xu Dongsen entered into a letter of appointment with the Company and he was appointed as an independent non-executive Director for an initial term of three years commencing from 6 April 2024, which is automatically renewable for successive terms of three years upon the expiry of the said term, unless terminated by not less than one month's notice in writing served by either party on the other or otherwise in accordance with the terms of the letter of appointment.

(G) NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL PROCEDURES

To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

(i) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;

(ii) taking the lead where potential conflicts of interests arise;

(iii) serving on the Audit Committee, the Remuneration Committee and the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board committees, if invited;

(iv) bringing a range of business and financial experience to the Board, giving the Board and any committee on which he or she serves the benefit of his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board/committee meetings;

(v) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

(vi) ensuring the committees on which he or she serves to perform their powers and functions conferred on them by the Board; and

(vii) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

The Company has established relevant mechanisms to ensure independent views and input are available to the Board and review of such mechanisms on an annual basis. If the candidate is proposed to be appointed as an independent non-executive Director, his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive Director with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. Every Director is subject to the provisions of retirement from office by rotation at an annual general meeting at least once every three years. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of members held immediately after his or her appointment and be eligible for re-election at such meeting.

DIVIDEND POLICY

The Company seeks to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company's dividend policy aims to allow Shareholders to participate in the Company's profit and for the Company to retain adequate reserves for the Group's future growth. In proposing any dividend payout, the Company would consider various factors including but not limited to the Group's overall results of operation, financial condition, working capital requirements, capital expenditure requirements, liquidity, future expansion plans, general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

Any declaration and payment as well as the amount of the dividends will be subject to any restrictions under the applicable laws and the Company's constitutional documents. The Company does not have any pre-determined dividend distribution proportion or distribution ratio. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, the position of chairman of the Board and the chief executive officer of the Company were vacant. The Company is in the process of identifying the suitable candidates with appropriate background, qualification and experience to fill in the vacancy of chairman of the Board and chief executive officer as soon as possible. Currently, the roles and functions of the chairman are performed collectively by the Board members themselves, and the roles of the chief executive officer are performed collectively by the senior management of the Company. The roles of the chairman and chief executive officer were separate and not exercised by the same individual.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. In line with the development of the Company and for the enhancement of corporate governance of the Company, the chairman of the Board should be responsible for the management of the Board by providing leadership for the Board and taking primary responsibility for ensuring that good corporate governance practices and procedures are established and that appropriate steps are taken to provide effective communication with Shareholders and that their views were communicated to the Board as a whole, and the chief executive officer of the Company is responsible for the day-to-day management of business of the Group.

COMPANY SECRETARY

During the year ended 31 March 2026, Mr. See Hiu Lun ("Mr. See") is the Company Secretary. According to the requirements of Rule 3.29 of the Listing Rules, Mr. See has taken no less than 15 hours of relevant professional training for the year ended 31 March 2026.

BOARD COMMITTEES

In accordance with the requirements of the Listing Rules, the Company has established Board committees in compliance with the CG Code as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Audit Committee was established by the Company on 22 March 2012 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and monitor the Group's financial reporting process, risk management and internal control systems. The members of the Audit Committee are Ms. Li Mingqi, Mr. Xu Dongsen and Mr. Xu Wei, all being independent non-executive Directors. Ms. Li Mingqi is the chairperson of the Audit Committee.

The Company's annual results for the year ended 31 March 2026 have been reviewed and discussed by the Audit Committee.

For the year ended 31 March 2026, the Audit Committee has held three meetings. The work performed by the Audit Committee during the year included reviewed the Group's annual financial statements for the year ended 31 March 2025 and the interim financial statements for the six months ended 30 September 2025; and discussed with the auditors on the audit plan. The attendance record of each member of the Audit Committee is set out below:

	Number of Audit Committee meetings attended/held	Attendance ratio
Ms. Li Mingqi	3/3	100%
Mr. Xu Dongsen	3/3	100%
Mr. Xu Wei	3/3	100%

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Company on 22 March 2012 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The members of the Remuneration Committee are Mr. Xu Wei, Ms. Li Mingqi and Mr. Xu Dongsen, all being independent non-executive Directors. Mr. Xu Wei is the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management; to consider and advise on the recommendations regarding remuneration, bonuses and other compensation payable to all Directors and senior management; to review and approve the management's remuneration proposal; to make recommendations on performance evaluation procedure for determining remuneration of Directors and senior management. The Remuneration Committee shall ensure the Company has a formal and transparent procedure for developing remuneration policy of all Directors and senior management and none of the Directors is involved in determining his/her own remuneration. The Remuneration Committee has adopted the approach made under E.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual executive Director and senior management of the Company.

For the year ended 31 March 2026, the Remuneration Committee has held one meeting. The work performed by the Remuneration Committee during the year included reviewed the existing policy and structure of the remuneration for the Directors and senior management of the Company. The attendance record of each member of the Remuneration Committee is set out below:

	Number of Remuneration Committee meetings attended/held	Attendance ratio
Mr. Xu Wei	1/1	100%
Ms. Li Mingqi	1/1	100%
Mr. Xu Dongsen	1/1	100%

The remuneration of the senior management (being Directors) of the Company for the year ended 31 March 2026, by band is set out below:

Remuneration	Number of Individuals 2026
HK$1 to HK$1,000,000	5
HK$1,500,001 to HK$2,000,000	2
	7

NOMINATION COMMITTEE

The Nomination Committee was established by the Company on 22 March 2012 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The members of the Nomination Committee are the independent non-executive Directors, Mr. Xu Dongsen, Ms. Li Mingqi and Mr. Xu Wei. Mr. Xu Dongsen is the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee are to (1) review the structure, size and diversity (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; (2) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (3) assess the independence of the independent non-executive Directors; (4) make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

For the year ended 31 March 2026, the Nomination Committee has held one meeting. The work performed by the Nomination Committee during the year included: reviewed the structure, size and composition of the Board; considered the independence of independent non-executive Directors; and made recommendations to the Board on the re-election of retiring Directors at the 2025 AGM. The attendance record of each member of the Nomination Committee is set out below:

	Number of Nomination Committee meetings attended/held	Attendance ratio
Mr. Xu Dongsen	1/1	100%
Ms. Li Mingqi	1/1	100%
Mr. Xu Wei	1/1	100%

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

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

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

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

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

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

WORKFORCE DIVERSITY

As at 31 March 2026, 69% of the Group's employees (including Directors and senior management) were male and 31% were female. The Company considers that gender diversity in respect of the Group's workforce is achieved.

INVESTOR COMMUNICATIONS AND SHAREHOLDERS' RIGHTS

The Company recognizes the importance of maintaining a timely communication and transparent reporting to the Shareholders and/or investors.

The Company maintains an on-going dialogue with the Shareholders and/or investors by various communication channels, including but not limited to, general meetings, annual and interim reports, announcements and circulars. The Company publishes all corporate communications on the Company's website at www.synertone.net, and on the website of the Stock Exchange at www.hkexnews.hk.

In compliance with the Listing Rules and the Articles of Association, notice will be given to the Shareholders for annual general meeting of not less than twenty-one clear days and notice will be given for all other general meetings of not less than fourteen clear days.

All general meetings of the Company have been conducted by way of poll and detailed procedures for conducting a poll were explained at the commencement of the meeting. The poll voting results will be published by way of an announcement immediately following the relevant general meeting.

The procedures for Shareholders to convene and put forward proposals at an annual general meeting or extraordinary general meeting are set out in Article 58 of the Articles of Association, which can be accessed on the Company's website at www.synertone.net or on the website of the Stock Exchange. Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong. Based on the above channels for Shareholders to communicate their views on various matters affecting the Company, the Company is of the view that the shareholders' communication policy was effective during the year ended 31 March 2026.

ACCOUNTABILITY AND AUDIT

The Directors have included a management discussion and analysis of the Group's performance for the year ended 31 March 2026 under the section headed "Management Discussion and Analysis" of this annual report.

AUDITOR'S REMUNERATION

For the year ended 31 March 2026, the total fee in respect of audit services and non-audit service fees provided by Prism Hong Kong Limited, the auditor of the Company, was approximately HK$640,000 and HK$420,000, respectively.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group for the year ended 31 March 2026 and confirm that the financial statements give a true and fair view of the state of affairs of the Group 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 and the applicable disclosure provisions of the Listing Rules.

The statement of the auditor as to its responsibility for the financial statements is set out in the Independent Auditors' Report set out on pages 86 to 90 of this annual report. The Directors have prepared the financial statements on a going concern basis.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board's responsibilities for the risk management and internal control systems

The Board acknowledges that it is responsible for the risk management and internal control systems and oversees such systems on an ongoing basis, while ensuring a review of the effectiveness of these systems of the Group is conducted at least annually. The scope of such review covers all material controls, including financial, operational and compliance controls. The Group's risk management and internal control systems are designed to manage risks rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee. The management has provided a confirmation to the Audit Committee on the effectiveness of these systems for the year ended 31 March 2026 and the Audit Committee has recommended the Board for approval of the confirmation of the management.

Main features of the risk management systems

The Company recognises that good risk management is essential for the long-term and sustainable growth of a business. The Group has established a governance structure and the major responsibilities of each role of the structure are summarized below:

Role	Major Responsibilities
Board	– determines the business strategies and objectives of the Group, and evaluates and determines the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives; – oversees management in the design, implement and monitoring of the risk management and internal control systems;

Role	Major Responsibilities
	– oversees the Group's risk management and internal control systems on an ongoing basis and ensures the Company establishes and maintains appropriate and effective risk management and internal control systems;
Audit Committee	– reviews the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance controls;
	– reviews the emerging risks of the Group annually, and the risk management and the internal controls in place to address those risks;
	– discusses the risk management and internal control systems with management of the Group to ensure that the management of the Group has performed its duty to have an effective systems;
	– considers major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Group's management's response to these findings;
	– implements any remedial plans recommended by the management should there be any internal control deficiencies;
Management	– designs, implements and ongoing assesses the Group's risk management and internal control systems;
	– gives prompt responses to, and follow up the findings on risk management and internal control matters as delegated by the Board, on Audit Committee's initiative or raised by the external risk management and internal control review advisor(s);
	– provides confirmation to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems;
Risk Owners	– ultimately accountable for ensuring the risk is managed appropriately;
	– prepare their respective operating plans pursuant to corporate objectives for consideration; and
	– responsible for, or oversight of, activities to manage each identified risk.

In addition, the Company has engaged external consultant to conduct a review of the effectiveness of the risk management and internal control systems for the year ended 31 March 2026.

Main features of the internal control systems

The Company has in place an internal control system which is compatible with the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

Control Environment	–	a set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
Risk Assessment	–	a dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
Control Activities	–	actions established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
Information and Communication	–	internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
Monitoring	–	ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

Process used to identify, evaluate and manage significant risks

(1) Understand the business objective and update the risk assessment criteria and relevant risk items.

(2) Review the existing risk management mechanism, identify areas for enhancement and refine the mechanism if necessary.

(3) Identify relevant risks and update the identified risks in the risk register in response to the changes in the Company's business and the external environment.

(4) Rating for the impacts and inherent likelihood of each identified risks, priorities the identified risk items and identify the responsible risk owners.

(5) Analyse the counter measures which have been put in the risk response (ranking) table based on risk priorities.

All high risk items should be reduced or eliminated by mitigation actions while all medium risk items should be considered for mitigation which subject to a cost benefit analysis.

(6) Estimate the initial and ongoing costs for mitigation by comparing with the estimate cost of non-mitigation and consider all risk mitigation options. Once the decision to mitigate the risk has been made and the strategy is identified of each risk item, a mitigation plan should be developed.

(7) Prepare for the risk assessment results, which covers significant control failings or weaknesses that have been identified, which have a material impact on the Company's financial performance or condition, and present the same to the Audit Committee.

(8) Develop the ongoing risk mitigation plan for the top prioritised (significant) risk items based on the risk assessment results.

In achieving sound and effective risk management and internal control systems, employees are obliged to respect all applicable legislation, rules and regulations, and to follow certain policies and procedures.

For the year ended 31 March 2026, the Board considered the risk management and internal control systems of the Company are effective and adequate. No significant areas of concern that might affect the financial, operational, compliance controls, and risk management functions of the Group were identified. The scope of such review covers the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting functions and their attitude against internal control of the Group. The Board will continue to work with the management to discuss and follow-up on the status of remediation of the internal control weaknesses and to monitor the risks of the Group in the coming years.

Whistleblowing policy

The Group relies on each of its employees, at all levels, to monitor the quality of the Group's daily operation and compliance with relevant laws and regulations. The Group considers recommendations from employees for improving the Group's practices and controls and communicates policy changes and other matters of the Group in a timely basis.

In addition, the Company has adopted a whistleblowing policy, under which employees and those who deal with the Company are provided with ways to raise their concerns about possible improprieties in any matter relating to the Company without fear of reprisal or victimization, and in a responsible and effective manner. Written complaints can be lodged directly to the chairman of the Audit Committee and copied to the Company Secretary. The chairman of the Audit Committee shall convene a meeting to decide whether and/or how to carry out any necessary investigation and, depending upon the circumstances, consider to nominate investigating officer or to set up a special committee to investigate the matter independently.

Anti-corruption policy

For details of the anti-corruption policy of the Company, please refer to the section headed "Anti-corruption" as set out in the Environmental, Social and Governance Report to this report.

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

The Group complies with the requirements of the SFO and the Listing Rules for the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the 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 ensuring that information contained in the announcements or circulars of the Company 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 Group has adopted and implemented written policy and procedures on handling and dissemination of inside information. Certain measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of disclosure requirements, which include the following:

- The Group has established the inside information team (the "Inside Information Team") to identify, assess and escalate potentially inside information to the attention of the Board.

- A reporting channel has been set up for employees to use upon they become aware of actual or potentially inside information ("Information"). They must report to their respective divisional disclosure officers, or the Inside Information Team of the Information at the possible earliest time. Divisional disclosure officers shall then conduct preliminary assessment of the Information received. Upon notification of Information, the Inside Information Team reviews and decides whether the Information must be disclosed, as well as when and how the Information shall be released and gives recommendation to the Board. The Board reviews the recommendation from the Inside Information Team and decides whether the Information should be disclosed; and/or any other appropriate actions.

- The Group has designated officers with appropriate skills and training to speak on behalf of the Group when communicating with media, analysts or investors.

- The Group has strict prohibition on unauthorized use or disclosure of confidential information. Such prohibition is included in the employment agreements for all employees.

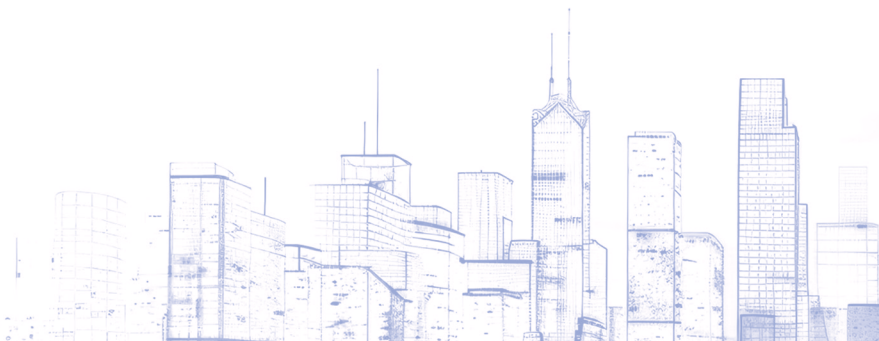
- Officers/relevant employees are given access to a sensitivity list identifying factors or developments which are likely to give rise to the emergence of inside information. Trainings are provided to them on a regular basis to ensure that they are familiar with the procedures as well as their relevant disclosure duties and obligations.

Internal audit function

The Company currently does not assign any specialized staff to monitor the internal control system of the Company. The Board has reviewed, on an annual basis, the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

On behalf of the Board
Han Weining
Executive Director

29 June 2026



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Synertone Communication Corporation (the "Company", together with its subsidiaries, the "Group" or "we") is one of the leading providers of building and home intelligence products and integrated automation control systems and solutions. The principal operating businesses of the Group include provision of (i) design, development and sale of automation control systems and solutions; (ii) design, research and development, manufacture and sales of intelligent system including video intercom and surveillance system for residential homes and buildings; (iii) the rental and maintenance services in relation to computer equipment and machines, information technology infrastructure and advanced technologies and other related services; and (iv) smartphone distribution business. As the world's leading provider of automation control systems, the Group possesses leading standard of technical know-how and commercial competitiveness, and thus the products of the Group are extensively applied in high-rise buildings, high-end residential complexes and smart communities as well as diversified industries including electrical power, petrochemical, public utilities, mining, natural gas and food and beverage industries by providing fully digital intelligent control systems for human's modern life.

This Environmental, Social and Governance Report (the "Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performance of the Group, which demonstrates its commitment to sustainable development.

REPORTING PERIOD

This Report details the Group's ESG activities, challenges and initiatives from 1 April 2025 to 31 March 2026 ("FY2026" or the "Reporting Period").

REPORTING SCOPE

The disclosures in the sections headed "Employment", "Occupational Health and Safety", "Employee Development and Training" and "Labour Standards" in this Report cover all the operating locations of the Group. Compared with the year ended 31 March 2025 ("FY2025"), the reporting scope of these sections for FY2026 removes 萬科思自控設備(中國)股份有限公司 (MOX Control System (China) Limited*) ("MOX"), which was disposed in FY2026, as well as its subsidiaries (including 杭州奧邁智能科技有限公司 and 澳萬樓宇智能設備(上海)有限公司). In terms of environmental disclosure, the scope of this Report only covers an operating company that has a significant impact on the environmental performance of the Group, namely 浙江澳萬信息技術有限公司 (Zhejiang Aowan Information Technology Co., Ltd.*) ("Zhejiang Aowan").

The reporting scope of this Report is determined based on the principle of materiality, covering ESG-related issues that are material to the Group and ESG-related issues concerned by stakeholders of the Group. To further understand expectations of the Group's stakeholders, the Group actively communicates with the stakeholders, including shareholders, the government, employees, clients, suppliers, the community and the public. Issues related to ESG which pose significant influence on the stakeholders were evaluated and identified. The Group will continue to assess the key ESG aspects of the different operations and will expand the scope of disclosure where appropriate.

* *For identification purposes only*

REPORTING STANDARD

This Report was prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") set out in Appendix C2 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This Report was prepared based on the information obtained from or implied in official documents or statistic report of the Group. During the process of preparing this Report, the Group has applied the principles of materiality, quantitative and consistency to summarise its philosophy on ESG aspects and the overall performance of its business operations in the People's Republic of China (the "PRC") during FY2026, and has adopted the reporting principles set out in the ESG Reporting Code by the following ways:

Materiality: The Group identifies and analyses material ESG issues through materiality assessment and uses the identified material ESG issues as the focus for the preparation of this Report. The board of directors (the "Board") and the ESG Working Group (the "Working Group") have reviewed and confirmed the materiality of the issues. Please refer to the two sections headed "Engagement with Stakeholders" and "Materiality Assessment" for details.

Quantitative: The standards and methods adopted for explanation of calculating the relevant key performance indicators ("KPIs") and the applicable assumptions are disclosed in the notes to this Report.

Consistency: The Report has been prepared in a manner generally consistent with that of FY2025. If there are any changes in the scope of disclosure or calculation methods that may affect the comparison with previous reports, the Group will explain the relevant data and contents.

During FY2026, the Group has confirmed that it has established appropriate and effective management policies and internal control systems on ESG matters and that the disclosures are in compliance with the ESG Reporting Code. This Report has undergone the Group's internal review process and has been approved by the Board.

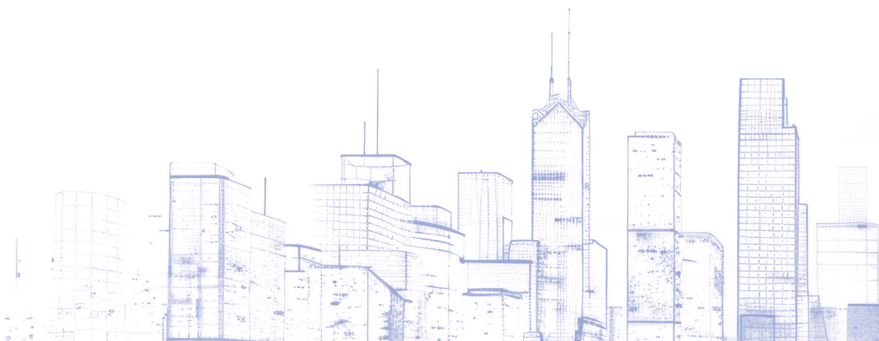
For the philosophy and performance of corporate governance of the Group, please refer to the "Corporate Governance Report" in this annual report.

BOARD STATEMENT

The Group strongly believes that environmental protection, low carbon and sustainable development are the major trends in society. The Group is committed to integrating ESG concepts into its risk management system and taking corresponding measures in its daily operations and governance.

ESG GOVERNANCE STRUCTURE

The Group has developed a core governance framework to ensure that ESG governance is aligned with strategic growth and to promote the integration of ESG elements into business operations. The ESG governance structure is divided into two parts, namely the Board and the Working Group.



The Board has the overall responsibility for the Group's ESG-related strategy, governance approach and reporting, and oversees and manages ESG-related issues. The Board selects qualified members with the appropriate skills, experience, knowledge and perspectives required for the relevant ESG matters. Relevant skills and experience include operations management, quality control, equipment and production site management, and risk management. The Group will appoint external consultants to provide ESG-related professional expertise and advice when necessary. The Board is responsible for setting the Group's ESG-related targets, priorities and policies. In addition, the Board also ensures the effectiveness of risk management and internal control systems on ESG. The Board, with the assistance of the Working Group, convenes a meeting at least once a year for discussing and reviewing ESG-related issues of the Group including, but not limited to, risks and opportunities, performance, the progress on targets and indicators, and the approval of ESG reports.

The Working Group consists of representatives from different functional departments of the Group. The Working Group assists the Board in fulfilling supervisory responsibilities and its duties include, but are not limited to, assisting the Board in collecting and analysing ESG-related information of the Group, preparing ESG reports, identifying and assessing the Group's ESG risks, evaluating the effectiveness of internal control systems, organising and conducting assessments of material issues, and developing and implementing the ESG-related strategies, frameworks and policies of the Group. The Working Group needs to schedule a meeting at least once a year, examines and evaluates the Group's performance in different aspects of the ESG areas such as environment, health and safety, labour standards and product responsibility. The Working Group also needs to report relevant information to the Board at least once a year.

ESG TARGETS

In order to actively implement its global sustainability commitments, promote carbon neutrality and respond to stakeholders' expectations and ESG concerns for the Group, the Group has set environment-related targets. In FY2026, the Group has been proactive in taking various measures at the operational level to achieve the targets. The Board has delegated authority to the members of the Working Group to collect relevant data, monitor and analyse the performance of the Group. Through the regular reports of the Working Group, the Board expects steady progress to be made in achieving the set targets. Going forward, the Board and the Working Group will continue to review annually the progress of ESG-related targets and ensure that the Group has sufficient measures and resources to achieve the set targets. The performance is summarised in the section headed "Environmental".

ENGAGEMENT WITH STAKEHOLDERS

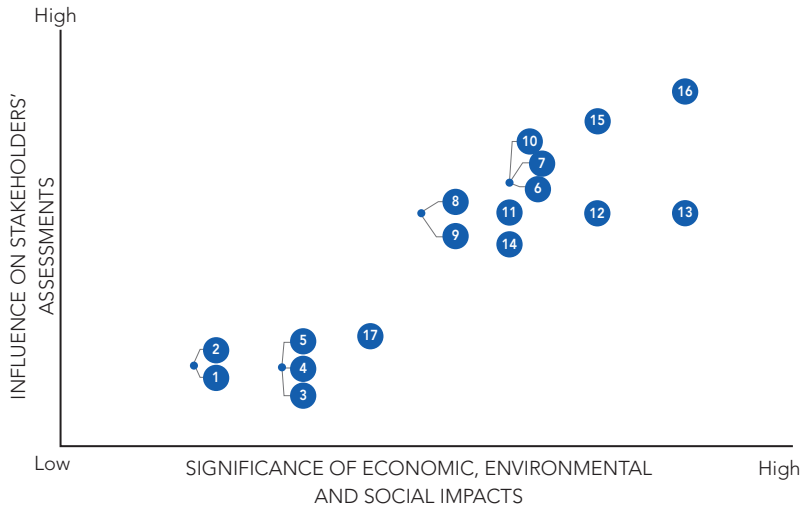
The Group proactively listened to the views of stakeholders to ensure continuous improvement. The Group strived to communicate with internal and external stakeholders through various communication channels, so as to understand and respond to their expectations and concerns, and to strike a balance between the interests of stakeholders, which in turn enabled the Group to determine its business development direction in the long run.

Stakeholders	Communication channels	Expectations and concerns
Shareholders	• Annual general meeting and other shareholder meeting • Financial reports and corporate announcements	• Financial results • Corporate transparency • Sound risk control
The government	• Inspection and monitoring by governmental organisations	• Being law-abiding • Paying tax in accordance with the law
Employees	• Regular performance reviews • Internal announcements and newsletters	• Career development platform • Remuneration and benefit • Safe working environment
Clients	• Inquiry by telephone	• Customer information security • Customer interest protection
Suppliers	• Conference calls	• Collaboration integrity • Business ethics and creditworthiness
The community and the public	• ESG reports	• Environmental friendliness • Employment opportunities

MATERIALITY ASSESSMENT

The Group regularly carries out materiality assessment of the ESG-related issues. With reference to its actual business and industrial characteristics, the Group identified and recognised 17 issues in relation to the ESG and invited internal and external stakeholders to give ratings on the materiality of such 17 issues. After consolidating the rating results of stakeholders and the Group's sustainable development target, our management concluded the materiality priority of these issues and prepared a materiality matrix chart. The result of materiality assessment will be used by the Group as a guidance when developing future ESG working projects and targets, with a view to creating sustainable value for stakeholders. During the current year, the nature of the Group's business remained broadly the same as last year despite changes in the scope of its operations. Therefore, we have retained the materiality matrix of the previous year for reference.

The Group's ESG materiality matrix chart is as follows:



Material ESG issues relating to the Group

1. Greenhouse gas ("GHG") emissions
2. Waste management
3. Energy consumption
4. Water consumption
5. Climate change
6. Talent attraction and retention
7. Employee benefits
8. Inclusion and equal opportunities
9. Occupational health and safety
10. Employee development and training
11. Supply chain management
12. Product quality control
13. Customer satisfaction
14. Customer privacy protection
15. Anti-corruption
16. Corporate governance
17. Community investments

CONTACT US

The Group welcomes and values feedback from stakeholders on its ESG approach and performance to help the Group continuously improve its sustainable development performance. If you have any suggestions or opinions, questions or comments, please contact the Group through the following channels:

Address: Room 1012, 10/F, Tsim Sha Tsui Centre, 66 Mody Road, Kowloon, Hong Kong
Telephone: +852 2865 4498

A. ENVIRONMENTAL

The Group is committed to ensuring continuous growth of its business and at the same time maintaining sustainable development of the environment. The Group conducts internal trainings and internal review with reference to relevant requirements of ISO14000 Environmental Management System. The Group has launched relevant policies and measures for environmental protection, with an aim to optimise emission management and enhance efficient use of resources. Due to changes in the scope of the Report, the data for the current year are not directly comparable with those for FY2025.

EMISSION MANAGEMENT

The Group strictly complies with relevant national and local laws and regulations on environmental protection, including "Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法)", "Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例)" and "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法)" during business operation. During FY2026, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group. In addition, there was no report of significant fines or non-monetary sanctions as the result of non-compliance with relevant laws and regulations in FY2026.

Air emissions

The business activities of Zhejiang Aowan do not directly generate significant air emissions. While Zhejiang Aowan had no record of using company vehicles for travel in FY2026, it has put in place relevant measures, arranged the use of vehicles reasonably and promoted green travelling to reduce air emissions.

GHG emissions

The Group calculates its GHG emissions in accordance with the standards and guidelines set out in the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard".

The GHG emissions of Zhejiang Aowan are primarily from indirect GHG emissions from energy consumption associated with purchased electricity (Scope 2). Due to changes in its reporting scope, the Group's total GHG emissions and fixed electricity consumption in office and communal areas in FY2026 decreased significantly compared with FY2025. Meanwhile, the Group has enhanced its methodology for collecting data on GHG emissions and expanded the scope of disclosure to include other indirect GHG emissions (Scope 3). The Group will progressively establish a robust inventory system of supply chain data with a view to comprehensively understanding and disclosing its Scope 3 emissions performance.

In response to changes in the Group's organisational structure in FY2026, the Group has revised its emissions reduction targets, focusing on reducing or preventing GHG emissions: using FY2026 as the base year, the Group aims to reduce the GHG emissions intensity (kg CO_2 equivalent/total annual production) of Zhejiang Aowan by the financial year ended 31 March 2031 ("FY2031"). China's 2030 carbon peak target has had a positive impact on the Group's five-year target. As Scope 3 GHG emissions were included in the calculation for the first time in the Reporting Period, this quantitative target covers only Scope 1 and Scope 2 emissions, reflecting the Group's efforts in relation to activities under its direct control. As the Group does not engage in high-carbon emission activities, its GHG targets have not been set using a sectoral decarbonisation approach, and the Group has no plans to use carbon credits to achieve this target. In order to achieve this target, the Group is actively implementing electricity-saving and energy-saving measures to reduce GHG emissions, including strict control on the use of air conditioners, lighting facilities and office appliances, etc. Specific measures will be set out in the section headed "Energy consumption".

The GHG emissions from our operations and their intensity are set out below:

GHG Emissions and Intensity[1]

	Unit	FY2026	FY2025
Direct GHG emissions (Scope 1)	Tonnes CO_2 equivalent	**–**	–
Energy indirect GHG emissions (Scope 2)	Tonnes CO_2 equivalent	**4.95**	52.43
Other indirect GHG emissions (Scope 3) – Category 5: waste generated in operations	Tonnes CO_2 equivalent	**0.52**	N/A
Total GHG emissions	Tonnes CO_2 equivalent	**5.47**	52.43
GHG emissions intensity[2]	kg CO_2 equivalent/total annual production[3]	**1.82**	16.41[4]

Notes:

1. GHG emissions data are presented in terms of carbon dioxide equivalent, with the GHG involved including, but not limited to, carbon dioxide ("CO_2"), nitrous oxide ("N_2O") and methane ("CH_4"). The method used to calculate the relevant data is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the global warming potential values from the IPCC Sixth Assessment Report, and the Notice on the Release of 2023 Electricity CO_2 Emission Factors published by the Ministry of Ecology and Environment of the PRC. Given that the Group has access to operational data, the operational control approach has been adopted as the basis for defining the scope of GHG emissions disclosures. During FY2026, the Group maintained consistency in its measurement methods, input data and assumptions relating to the relevant data, and no changes were made during the period.

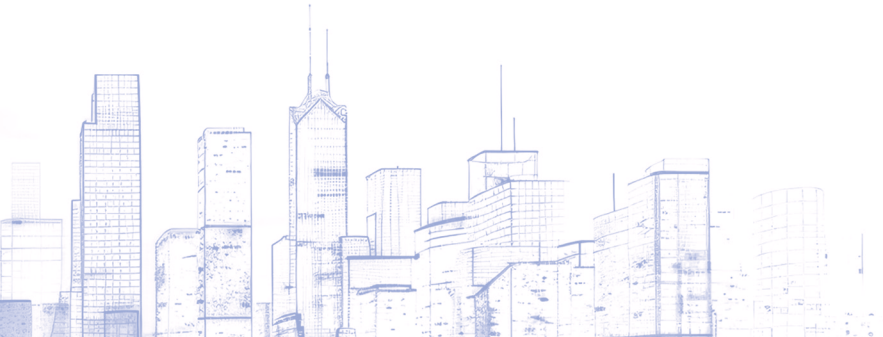
2. During FY2026, the total annual production of the Group was approximately 3,000 units (FY2025: 3,195 units). This data will also be used to calculate other intensity data in the Report.

3. To improve the clarity of data disclosure, the Group has changed the unit of measurement for GHG emissions intensity from "tonnes CO_2 equivalent/total annual production" to "kg CO_2 equivalent/total annual production".

4. To ensure the comparability of data across financial years, the GHG emissions intensity figures for FY2025 have been recalculated in accordance with the new benchmark.

Waste management

The main types of waste generated by Zhejiang Aowan include packaging waste and general refuse. All packaging waste produced by the Group in the course of its operations is collected and handed over to qualified waste recycling organisations for recycling and treatment. The Group also adheres to the principles of 3R ("Reduce", "Reuse" and "Recycle") and implements proactive recycling and comprehensive utilisation measures to prevent secondary pollution.



As this Report excludes the ESG data of MOX, the target to reduce its non-hazardous waste density (kg/total annual production), using FY2025 as the base year and to be achieved by the financial year ended 31 March 2030 ("FY2030"), is no longer applicable. In light of the changes to the reporting scope for FY2026, the Group has revised its waste reduction target: using FY2026 as the base year, to reduce the non-hazardous waste intensity (kg/total annual production) of Zhejiang Aowan by FY2031. To achieve this target, the Group promotes a "Paperless" office. For example, the Group encourages staff to read documents through electronic equipment, print relevant documents after checking, select double-sided printing whenever possible, and use both sides of paper as far as practicable so as to reduce waste of paper. Through waste recycling programme and "Paperless" office policy, the Group also reduces total waste. In addition, the Group is devoted to promoting clean techniques and formula and using less polluting raw materials in product design. New techniques, new technology and new equipment are adopted to maximise utilisation of raw materials and resources with an aim to avoid formation of scraps in production process, so as to effectively further reduce the total waste.

The total waste disposed of from our operations and its intensity are set out below:

Total Waste and Intensity[5]

	Unit	FY2026	FY2025
Total amount of non-hazardous waste[6]	Tonnes	**1.00**	3.00
Non-hazardous waste intensity	kg/total annual production	**0.33**	0.94

Notes:

5. The hazardous waste produced by the Group's business is delivered to qualified waste recycling units for processing. As the Group generated only an insignificant amount of hazardous waste, which did not have any substantial impact on the environment, thus no data is disclosed.

6. The data only covers general refuse. All waste paper and packaging waste generated from the Group's operations are recycled. In FY2026, Zhejiang Aowan recycled paper of approximately 32.74 kg (FY2025: 32.74 kg) and packaging waste of approximately 5.00 kg (FY2025: 10.00 kg).

Sewage discharge

The Group's production process does not involve industrial wastewater discharge and the domestic sewage discharged in its daily operation complies with the relevant local standards. All domestic wastewater of the Group is discharged into the sewage pipes, and the sewage discharge pipes and sewage treatment devices are regularly inspected and repaired. At the same time, recycled water is used for cooling, greening and cleaning to reduce the discharge of wastewater.

As all the sewage generated by the Group is discharged to the public sewage collection system, water consumption is considered the amount of sewage discharged. Water consumption and the corresponding water conservation measures are described under "Water Consumption".

USE OF RESOURCES

The Group encourages staff to implement the concept of environmental protection in accordance with relevant policies and measures of environmental protection, participate in environmental protection work and enhance the efficient use of resources.

Energy consumption

The energy consumption of Zhejiang Aowan is mainly from purchased electricity. As this Report excludes the ESG data of MOX, the target to reduce its energy consumption intensity (kWh/total annual production), using FY2025 as the base year and to be achieved by FY2030, is no longer applicable.

In response to changes in the Group's organisational structure in FY2026, the Group has set a new energy conservation target: using FY2026 as the base year, to reduce the energy consumption intensity (kWh/total annual production) of Zhejiang Aowan by FY2031. To achieve the target, the Group has launched resource-saving measures in its production activities and daily office operation to raise awareness of energy saving of the staff. Such measures include:

- Using zone switch for lighting and air-conditioning systems;
- Maintaining the temperature of air-conditioners at 25 degrees Celsius in summer;
- Switching off air-conditioning systems and lighting equipment in workplace when they are idle; and
- Reducing idle time for devices.

The total energy consumption from our operations and its intensity are set out below:

Total Energy Consumption and Intensity[7]

	Unit	FY2026	FY2025
Total direct energy consumption	kWh	**–**	–
Total indirect energy consumption – electricity purchased	kWh	**9,000.00**	93,334.00
Total energy consumption	kWh	**9,000.00**	93,334.00
Energy consumption intensity	kWh/total annual production	**3.00**	29.21

Note:

7. The conversion of units for energy consumption statistics is based on the "Energy Statistics Manual" issued by the International Energy Agency.

Water consumption

The Group actively promotes the importance of water conservation to its staff. Owing to the geographical location of the Group's operations, it did not encounter any issues in sourcing water that is fit for purpose. As the water supply and drainage facilities at Zhejiang Aowan are managed by the property management company, the Group does not maintain records of its water consumption. Consequently, the target for water consumption intensity (m^3/total annual production), with FY2025 as the base year, is no longer applicable. However, the Group has implemented water-saving measures and drawn up internal guidelines to ensure that such measures are followed, strengthen the day-to-day maintenance and management of water-using equipment and eliminate instances of "running, spilling, dripping, leaking" and "leaving taps running", thereby ensuring that staff bear in mind the principles of water conservation and efficient water use when utilising water resources. Should any faults be detected in water facilities, the Group will immediately notify professionals to carry out repairs.

Packaging materials consumption

Packaging materials are used in the products of Zhejiang Aowan, mainly including paper boxes and filling materials in packages. To reduce waste generation, the Group strives to reuse all paper boxes and filling materials in packages.

The total packaging materials consumed from our operations and their intensity are set out below:

Total Packaging Materials Consumption and Intensity

	Unit	FY2026	FY2025
Total packaging materials consumption	Tonne	**0.35**	0.35
Packaging materials consumption intensity	kg/total annual production	**0.12**	0.11

ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to providing a comfortable, hygienic and clean workplace for its employees, promoting environment-related policies and measures, ensuring that issues relating to the workplace are addressed in a timely manner, and taking appropriate measures to reduce potential risks and enhance work efficiency. In addition, the Group pays close attention to indoor air quality to ensure that employees can work in a good environment with peace of mind.

The Group has stringent control on production procedures to ensure compliance with local environmental laws and regulations. No material non-compliance with "Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法)" and other applicable laws and regulations was recorded during FY2026. The Group will strive to reduce the impacts on the environment and natural resources from aspects including operation and management by continually perfecting environmental protection, energy conservation and emission reduction management system with emphasis on controlling the emission of pollutants during production process.

CLIMATE CHANGE

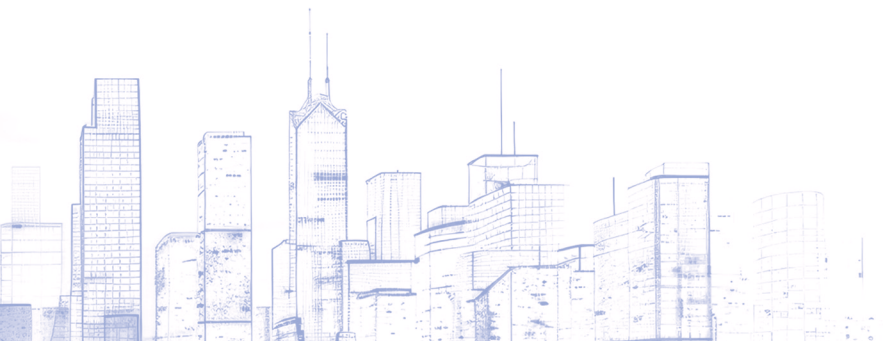
The global impact of climate change is becoming increasingly apparent. We continue to monitor the impact of climate change on the Group's operations. The Group is committed to progressively complying with the enhanced disclosure requirements on climate-related risks and opportunities set out in the revised ESG Reporting Code. To this end, the Group has begun to strengthen its climate-related disclosures, focusing on the four core pillars of governance, strategy, risk management, and metrics and targets.

Governance

The Group fully recognises the importance of identifying and mitigating material climate-related issues, closely monitors the potential impacts of climate change on the Group's business and operations, and is committed to managing potential climate-related risks that may affect the Group's business activities. Our Working Group, under the supervision of the Board, regularly reviews climate-related issues and risks to ensure that these key factors are incorporated into our strategy. Both the Board and the Working Group are fully aware of climate-related issues and their impact on the Group's business and operations. To ensure that the Board and the Working Group are kept up-to-date and possess the latest knowledge, we regularly provide training and materials on climate-related topics, equipping the Board and functional departments with sufficient knowledge and awareness of climate-related issues and their impact on the Group's business and operations. The Group will engage external advisers where appropriate to provide the necessary assistance on climate-related issues.

The Group assesses climate-related risks and opportunities in its strategy formulation, business planning, decisions on major transactions and day-to-day operations. These risks and opportunities are identified through annual materiality assessments and risk review processes. As with other material risks, the Group employs a consistent risk matrix, enterprise risk management and internal control mechanisms to identify, assess and manage such risks and opportunities under the supervision of management and the Board. Management regularly reviews the relevant procedures to ensure their effectiveness. These reviews include the integration of climate change considerations into our operational procedures, such as business continuity plans. The Board meets annually to review climate-related risks and opportunities and to monitor progress towards its objectives.

To date, the Group has not incorporated climate-related targets or performance indicators into the remuneration arrangements for directors, senior management or employees. The Group will continue to monitor best practice in this area and review its approach accordingly when appropriate in the future.



Strategy

In accordance with the IFRS Sustainability Disclosure Standards (the "ISSB Standards"), climate-related risks are categorised as physical risks and transition risks. Furthermore, the Group has also identified potential opportunities associated with the transition to a low-carbon economy. Taking into account the nature of climate-related risks and opportunities, as well as the "2030/2060 Targets" (namely, to reach peak carbon emissions by 2030 and achieve carbon neutrality by 2060 in China where the Group operates), the assessment time horizon is as follows:

Short term: 1–3 years	In line with the Group's strategic planning
Medium term: 3–5 years (i.e. by 2030)	In line with national strategies and global initiatives
Long term: over 5 years (by 2060)	

Climate-related risks		Potential impact	Time horizon	Response
Physical risks	Acute	The frequency and severity of extreme weather events (such as storms, heavy rain or typhoons) are on the rise. Extreme weather events may damage the electricity grid and communications infrastructure; they may also disrupt the supply chain and endanger the safety of our staff, thereby affecting the Group's operations.	Short term	In response to the fact that some of the Group's business operations are located in areas at high risk of typhoon damage, the Group has established preventive and contingency measures to enhance its ability to prevent and mitigate the impact of extreme weather events, such as typhoons, on its business. At the same time, the Group will explore ways to mitigate or avoid the severe impact of such events on its business operations by adapting its business model. In FY2026, thanks to the comprehensive preventative measures adopted by the Group, climate-related events did not have a significant impact.

Climate-related risks		Potential impact	Time horizon	Response
Transition risks	Policy and law	In recent years, an increasing number of climate-related laws and regulations have been introduced around the world to support the vision of global decarbonisation. For example, the Stock Exchange has required listed companies to enhance climate-related disclosures in their ESG reports. Meanwhile, China has also issued new policy documents setting out guidelines for the nation to achieve the twin goals of carbon peaking by 2030 and carbon neutrality by 2060. Increasingly stringent climate-related laws and regulations may expose companies to higher compliance costs, whilst also increasing the risk of claims and litigation.	Short term	To mitigate policy, legal and reputational risks, the Group regularly monitors existing and emerging climate-related trends, policies and regulations, and is prepared to alert senior management where necessary, in order to avoid increased costs, fines for non-compliance, or policy, legal and reputational risks arising from a delayed response.
	Reputation	A company's reputation may also suffer if it fails to meet climate change-related compliance requirements.	Short term	

Climate-related opportunities		Potential impact	Time horizon	Response
Transition opportunities	Innovative technologies	Leveraging its capabilities in intelligent systems, the Group can develop innovative video intercom and surveillance systems that enhance security whilst promoting sustainability. For example, integrating these systems with energy management platforms can help monitor and reduce energy consumption in residential and commercial buildings. Furthermore, the Group can explore partnerships with green building initiatives to provide bespoke solutions that meet sustainability-related certification requirements.	Long term	To make the most of innovative technologies and meet market demand, the Group will develop new products, upgrade and modernise existing projects, and expand into international markets, with a view to enhancing its core competitiveness, creating exceptional value for customers, and ensuring the Group's sustainable development and long-term growth.
	Market demand	The Group can utilise its expertise in automation control systems to develop and promote energy-saving solutions suitable for industrial and commercial applications. This may include smart building technologies designed to optimise energy use, reduce waste and integrate renewable energy sources. By focusing on sustainability, the Group can attract environmentally conscious customers and comply with increasingly stringent energy efficiency regulations.	Long term	

The environmental scope of this Report covers Zhejiang Aowan only, with the climate-related risks and opportunities geographically concentrated in Zhejiang Province, the PRC. The risk assessment is based on assumptions that may or may not materialise, as well as information available at the time of preparation, and therefore does not represent actual future outcomes. Given the limitations of the available data, it is not currently possible to assess climate-related risks using scenario analysis, nor is it possible to identify separately the current and expected financial impacts of climate-related risks and opportunities, or to quantify the relevant amounts and variations. The Group will continue to enhance its data processing capabilities and will disclose such impacts in the future when they become measurable.

Based on our risk assessment, climate-related matters will not have a material impact on the carrying amounts of assets and liabilities for the next reporting period, nor is there a need to make significant changes to our core business model and strategy. The Group continued to advance various climate mitigation measures during FY2026, which was in line with our approach adopted in FY2025. We have consistently adhered to a comprehensive environmental protection strategy, and the relevant resources have been allocated through the operating budget. Specific measures are detailed in the section headed "Energy consumption".

To mitigate the impact of climate change on the Group's operations and enhance its resilience, the Group is currently in the early stages of assessing its climate resilience, and there is significant uncertainty regarding the quantification of potential impacts and their timing. The Group's ability to adapt its strategy over time is underpinned by the operational and planning flexibility embedded within its current business model. Going forward, the Group will explore the use of climate-related scenario analyses appropriate to its circumstances (including scenarios aligned with the latest international climate agreements) to deepen its understanding of climate-related risks and opportunities and improve its disclosures in future periodic risk assessments.

The Group is actively preparing a formal climate transition plan. We recognise the urgency of addressing climate risks and opportunities and are currently committed to transitioning our operating model towards sustainability to reduce our environmental footprint. The Group will continue to advance the development of this plan to enhance transparency and accountability in environmental governance.

Risk management

The Group has incorporated climate-related risks into its risk management framework, treating them alongside other risk categories such as strategic, financial, compliance and operational risks. This framework comprises a series of core procedures designed to ensure that all key enterprise risks are properly identified, fully assessed, effectively managed and continuously monitored.

As part of our climate risk identification and assessment process, we have established risk tolerance limits that take into account both the "likelihood" and "impact" of risks:

- Impact assessment: key dimensions such as financial loss, legal compliance, corporate reputation, environmental safety and business operations are covered.

- Likelihood assessment: analyses are conducted based on historical data and substantive information reasonably available during the Reporting Period.

The system classifies risks by severity based on a composite score of likelihood and impact. Any risk identified as significant must be addressed through a corresponding mitigation plan, which is submitted to senior management for regular review of the effectiveness of the management measures. Furthermore, our integrated risk management model incorporates regular assessment and monitoring cycles to dynamically track risk developments and evaluate the need for timely adjustments to risk appetite.

Metrics and targets

The Group's methodology for measuring GHG emissions, the relevant emissions data and its emission reduction targets are detailed in the section headed "GHG emissions". As sufficient, reasonable and supporting data are not currently available, the Group is unable at this stage to precisely quantify the specific amounts and percentages of assets or business activities that are exposed to transition and physical risks, or that are related to climate opportunities.

The Group did not implement an internal carbon pricing mechanism in FY2026. Nevertheless, we have been closely monitoring carbon pricing trends in the market and the latest regulatory developments relating to carbon taxes to dynamically assess potential cost and financial implications. Looking ahead, the Group will actively draw on industry best practice benchmarks and is committed to deepening and strengthening the quality of its climate-related disclosures.

B. SOCIAL

EMPLOYMENT

Employees are one of the most valuable properties for achieving the target of the Group. The Group upholds the performance-based employment concept that "capable person replaces incapable one". Employment and dismissal policy will not be affected by race, gender, age, religious belief, disabilities or family status of applicants or employees. The Group is committed to providing a fair and safe working environment for employees. The Group is always attentive and supportive to employees. The Group continuously provides diversified skill trainings and career development opportunities for employees so as to achieve harmony and mutual win between employees and the Group.

The Group strictly complies with national and local laws and regulations related to employment during its business operations, such as the "Labour Law of the People's Republic of China (中華人民共和國勞動法)", "Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法)" and "Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法)", the Employment Ordinance and Mandatory Provident Fund Schemes Ordinance of Hong Kong, to ensure the provision of fair employment and promotion opportunities to employees. During FY2026, the Group was not aware of any material breach of laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare that have a significant impact on the Group. In addition, there were no significant fines or sanctions imposed on the Group for non-compliance with the relevant laws and regulations during FY2026.

The Group has a high quality team comprising talents with doctoral degree, master degree, bachelor degree and college graduates. As of 31 March 2026, the Group had 61 (as of 31 March 2025: 82) employees. Employees breakdown by gender, employment type, age group and region is summarised as follows:

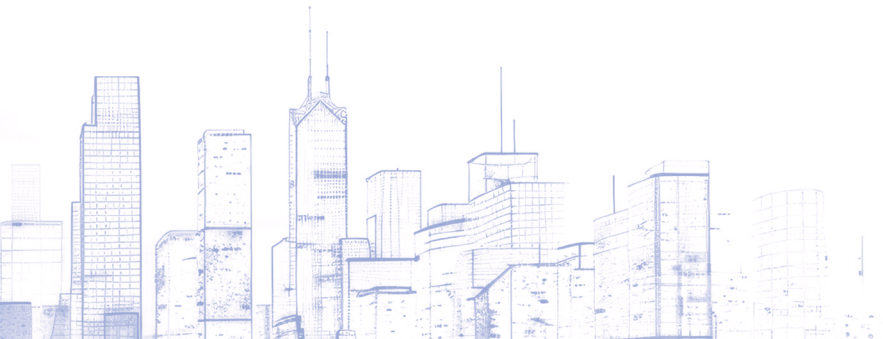
	As of 31 March 2026		As of 31 March 2025	
	Number of employees	**Percentage of total employees**	Number of employees	Percentage of total employees
By gender				
Male	**42**	**68.85%**	53	64.63%
Female	**19**	**31.15%**	29	35.37%
By employment type				
Full-time	**61**	**100.00%**	81	98.78%
Part-time	**0**	**–**	1	1.22%
By age group				
30 or below	**6**	**9.84%**	13	15.85%
31 to 50	**47**	**77.05%**	56	68.30%
51 or above	**8**	**13.11%**	13	15.85%
By region				
PRC	**48**	**78.69%**	66	80.49%
Hong Kong	**13**	**21.31%**	16	19.51%

The Group treasures and respects talents, and adheres to the principles of openness, fairness and justice in recruiting, and establishes a complete recruitment management system that specifies recruitment applications and procedures to improve recruitment efficiency and quality to meet the Group's manpower needs and ensure the quality of talents. The Group has clear mechanism for the management of promotion, transfer and demotion of personnel to protect the interests of both employees and the Group.

The Group endeavours to offer comprehensive and competitive remuneration package and benefits to attract, retain and motivate outstanding employees. The Group benchmarks employees' compensation according to its internal situation and the external labour market of related fields, sectors and professions, to ensure their compensation are reasonable and consistent with market level. Remuneration adjustments are based on factors including the Group's operating results, the level of the staff's position, personal competency and performance and social development level. Discretionary performance bonus is offered to staff according to annual appraisal as recognition of their contribution and as motivation for achieving self-improvement. The Remuneration Committee is responsible for reviewing the management's proposals of the Group's remuneration adjustment and discretionary performance bonus, and providing share options as incentives to senior management with outstanding performance.

The Group emphasises the wellbeing of its employees, caring for employees from various aspects. In addition to ordinary annual leaves and paid sick leaves, the Group also provides other leave arrangement such as marriage leave, maternity leave, paternity leave and compassionate leave to employees for their relaxation and refreshment. The Group organises employees to participate in team building activities, sports activities and public welfare activities from time to time, and communicates with the Company from the perspective of employees, and handle employee complaints, suggestions and so on.

The Group is in strict compliance with policies pertaining to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare as set out in the "Employee Handbook". In the event that it is necessary to dismiss an employee, the Group will ensure that the dismissal procedures are in compliance with internal policies (such as the "Employee Handbook") and relevant laws and regulations. Termination of employment contracts will be based on reasonable and lawful grounds, and the Group will first give verbal warnings and then issue warning letters to employees whose work performance is unsatisfactory or who repeatedly make mistakes. For employees who do not improve their performance, the Group will consider dismissal in accordance with relevant laws and regulations, implement the necessary severance procedures and provide adequate severance compensation.



During FY2026, there were a total of 21 employees leaving the Group with a total turnover rate of approximately 34.43%[8] (FY2025: a total of 23 employees leaving the Group with a total turnover rate of approximately 28.05%), which was mainly due to the disposal of subsidiaries. Set out below is a breakdown of the employee turnover rate by gender, age group and region:

	FY2026		FY2025	
	Number of employees	**Turnover rate[9]**	Number of employees	Turnover rate[9]
By gender				
Male	**11**	**26.19%**	14	26.42%
Female	**10**	**52.63%**	9	31.03%
By age group				
30 or below	**7**	**116.67%**	3	23.08%
31 to 50	**9**	**19.15%**	16	28.57%
51 or above	**5**	**62.50%**	4	30.77%
By region				
PRC	**18**	**37.50%**	16	24.24%
Hong Kong	**3**	**23.08%**	6	37.50%
Australia	**–**	**N/A**	1	N/A

Notes:

8. Total turnover rate = total number of employees resigned during the Reporting Period ÷ total number of employees as at the end of the Reporting Period × 100%.

9. Employee turnover rate by category = number of employees resigned in a particular category during the Reporting Period ÷ number of employees in a particular category as at the end of the Reporting Period ×100%. As there were no employees in Australia as at the end of FY2025 and FY2026, such turnover rate cannot be calculated.

OCCUPATIONAL HEALTH AND SAFETY

The Group pays high attention to occupational health of staff, targets zero accident in operation and is committed to providing a healthy and safe working environment to prevent its employees from suffering occupational hazards.

The Group strictly complies with local laws and regulations relating to health and safety, such as the "Work Safety Law of the People's Republic of China (中華人民共和國安全生產法)" and the "Regulations on Work-Related Injury Insurance of the People's Republic of China (中華人民共和國工傷保險條例)" and the Occupational Safety and Health Ordinance of Hong Kong. During FY2026, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to health and safety that have a significant impact on the Group. In addition, there were no significant fines or sanctions imposed on the Group as the result of non-compliance with relevant laws and regulations during FY2026.

During FY2026, the Group had no work-related injury incident (FY2025: nil), and no working days lost caused by occupational hazards (FY2025: nil). In addition, the Group had no work-related fatality incident in the past three years, including FY2026.

The Group actively promotes establishment of safe production and occupational health and safety system. For example, 悉雅特萬科思自動化(杭州)有限公司, being the Group's subsidiary, has obtained ISO45001 Occupational Health and Safety Management System Certification and Work Safety Standardisation Certificate (Level 2) (安全生產標準化證書(二級)). To ensure employees' safety in production, the following mechanism has been established: "Management System for Safe Production" is established to specify the leaders of the Group as the first person in charge of safe production. A safety committee is established for the identification, prevention and recording of hidden safety dangers. Machines and equipment are maintained regularly and assigned to person-in-charge. Trainings on safe operation standards for specific positions are enhanced to ensure standardised operation.

To prevent occurrence of disasters and accidents, the Group enhances the promotion and trainings on labour protection and precautions and prevention and control of occupational diseases. First-aid and fire drill exercises are conducted regularly to persistently raise the occupational safety awareness of employees. The Group also reinforces checking on important positions to promote the proper use of labour protection supplies and protect employees' health and safety.

The Group has also implemented various measures to create healthy indoor working environment for employees. For example, professional cleaners are required to clean the office an hour before working hour begins every day and to clean common facilities such as lavatories and conference rooms regularly as required. Air-conditioning system and air filters are cleaned regularly to maintain good indoor air quality. Professional cleaning companies are engaged to clean carpets and maintain the floor in the workplace. Professional drinking water system is installed with water quality checked and announced each quarter.

In addition to general social insurance like medical and pension insurance, the Group has also purchased critical illness insurance for employees of certain subsidiaries and traffic accident damage insurance for frequent travelling employees. An annual physical examination is arranged for all employees and an occupational health check is arranged for employees in certain special positions. The Group monitors work-related injury rate continuously and considers relevant data as key indicators for the evaluation of safety performance.

The Group reviews the relevant policies and measures regularly, so as to ensure that the safety and health of employees are protected effectively.

EMPLOYEE DEVELOPMENT AND TRAINING

The Group believes that nurturing talents lays the foundation for corporate development. As such, the Group actively promotes talent strategy of "Respecting science, respecting knowledge, continuous learning, striving for performance, teamwork, respecting individuality" and regards talents as strategic and value-adding resources of first priority to conduct in-depth development and operation. The Group focuses on nurturing talents and management staff and assigns them work with flexibility. On-the-job training and career opportunities are particularly emphasised. Through serialised talent training programmes including "occupation development training camp", "induction programmes", "manager research camp" and "senior management motivation camp", supplemented with the knowledge-sharing platform of Synertone Online College, a training system covering four major aspects, namely online training, daily training, focused training and external training, was established. The system provides rich resources to support the career development and personal values of employees, and integrates the core values of "seeking mutual development, abiding by ethics, pushing the limits, pursuing effectiveness, efficiency, excellence" with the Group's daily work.

Employees of the Group have participated in relevant professional training courses organised by various professional organisations. In FY2026, approximately 39.34% of employees of the Group were trained[10], and the average training hours were approximately 1.56 hours[11] (FY2025: 100% of the employees were trained, and the average training hours were approximately 1.66 hours). Relevant training data by gender and category of employees are as follows:

	FY2026		FY2025	
	Proportion of employees trained[12]	**Average training hours[13]**	Proportion of employees trained[12]	Average training hours[13]
By gender				
Male	**62.50%**	**1.67**	64.63%	1.66
Female	**37.50%**	**1.32**	35.37%	1.66
By category of employees				
Senior management	**37.50%**	**1.43**	17.07%	1.50
Middle management	**16.67%**	**2.50**	17.07%	2.86
General staff	**45.83%**	**1.29**	65.86%	1.39

Notes:

10. Total percentage of employees trained = total number of employees trained during the Reporting Period (excluding former employees) ÷ total number of employees as at the end of the Reporting Period × 100%.

11. Average training hours per employee = total number of training hours of employees during the Reporting Period (excluding former employees) ÷ total number of employees as at the end of the Reporting Period.

12. Proportion of employees trained = number of employees trained in a particular category during the Reporting Period (excluding former employees) ÷ total number of employees trained during the Reporting Period × 100%.

13. Average training hours = number of training hours of employees in a particular category during the Reporting Period (excluding former employees) ÷ number of employees in a particular category as at the end of the Reporting Period.

LABOUR STANDARDS

The Group respects human rights and strictly prohibits any unethical employment practices, including child labour and forced labour in the workplace. The Group requires new employees to provide true and accurate personal information when they join the Group. Human resources personnel strictly review the information provided in the recruitment process, including physical inspection certificates, academic certificates, identity cards, registered residence and other information. The Group has established a comprehensive recruitment process that requires to check candidates' backgrounds and a formal reporting process to handle any exceptions, and also conducts regular reviews and inspections to prevent any child labour or forced labour in its operations.

In addition, employees work overtime on a voluntary basis and the Group undertakes not to force employees to work overtime in order to avoid violating labour standards and to protect employees' rights and interests. All overtime work must be reported directly to the superior supervisor and approved by the unit manager and reviewed by the president's office before being counted as overtime work. In principle, executive staff will be given the same amount of compensatory time off for overtime work on weekdays, and if compensatory time off cannot be arranged, compensation will be made in the form of overtime pay in accordance with the relevant national regulations to ensure that employees can receive corresponding rewards.

If violations are involved, the Group shall address such depending on the situation, which could include termination of labour with the relevant employee. The Group will also review the relevant measures regularly, and the Group will further improve the labour standards to address such violations if necessary. The Group strictly complies with "Provisions on the Prohibition of Using Child Labour (禁止使用童工規定)" of the People's Republic of China, Employment of Children Regulations of Hong Kong and other laws and regulations related to labour standards. During FY2026, the Group was not aware of any material non-compliance with laws and regulations relating to child labour and forced labour that have a significant impact on the Group. In addition, there were no significant fines or sanctions as the result of non-compliance with relevant laws and regulations during FY2026.

SUPPLY CHAIN MANAGEMENT

The Group insists on treating every detail in daily operation seriously in a responsible manner. From the areas of supply chain, product responsibility and anti-corruption, the Group keeps perfecting its operations management, persistently creating value for customers and benefits for society.

"Creativity", "Safety", "Environmental Protection", "Sustainable Development" are the main factors considered by the Group when choosing suppliers, monitoring their performance and communicating with them.

The Group has developed stable relations with a number of its major suppliers and has implemented strict criteria in selecting raw material suppliers and product components suppliers to ensure the quality of its products. Prior to the procurement of materials from the suppliers and in the course of tendering and quotation, the Group has complied with laws and regulations such as the "Bidding Law of the People's Republic of China (中華人民共和國招標投標法)" as well as the internal procurement guidance to carry out strict examination procedures on the qualification of the suppliers. Suppliers' competencies and performance in respect of appropriate cost, quality, technologies, environmental protection awareness, moral conduct and social responsibility are examined through business meetings, factory visits and review of labour and employment status, random checking and cost calculation, ensuring the best products are offered by the suitable supplier. The Group's purchasing committee takes part in the selection processes of key suppliers, material procurement tendering projects and procurement projects with strategic risk, and the final decisions of procurement contracts for key projects. During FY2026, the Group had a total of 20 suppliers, all of which were located in the PRC (FY2025: 93 suppliers, all of which were located in the PRC). The Group has implemented the above practices in relation to the engagement of suppliers with all suppliers.

The Group pays great attention to the product quality of its suppliers. The Group only purchases raw materials and components and parts from suppliers that have passed its quality and reliability tests. The Group randomly inspects raw materials and product components from its suppliers and returns products that fail the inspection. The Group also conducts an annual assessment of key suppliers and new suppliers every year to ensure that the materials produced by these suppliers meet the Group's quality requirements.

The Group maintains close relationship and collaborates with suppliers and contractors to ensure that their operations fully comply with local laws and regulations environmentally and socially. We share our sustainable development guidelines in order to guarantee their business activities are in line with the principles of sustainable development. The Group also encourages its cooperating suppliers to obtain international certificates such as ISO9001 Quality Management System Certificate and ISO14001 Environmental Management System Certificate and to provide environmentally friendly and non-hazardous materials, so that chemical materials contained in the Group's products would fall below the limits stipulated by the relevant laws and regulations or the Group's customers. Furthermore, the Group encourages its suppliers to implement a systematic environmental protection and life-cycle management for their products, achieve green design, green production and control the usage of different restricted materials from their origins, hence building up a green supply chain.

To prohibit suppliers from providing gifts, certificates, loans, hospitality, services or assistance in an improper manner, the Group requires its suppliers to follow and enter into a code of conduct for ethical standards and commercial behaviour prepared by the Group. Suppliers are also required to comply with the local laws and regulations in relation to bribery. Moreover, in respect of terms and conditions for procurement, suppliers are required to comply with the laws and regulations relating to the prohibition of using child labour, forced labour and occupational discrimination as set out in the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights. The Group also monitors regularly the compliance of suppliers with those laws and regulations and principles through self-declaration and on-site examination. The Group reviews the relevant policies and measures regularly to ensure their effectiveness.

PRODUCT RESPONSIBILITY

The Group places great importance on product quality and corporate reputation and is committed to providing quality products and services. The Group has strictly complied with local laws and regulations relating to product responsibility, including the "Product Quality Law of The People's Republic of China (中華人民共和國產品質量法)", "Law of the PRC on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法)", "Advertising Law of the People's Republic of China (中華人民共和國廣告法)" and the Personal Data (Privacy) Ordinance of Hong Kong. During FY2026, the Group was not aware of any material non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided by the Group and methods of redress that have a significant impact on the Group. In addition, there was no report of significant fines during FY2026.

Product quality control

The Group insists on delivering quality products to customers. Subsidiaries of the Group engaging in manufacturing have obtained ISO9001 Quality Management System Certificate. Stringent review is carried out in the product development process. Procedures such as material inspection, semi-finished product inspection, finished product inspection, shipping inspection and process inspection are strictly executed, ensuring the products are of good quality and have fulfilled the safety and health requirements. Whenever there is a recall request, the relevant personnel and departments of the Group will formulate and implement a recall plan, stop sales and withdraw products from the market promptly, and effectively recall them from the market to protect the health of the consumers. During FY2026, the Group did not have any goods subject to recall due to quality, safety or health reasons (FY2025: nil).

When receiving complaint on its products or services, the Group will initiate investigation and studies on the complaint and opinion lodged by customers. Details will be passed to the relevant management personnel within 24 hours and the Group guarantees to reply within a week. Meanwhile, the relevant sales team is responsible for collecting and consolidating customers' comments on the quality of services and goods etc., so as to prevent the problem from occurring again and solve the problem in a timely and satisfactory manner. The Group was also widely praised by its clients for professional skills and localised service with fast reaction. During FY2026, the Group did not receive any complaint from customers about product quality or customer service quality (FY2025: nil).

Customer privacy protection

Ensuring data safety of the Group's customers is another important mission. In the Group's daily operation, the protection of clients' information resources remains top priority. Users' information resources are protected from unauthorised access, usage and leakage through different safety technologies and procedures. Electronic information containing clients' details is kept on the Group's server. All the paper-based documents are kept in a file room. The Group also adopts customer management measures and designates personnel responsible for the maintenance of clients' data. Clients' information will only be used legally for the relevant purpose based on provisions on personal data privacy. The Group assures that the personal and commercial data of the Group's customers are properly kept and used only for authorised commercial purposes, and can only be accessed by staff that are considered necessary. Moreover, the Group's cooperating suppliers shall comply with the same requirements. The Group reviews the relevant policies and measures regularly to ensure their effectiveness.

Intellectual property protection

The Group puts great emphasis on the protection of intellectual property rights. All of the Group's staff shall follow the internal policy guidance and their awareness of respecting third parties' intellectual property rights is emphasised. The Group possesses or is in the process of applying various patents (including invention patents, utility model patents and appearance patents) in relation to its self-developed communication systems and technologies and building intelligence products design. The Group protects intellectual property rights according to laws and regulations such as the "Patent Law of the People's Republic of China (中華人民共和國專利法)" and "Copyright Law of the People's Republic of China (中華人民共和國著作權法)". During FY2026, there was no non-compliance in relation to the intellectual property rights by the Group or disputes with third parties on the intellectual property rights.

Product labelling and advertising

For advertising and product labelling, the Group strictly complies with laws and regulations such as the "Advertising Law of the People's Republic of China (中華人民共和國廣告法)" and the "Trademark Law of the People's Republic of China (中華人民共和國商標法)". The Group is devoted to providing users with true and accurate information as well as fast and convenient user experience. The Group promotes its products and marketing activities and collects feedback through the use of various platforms such as official website, mobile APP, 3D products module, and social media including WeChat.

ANTI-CORRUPTION

The Group has formulated a code and guidance for business ethics, expressly stating the approach and requirements the Group adopted towards business ethics. The code for business ethics is included in the "Employee Handbook". Any form of corruption, bribery, fraud and money laundering will not be tolerated. The relevant requirements will be explained to all new employees in their induction training. Relevant information is also available on the internal network of the Group for existing employees. The Group requires all its staff to adhere to a high standard of business ethics to protect the interest and business operation of the Group.

The Group strictly complies with local laws and regulations relating to anti-corruption, such as the "Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法)", "Anti-unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法)", "Company Law of the People's Republic of China (中華人民共和國公司法)", "Bidding Law of the People's Republic of China (中華人民共和國招標投標法)" and "Interim Provisions on Banning Commercial Bribery (關於禁止商業賄賂行為的暫行規定)". During FY2026, the Group was not aware of any material breach of the laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering that have a significant impact on the Group. During FY2026, the Group was not aware of any concluded legal cases regarding corrupt practices brought against the Group and its employees (FY2025: nil).

The Group provides anti-corruption training to assist directors and staff to get familiar with and comply with the Group's anti-corruption-related policies and eliminate misconduct. The Group believes that anti-corruption training will help to encourage a culture of integrity and discipline and dedication among employees. During FY2026, the Group provided 10 hours and 45 hours of anti-corruption training to 2 directors and 11 employees respectively (FY2025: 3 directors and 7 employees) covering regulations on commercial bribery, aiming at ensuring its directors and employees to be familiar with the right procedures and standards of approving transactions, contracts and other commercial activities, to prevent the occurrence of corruption and immoral behaviours.

The Group has a whistle-blowing policy and system in place. Employees and stakeholders can report any inappropriate acts or dishonest behaviours (e.g. suspicion of corruption, fraud and other forms of criminal offence) directly to the chairman of the Audit Committee of the Board (an independent non-executive director of the Company), to ensure undergoing of independent investigation. The Group reviews the relevant policies and measures regularly to ensure their effectiveness. During FY2026, the Group did not receive any whistle-blowing reports (FY2025: nil).

COMMUNITY INVESTMENT

The Group is committed to acting as a positive strength for the community in which it is operating and has been maintaining close communication and interaction with the community so as to contribute to the community from time to time. The Group strives to enhance its positive impact on the community by partnering with social enterprises and non-profit organisations in the PRC and Hong Kong.

Being a global responsible corporate citizen, the Group is dedicated to fostering a positive corporate image and enhancing the sense of responsibility through community investments. All employees of the Group are encouraged to lend a helping hand to and support the local community and their neighbourhoods. During FY2026, the Group mainly focused on business development, integrating resources into daily operations. Therefore, the Group did not participate in community activities. The Group has placed great importance on giving back to society, and will continue to seek opportunities to participate in charity activities.

ESG REPORTING CODE INDEX OF THE STOCK EXCHANGE

Mandatory disclosure requirement	Section/statement
Governance structure	Board statement – ESG governance structure
Reporting principle	Reporting standard
Reporting scope	Reporting scope

Aspects, General Disclosures and KPIs	Description	Section/statement
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental
KPI A1.1	The types of emissions and respective emissions data.	Emission management – Air emissions
KPI A1.2	[Repealed 1 January 2025]	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission management – Waste management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission management – Waste management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emission management – GHG emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emission management – Waste management

Aspects, General Disclosures and KPIs	Description	Section/statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of resources – Energy consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of resources – Water consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of resources – Energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of resources – Water consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of resources – Packaging materials consumption
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and natural resources
Aspect A4: Climate Change		
General Disclosure	[Repealed 1 January 2025]	
KPI A4.1	[Repealed 1 January 2025]	

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

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

Aspects, General Disclosures and KPIs	Description	Section/statement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility – Product quality control
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product responsibility – Product quality control
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility – Intellectual property protection
KPI B6.4	Description of quality assurance process and recall procedures.	Product responsibility – Product quality control
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product responsibility – Customer privacy protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption

Aspects, General Disclosures and KPIs	Description	Section/statement
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community investment

Climate-related Disclosures		Section/statement
Governance		
19.	An issuer shall disclose information about:	ESG governance structure; Climate change – Governance
(a)	the governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	
(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	
(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	
(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and	
(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	
(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	

Climate-related Disclosures		Section/statement
Strategy		
Climate-related risks and opportunities		
20.	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	Climate change – Strategy
(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	
(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	
(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
(d)	explain how the issuer defines "short term", "medium term" and "long term" and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	
Business model and value chain		
21.	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	Climate change – Strategy
(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	
(b)	a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	

Climate-related Disclosures		Section/statement
Strategy and decision-making		
22.	The issuer shall disclose:	Emission management – GHG emissions; Use of resources – Energy consumption; Climate change – Strategy
(a)	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	
(i)	current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	
(ii)	current and anticipated adaptation and mitigation efforts (whether direct or indirect);	
(iii)	any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	
(iv)	how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	
(b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Climate change – Strategy
Current financial effect		
24.	An issuer shall disclose qualitative and quantitative information about:	Climate change – Strategy
(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	
(b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	
25.	The issuer shall provide qualitative and quantitative disclosures about:	Climate change – Strategy
(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	
(i)	its investment and disposal plans; and	
(ii)	its planned sources of funding to implement its strategy; and	
(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	

Climate-related Disclosures		Section/statement
Climate resilience		
26.	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	Climate change – Strategy
(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	
(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	
(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	
(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	
(b)	how and when the climate-related scenario analysis was carried out, including:	
(i)	information about the inputs used, including:	
(1)	which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;	
(2)	whether the analysis included a diverse range of climate-related scenarios;	
(3)	whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	
(4)	whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	
(5)	why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	
(6)	time horizons the issuer used in the analysis; and	
(7)	what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	
(ii)	the key assumptions the issuer made in the analysis; and	
(iii)	the reporting period in which the climate-related scenario analysis was carried out.	

Climate-related Disclosures		Section/statement
Risk management		
27.	An issuer shall disclose information about:	Climate change – Strategy; Climate change – Risk management
(a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	
(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	
(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	
(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	
(v)	how the issuer monitors climate-related risks; and	
(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	
(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	

Climate-related Disclosures		Section/statement
Metrics and targets		
Greenhouse gas emissions		
28.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:	Emission management – GHG emissions
(a)	Scope 1 greenhouse gas emissions;	
(b)	Scope 2 greenhouse gas emissions; and	
(c)	Scope 3 greenhouse gas emissions.	
29.	An issuer shall:	Emission management – GHG emissions
(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	
(b)	disclose the approach it uses to measure its greenhouse gas emissions including:	
(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	
(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	
(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	
Climate-related transition risks		
30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Climate change – Strategy
Climate-related physical risks		
31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Climate change – Strategy

Climate-related Disclosures		Section/statement
Climate-related opportunities		
32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Climate change – Strategy
Capital deployment		
33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate change – Strategy
Internal carbon prices		
34.	An issuer shall disclose:	Climate change – Metrics and targets
(a)	an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	
(b)	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	
Remuneration		
35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate change – Governance

Climate-related Disclosures		Section/statement
Industry-based metrics		
36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Climate change – Metrics and targets
Climate-related targets		
37.	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	Emission management – GHG emissions
(a)	the metric used to set the target;	
(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	
(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	
(d)	the period over which the target applies;	
(e)	the base period from which progress is measured;	
(f)	milestones or interim targets (if any);	
(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and	
(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	

Climate-related Disclosures		Section/statement
38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Emission management – GHG emissions; Climate change – Governance
(a)	whether the target and the methodology for setting the target has been validated by a third party;	
(b)	the issuer's processes for reviewing the target;	
(c)	the metrics used to monitor progress towards reaching the target; and	
(d)	any revisions to the target and an explanation for those revisions.	
39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Environmental
40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	Emission management – GHG emissions; Climate change – Metrics and targets
(a)	which greenhouse gases are covered by the target;	
(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
(d)	whether the target was derived using a sectoral decarbonisation approach; and	
(e)	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	
(i)	the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	
(ii)	which third-party scheme(s) will verify or certify the carbon credits;	
(iii)	the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
(iv)	any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	
Applicability of cross-industry metrics and industry-based metrics		
41.	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Climate change – Metrics and targets

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF
SYNERTONE COMMUNICATION CORPORATION
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Synertone Communication Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 91 to 183, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirement 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 fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

KEY AUDIT MATTER *(Continued)*

Allowance for expected credit losses ("ECL") assessment of trade receivables

Refer to note 20 to the consolidated financial statements.

Key audit matter

The Group had gross trade receivables of approximately HK$37,376,000 and allowance for expected credit loss ("ECL") of approximately HK$21,693,000.

In general, the trade receivable credit terms granted by the Group to the customers ranged between 30 to 180 days. Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for allowance for ECL was based on information including credit profile of different customers, ageing of the receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the allowance for ECL in the assessment. The Group engaged an external valuer to perform valuations on these assets at the end of the reporting period.

We focused on this area due to the ECL assessment of trade receivables involved the use of significant management judgements and estimates.

How our audit addressed the key audit matter

Our procedures in relation to management's allowance for ECL assessment of the trade receivables as at 31 March 2026 included:

- Understanding the key controls that the Group has implemented to manage and monitor its credit risk;
- Checking on a sample basis, the ageing profile of the trade receivables as at 31 March 2026 to the underlying financial records and post year-end settlements to bank receipts;
- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of selected customers, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with customers;
- Assessing the appropriateness of the ECL provision methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used for determining the ECL; and
- Involving our valuation specialist to evaluate the appropriateness of the valuation methodology adopted by the management and the reasonableness of assumptions, including loss rates and forward-looking information applied by the management.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Chin Wang Leung.

Prism Hong Kong Limited
Certified Public Accountants

Chin Wang Leung
Practising Certificate Number: P07806

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	*5*	**36,797**	116,933
Cost of sales		**(26,399)**	(101,024)
Gross profit		**10,398**	15,909
Other income	*6*	**424**	2,459
Other (losses) gains, net	*6*	**(301)**	12
Selling and distribution expenses		**(472)**	(226)
Administrative and other operating expenses		**(21,458)**	(36,006)
Research and development expenditure	*7(c)*	**(2,900)**	(3,929)
Allowance for expected credit loss, net	*7(c)*	**(8,149)**	(2,470)
Fair value loss on financial asset at fair value through profit or loss ("FVTPL")		**(23,656)**	(9,209)
Loss from operations		**(46,114)**	(33,460)
Finance costs	*7(a)*	**(41)**	(2,354)
Loss before tax	*7*	**(46,155)**	(35,814)
Income tax expense	*8*	**(10)**	(17)
Loss for the year		**(46,165)**	(35,831)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,492**	(5,289)
Reclassification of cumulative translation reserve upon disposal of a foreign operation		**6,829**	–
Other comprehensive income (expense) for the year, net of tax		**9,321**	(5,289)
Total comprehensive expense for the year		**(36,844)**	(41,120)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(42,342)**	(32,488)
Non-controlling interests		**(3,823)**	(3,343)
		(46,165)	(35,831)
Total comprehensive expense attributable to:			
Owners of the Company		**(33,004)**	(37,806)
Non-controlling interests		**(3,840)**	(3,314)
		(36,844)	(41,120)
		HK cents	HK cents (Restated)
Loss per share			
– Basic and diluted	*12*	**(8.7)**	(7.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**355**	20,044
Right-of-use assets	*15*	**503**	7,492
Goodwill	*16*	**23,197**	21,911
Financial asset at fair value through profit or loss	*18*	**1,000**	24,656
		25,055	74,103
Current assets			
Inventories	*19*	**22,215**	44,420
Trade and other receivables	*20*	**50,265**	74,618
Amount due from a former associate	*21*	**15,134**	17,273
Cash and cash equivalents	*22*	**19,501**	11,030
		107,115	147,341
Current liabilities			
Trade and other payables	*23*	**43,504**	55,473
Contract liabilities	*24*	**5,090**	14,394
Bank borrowings	*25*	**–**	43,030
Lease liabilities	*26*	**508**	831
		49,102	113,728
Net current assets		**58,013**	33,613
Total assets less current liabilities		**83,068**	107,716
Net assets		**83,068**	107,716

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Equity			
Share capital	*27(b)*	**53,586**	44,874
Reserves		**32,139**	63,118
Equity attributable to owners of the Company		**85,725**	107,992
Non-controlling interests		**(2,657)**	(276)
Total equity		**83,068**	107,716

The consolidated financial statements on pages 91 to 183 were approved and authorised for issue by the board of directors on 29 June 2026 and are signed on its behalf by:

Han Weining
Director

You Yiyang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2026

	Equity attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000 *Note 27(c)(i)*	Capital reserve HK$'000 *Note 27(c)(ii)*	Other reserves HK$'000 *Note 27(c)(v)*	Share-based compensation reserve HK$'000 *Note 27(c)(vii)*	Translation reserve HK$'000 *Note 27(c)(v)*	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2024	36,031	870,791	20,982	(9,996)	–	(837)	(803,798)	113,173	3,038	116,211
Loss for the year	–	–	–	–	–	–	(32,488)	(32,488)	(3,343)	(35,831)
Other comprehensive income (expense) for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(5,318)	–	(5,318)	29	(5,289)
Total comprehensive expense for the year	–	–	–	–	–	(5,318)	(32,488)	(37,806)	(3,314)	(41,120)
Issue of shares	7,418	13,352	–	–	–	–	–	20,770	–	20,770
Grant of share option *(note 31)*	–	–	–	–	4,871	–	–	4,871	–	4,871
Exercise of share options	1,425	8,331	–	–	(2,772)	–	–	6,984	–	6,984
At 31 March 2025 and 1 April 2025	44,874	892,474	20,982	(9,996)	2,099	(6,155)	(836,286)	107,992	(276)	107,716
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(42,342)**	**(42,342)**	**(3,823)**	**(46,165)**
Other comprehensive (expense) income for the year										
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**2,509**	**–**	**2,509**	**(17)**	**2,492**
Reclassification of cumulative translation reserve upon disposal of a foreign operation	**–**	**–**	**–**	**–**	**–**	**6,829**	**–**	**6,829**	**–**	**6,829**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**9,338**	**(42,342)**	**(33,004)**	**(3,840)**	**(36,844)**
Issue of shares	**8,712**	**3,049**	**–**	**–**	**–**	**–**	**–**	**11,761**	**–**	**11,761**
Share issuance cost	**–**	**(1,024)**	**–**	**–**	**–**	**–**	**–**	**(1,024)**	**–**	**(1,024)**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,459**	**1,459**
At 31 March 2026	**53,586**	**894,499**	**20,982**	**(9,996)**	**2,099**	**3,183**	**(878,628)**	**85,725**	**(2,657)**	**83,068**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

	2026 HK$'000	2025 HK$'000
Operating activities		
Loss before tax	**(46,155)**	(35,814)
Adjustments for:		
Interest income	**(5)**	(43)
Finance costs	**41**	2,354
Depreciation of property, plant and equipment	**2,115**	2,045
Depreciation of right-of-use assets	**1,389**	1,498
Allowance for expected credit loss, net	**8,149**	2,470
Share-based payment expense	**–**	4,871
Fair value loss on financial asset at FVTPL	**23,656**	9,209
Loss on disposal of subsidiaries	**301**	–
	(10,509)	(13,410)
Changes in working capital		
Decrease in inventories	**23,897**	912
Increase in trade and other receivables	**(11,414)**	(38,608)
Decrease (increase) in trade and other payables	**(3,208)**	12,994
Decrease in contract liabilities	**(460)**	(73)
Cash used in operations	**(1,694)**	(38,185)
Income tax paid	**(10)**	(17)
Net cash used in operating activities	**(1,704)**	(38,202)

	2026 HK$'000	2025 HK$'000
Investing activities		
Payment for purchase of property, plant and equipment	–	(319)
Interest received	5	43
Advance to a former associate	–	(400)
Net cash inflow on disposal of subsidiaries	2,475	–
Net cash from (used in) investing activities	2,480	(676)
Financing activities		
Repayment of lease liabilities	(1,187)	(1,339)
Proceeds from bank borrowings	–	6,180
Repayment of bank borrowings	–	(12,740)
Proceeds from placing of new shares of the Company	11,761	20,770
Proceeds from exercise of share option	–	6,984
Share issuance cost	(1,024)	–
Interest paid	–	(2,268)
Net cash generated from financing activities	9,550	17,587
Net increase (decrease) increase in cash and cash equivalents	10,326	(21,291)
Cash and cash equivalents at beginning of the year	11,030	33,373
Effect of foreign exchange rates changes	(1,855)	(1,052)
Cash and cash equivalents at end of the year	19,501	11,030
Analysis of the balances of cash and cash equivalents		
Cash at bank and on hand	19,501	11,030

1. GENERAL INFORMATION

Synertone Communication Corporation (the "Company") was incorporated in the Cayman Islands on 11 October 2006 as an exempted company with limited liability. The addresses of the Company's registered office in the Cayman Islands and the principal place of business in Hong Kong are disclosed in the corporate information section to the annual report.

On 18 April 2012, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (the "Group") are principally engaged in (i) design, development and sales of automation control systems and solutions, (ii) design, research and development, manufacture and sales of intelligent systems and other related products including video intercom and surveillance systems for residential homes and buildings, (iii) the rental, maintenance, other related services in relation to computer equipment and machines, information technology infrastructure and advanced technologies such as robots; and (iv) smartphone distribution business.

The principal operations of the Group are conducted in the People's Republic of China (the "PRC"). Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the functional currency of the Company. For the convenience of the financial statements users, the consolidated financial statements are presented in HK$, as the Company's shares are listed on the Stock Exchange. These financial statements are presented in HK$, rounded to the nearest thousand except for per share data.

According to the register of substantial shareholders maintained by the Company as at 31 March 2026, Excel Time Investments Limited is the substantial corporate shareholder of the Company and the ultimate controlling party of Excel Time Investments Limited is Mr. Han Weining.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 April 2025 for the preparation of the consolidated financial statements:

Amendment to HKAS 21	Lack of Exchangeability

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

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

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

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

1 Effective for annual periods beginning on or after 1 January 2026.
2 Effective for annual periods beginning on or after 1 January 2027.
3 Effective date not yet determined.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of the above new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

HKFRS 18 "Presentation and Disclosure in Financial Statements"

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

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

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

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

Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

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

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

Material accounting policy information *(Continued)*

Changes in the Group's interests in existing subsidiaries

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

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

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

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

Material accounting policy information *(Continued)*

Business combinations (Continued)

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by transaction basis. Other types of non-controlling interests are measured at their fair value.

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

Material accounting policy information *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

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

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

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

Material accounting policy information *(Continued)*

Investments in associates (Continued)

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

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

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

Material accounting policy information *(Continued)*

Property, plant and equipment

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

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.
- Leasehold improvements 5 years
- Plant and machinery 4-10 years
- Furniture, fixtures and equipment 3-5 years
- Motor vehicles 5-10 years

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

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

Material accounting policy information *(Continued)*

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application of HKFRS16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases office premises and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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

Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

Refundable rental deposits

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

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

Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee *(Continued)*

Lease liabilities

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

The lease payments include:

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

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

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

The Group as a lessor

Classification and measurement of leases

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

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessor *(Continued)*

Classification and measurement of leases *(Continued)*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

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

Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

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

Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets *(Continued)*

Financial asset at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including trade receivables, bill receivables, loan receivables and other receivables, amount due from a former associate, deposits and cash and cash equivalents, which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

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

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

Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets *(Continued)*

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

(i) Significant increase in credit risk

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

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

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

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

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

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

Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets *(Continued)*

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

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

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

Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets *(Continued)*

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

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

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

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

Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

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

Material accounting policy information *(Continued)*

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

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

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

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

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

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

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

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

Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

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

Employee benefits

(i) Retirement benefit costs

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

(ii) Short-term employee benefits

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

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

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

Material accounting policy information *(Continued)*

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share-based compensation reserve within equity. The fair value is measured at grant date using the binominal model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

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

Material accounting policy information *(Continued)*

Taxation

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

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

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

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

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

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

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

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

Material accounting policy information *(Continued)*

Taxation (Continued)

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provisions

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

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

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of goods are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

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

Material accounting policy information *(Continued)*

Revenue recognition

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

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

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

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

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

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

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation.

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

Material accounting policy information *(Continued)*

Revenue recognition (Continued)

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Principal versus agent

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

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

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

(i) Sale of goods

Revenue from sale of goods for building intelligence, control system businesses and smartphone distribution is recognised at a point in time when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Rendering of service

Revenue from maintenance service for computer equipment is recognised over time as services are rendered to customers by reference to the term of maintenance service contract using output method.

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

Material accounting policy information *(Continued)*

Foreign currencies

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

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

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

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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

Material accounting policy information *(Continued)*

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other gains, net".

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

Material accounting policy information *(Continued)*

Related parties (Continued)

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

(i) the entity and the Group are members of the same group (which means that each 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 party.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

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

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

(iii) dependents of that person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

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

Material accounting policy information *(Continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the chief executive officer, who has been identified as the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Principal versus agent considerations

In regards to the smartphone distribution, when another party is involved in providing goods to customers of the Group, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customers. The Group is a principal and records revenue on a gross basis if it controls the promised goods before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services. The Group controls the goods when it has the ability to direct the use of, and obtain substantially all the remaining benefits from, the goods. This includes the ability to prevent others from directing the use or obtaining the benefits of the goods.

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

Key sources of estimation uncertainty

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

(i) Impairment of non-financial assets (other than goodwill)

Determining whether there is an impairment requires an estimation of recoverable amounts of the property, plant and equipment and right-of-use assets or the respective cash-generating unit in which property, plant and equipment and right-of-use assets belongs, which is the higher of value-in-use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the assets of cash-generating units and a suitable discount rate in order to calculate the present value. The discount rate represents a rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where the actual future cash flows or the revision of estimated future cash flows are less than original estimated future cash flow, a material impairment loss may arise.

As at 31 March 2026, the carrying amount of property, plant and equipment and right-of-use assets were approximately HK$355,000 and HK$503,000 (2025:HK$20,044,000 and HK$7,492,000) respectively. Based on an assessment of the recoverable amount, no impairment loss was recognised during the year ended 31 March 2026 and 2025.

(ii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value-in-use or fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. As at 31 March 2026, the carrying amount of goodwill is approximately HK$23,197,000, net of accumulated impairment losses of approximately HK$209,125,000 (2025: carrying amount of HK$21,911,000, net of accumulated impairment losses of HK$197,531,000). Details of the recoverable amount calculation are disclosed in note 16.

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

Key sources of estimation uncertainty *(Continued)*

(iii) ECL on financial assets

Financial assets with significant balances and credit-impaired are assessed for ECL individually.

The Group uses a provision matrix to calculate ECLs for trade receivables which are not assessed individually. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, and customer type and rating). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As at 31 March 2026, the carrying amount of trade and other receivables and amount due from a former associate are approximately HK$31,109,000 and HK$15,134,000 respectively, net of loss allowance of HK$38,741,000 and HK$2,894,000 respectively (2025: carrying amount of HK$41,359,000 and HK$17,273,000 respectively, net of loss allowance of HK$40,235,000 and HK$755,000 respectively). Further information about the ECLs on the Group's financial assets are disclosed in note 29(a).

(iv) Valuation of investment classified as level 3 in the fair value hierarchy

As at 31 March 2026, the Group's financial asset at FVTPL amounting to HK$1,000,000 (2025: HK$24,656,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 29(f) for further disclosures.

5. REVENUE

Disaggregation of the Group's revenue from contracts with customers by major products and services:

	2026 HK$'000	2025 HK$'000
Building intelligence	**10,300**	1,553
Control system	**26,452**	29,499
Smartphone distribution	**45**	85,869
Total revenue from contract with customers	**36,797**	116,921
Rental income under HKFRS 16	**–**	12
Total revenue	**36,797**	116,933

Revenue from building intelligence, control system and smartphone distribution operation recognised at a point in time when the customer obtains control of the goods.

Disaggregation of the Group's revenue from contracts with customers by geographic markets is disclosed in note 13.

6. OTHER INCOME AND OTHER (LOSSES) GAINS, NET

	2026 HK$'000	2025 HK$'000
Other income		
Interest income on bank deposits	**5**	43
Government grants *(note (a))*	**–**	479
Value-added taxes refund *(note (b))*	**419**	767
Sundry income	**–**	1,170
	424	2,459
Other (losses) gains, net		
Net exchange gain	**–**	12
Loss on disposal of subsidiaries *(note 32)*	**(301)**	–
	(301)	12
	123	2,471

Notes:

(a) These government grants are unconditional government subsidies received by the Group from relevant government authorities in respect of incentive to "hi-tech enterprise", with an amount of approximately HK$479,000 during the year ended 31 March 2025.

(b) Value-added taxes refund is recognised when the acknowledgement of refund from the PRC Tax Bureau has been received.

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging the following:

(a) Finance costs

	2026 HK$'000	2025 HK$'000
Interest expense on bank borrowings	–	2,268
Finance charges on lease liabilities	41	86
	41	2,354

(b) Staff costs (including Directors' emoluments in Note 9)

	2026 HK$'000	2025 HK$'000
Salaries, wages and other benefits	13,938	17,916
Contributions to defined contribution retirement plans	1,477	1,764
Share-based payment expenses	–	4,871
	15,415	24,551

As stipulated by the relevant rules and regulations in the PRC, the PRC subsidiaries of the Group are required to contribute a state-sponsored retirement plan, which is a defined contribution pension schemes, for all of their employees at a certain percentage of the employee's basic salary. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

Save for the above, the Group has no other obligation for payment of retirement benefits beyond the contributions.

As at 31 March 2026 and 2025, the Group had no forfeited contributions available to reduce the existing level of contributions.

7. LOSS BEFORE TAX *(Continued)*

(c) Other items

	2026 HK$'000	2025 HK$'000
Auditor's remuneration	**640**	640
Cost of inventories recognised as expenses	**26,399**	101,024
Depreciation of property, plant and equipment *(note 14)*	**2,115**	2,045
Depreciation of right-of-use assets *(note 15)*	**1,389**	1,498
Allowance for ECL, net		
– Trade receivables	**6,510**	1,148
– Other receivables	**(500)**	694
– Amount due from a former associate	**2,139**	628
Expenses relating to short-term lease	**360**	360
Research and development expenditure *(note (i))*	**2,900**	3,929

Note:

(i) Research and development expenditure for the year ended 31 March 2026 included approximately HK$2,407,000 (2025: HK$3,472,000) relating to staff costs to which the amounts were also included in the respective total amounts disclosed separately in note 7(b).

8. INCOME TAX

	2026 HK$'000	2025 HK$'000
Current tax		
PRC Enterprise Income Tax ("EIT")	–	6
Under-provision in respect of prior year		
PRC EIT	10	11
Income tax expense	10	17

Notes:

(i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax.

(ii) Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the BVI subsidiaries of the Group are not subject to any income tax in the BVI.

(iii) Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years. No provision for Hong Kong Profits Tax made in the consolidated financial statements for the years ended 31 March 2026 and 2025 as the Group has not derived any assessable profit arising in Hong Kong for both years.

(iv) The PRC subsidiaries of the Group are subject to PRC EIT at a rate of 25% for both years under the Law of the PRC on EIT and Implementation Regulation of the EIT Law.

(v) Under the EIT Law of the PRC, with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective on 1 January 2007, the withholding income tax rate will be reduced to 5% upon government approval of the investment by the Hong Kong investor in the invested entities in the PRC is not less than 25%. On 22 February 2008, the State Administration of Taxation approved Caishui (2008) No. 1, pursuant to which dividend distributions out of retained earnings of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax.

(vi) Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. INCOME TAX *(Continued)*

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

	2026 **HK$'000**	2025 HK$'000
Loss before tax	**(46,155)**	(35,814)
Notional tax on loss before tax, calculated at the rates applicable in the countries concerned	**(8,322)**	(6,544)
Tax effect of non-deductible expenses	**5,418**	4,460
Tax effect of non-taxable income	**437**	(2,068)
Tax effect of tax losses not recognised	**2,433**	5,575
Effect of tax incentive on eligible expenditure *(note)*	**(720)**	(982)
Under-provision in prior years	**–**	11
Tax effect of utilisation of tax losses not previously recognised	**764**	(435)
Income tax expense	**10**	17

Note:

Certain PRC subsidiaries of the Group enjoyed an additional 100% (2025: 100%) tax deduction on research and development costs charged to profit or loss in the calculation of PRC EIT charge.

Deferred tax assets not recognised

In accordance with the accounting policy set out in note 3, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$89,916,000 (2025: HK$80,661,000) as at 31 March 2026 as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation except for tax losses of approximately RMB58,978,000 (2025: RMB58,307,000) tin the PRC which is available for carry forward to offset future taxable profit for a period of five years.

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

For the year ended 31 March 2026

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive directors				
Han Weining	360	1,440	18	1,818
You Yiyang	1,200	–	18	1,218
He Bianliu	212	–	7	219
Non-executive director				
Woodham Mostovaya Ekaterina	360	–	–	360
Independent non-executive directors				
Li Mingqi	100	–	5	105
Xu Dongsen	100	–	–	100
Xu Wei	100	–	–	100
	2,432	1,440	48	3,920

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 March 2025

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contribution HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors					
Han Weining *(note b)*	360	1,440	18	–	1,818
You Yiyang	1,200	–	18	1,007	2,225
He Bianliu *(note c)*	178	–	6	–	184
Non-executive director					
Woodham Mostovaya Ekaterina *(note a)*	303	–	–	–	303
Independent non-executive directors					
Cheng Nicholas Tat Hei *(note d)*	35	–	–	–	35
Lam Ying Hung Andy *(note e)*	41	–	–	–	41
Li Mingqi	100	–	5	–	105
Xu Dongsen *(note f)*	70	–	–	–	70
Xu Wei	133	–	–	–	133
	2,420	1,440	47	1,007	4,914

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Notes:

a. Ms. Woodham Mostovaya Ekaterina was appointed as a non-executive director on 29 May 2024 and resigned on 31 May 2026.

b. Mr. Han Weining resigned as the chief executive officer on 18 March 2025 but remain as an executive director of the Company.

c. Mr. He Bianliu was appointed as an executive director on 2 December 2024 and resigned on 22 August 2025.

d. Mr. Cheng Nicholas Tat Hei was resigned as an independent non-executive director on 6 August 2024.

e. Mr. Lam Ying Hung Andy was retired as an independent non-executive director upon the conclusion of the annual general meeting held on 29 August 2024.

f. Mr. Xu Dongsen was appointed as an independent non-executive director on 6 August 2024.

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

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

During the years ended 31 March 2026 and 2025, no bonus was paid to the executive directors of the Company. No emoluments were paid to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years. There was no arrangement under which a director waived or agreed to waive any emoluments for each of the years ended 31 March 2026 and 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included four directors (2025: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2025: three) highest paid employee who are neither a director nor chief executive of the Company are as follows:

	2026 HK$'000	2025 HK$'000
Salaries and other emoluments	**331**	1,572
Contributions to retirement benefit schemes	**15**	46
	346	1,618

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

	2026	2025
Nil to HK$1,000,000	**1**	3

No emoluments or incentive payments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for each of the years ended 31 March 2026 and 2025.

11. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during each of the years ended 31 March 2026 and 2025, nor has any dividend been proposed since the end of each reporting period.

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$42,342,000 (2025: approximately HK$32,488,000) and the weighted average number of ordinary shares of the Company in issue during the year:

	2026 '000	2025 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**487,861**	418,335

The denominators used are the same as those detailed above for both basic and diluted loss per share.

Potential ordinary shares from the assumed exercise of share options have not been included in the calculation of diluted losses per share because they are anti-dilutive for the years ended 31 March 2026 and 2025. Therefore, diluted loss per share was the same as the basic loss per share for the years ended 31 March 2026 and 2025.

13. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines.

On adopting HKFRS 8 Operating Segments and in a manner consistent with the way in which information is reported internally to the senior management of the Company, who have been identified as the Group's chief operating decision makers ("CODM"), for the purposes of resource allocation and performance assessment. During the year ended 31 March 2026, the Group had four reportable segments as follows:

Building Intelligence:	Provision of video intercom system and security alarm solutions for residential complexes; smart home automation systems for new and existing households and other related products.
Control System:	Provision of automation hardware and software products, information systems platforms, as well as the industrial and monitoring and scheduling management system solutions for municipal utilities industry.
Data Centre:	Rental and maintenance services in relation to computer equipment and machines, information technology infrastructure and platform and robot and other related services.
Smartphone distribution:	Distributor of Xiaomi-branded smartphones, ecosystem products and related equipment.

13. SEGMENT REPORTING *(Continued)*

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources among segments, the Group's senior management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of corporate assets, financial asset at FVTPL and amount due from a former associate which are unallocated to an individual reportable segment. Segment liabilities include trade and other payables and contract liabilities attributable to the activities of the individual segments, bank borrowings and lease liabilities managed directly by the segments with the exception of corporate liabilities which are unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment results is adjusted earnings or loss before interest and taxes ("Adjusted EBIT"). To arrive at the Adjusted EBIT, the Group's earnings or loss are further adjusted for items not specifically attributed to an individual reportable segment, such as interest income, finance costs depreciation of property, plant and equipment and right-of-use assets, (reversal of) allowance for ECL, net, fair value loss on financial asset at FVTPL and unallocated corporate expenses.

In addition to receiving segment information concerning Adjusted EBIT, the Group's senior management is provided with segment information concerning revenue (including inter-segment sales), interest income, finance costs, depreciation of property, plant and equipment and right-of-use assets, (reversal of) allowance for ECL, net, research and development expenditure, fair value loss on financial asset at FVTPL and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

13. SEGMENT REPORTING *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's senior management for the purpose for resource allocation and assessment of segment performance for the years ended 31 March 2026 and 2025 is as follows:

	For the year ended 31 March 2026					
	Building intelligence HK$'000	Control system HK$'000	Data centre HK$'000	Smartphone distribution HK$'000	Unallocated HK$'000	Total HK$'000
Revenue from external customers	10,300	26,452	–	45	–	36,797
Inter-segment revenue	508	533	–	–	–	1,041
Reportable segment revenue	10,808	26,985	–	45	–	37,838
Reportable segment (loss) profit (Adjusted EBIT)	(9,098)	269	–	(904)	–	(9,733)
Interest income	–	5	–	–	–	5
Finance costs	–	(14)	–	–	(27)	(41)
Depreciation of property, plant and equipment	(2,007)	(108)	–	–	–	(2,115)
Depreciation of right-of-use assets	(190)	(403)	–	–	(796)	(1,389)
(Allowance) reversal of allowance for ECL, net	(6,306)	650	–	(354)	(2,139)	(8,149)
Fair value loss on financial asset at FVTPL	–	–	–	–	(23,656)	(23,656)
Research and development expenditure	(464)	(2,436)	–	–	–	(2,900)
Reportable segment assets	30,840	60,646	–	12,963	–	104,449
Addition to non-current segment assets						
– Right-of-use assets	–	906	–	–	–	906
Reportable segment liabilities	10,325	18,480	–	13,328	–	42,133

13. SEGMENT REPORTING *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

	For the year ended 31 March 2025					
	Building intelligence HK$'000	Control system HK$'000	Data centre HK$'000	Smartphone distribution HK$'000	Unallocated HK$'000	Total HK$'000
Revenue from external customers	1,553	29,499	12	85,869	–	116,933
Inter-segment revenue	718	1,052	–	–	–	1,770
Reportable segment revenue	2,271	30,551	12	85,869	–	118,703
Reportable segment (loss) profit (Adjusted EBIT)	(11,870)	8,657	(18)	(9,312)	–	(12,543)
Interest income	1	34	–	2	6	43
Finance costs	(2,271)	(9)	–	(74)	–	(2,354)
Depreciation of property, plant and equipment	(1,896)	(149)	–	–	–	(2,045)
Depreciation of right-of-use assets	(325)	(378)	–	(795)	–	(1,498)
(Allowance) reversal of allowance for ECL, net	(7,260)	5,087	366	(19)	(644)	(2,470)
Fair value loss on financial asset at FVTPL	–	–	–	–	(9,209)	(9,209)
Research and development expenditure	(882)	(3,047)	–	–	–	(3,929)
Reportable segment assets	81,458	64,569	265	30,104	–	176,396
Addition to non-current segment assets						
– Property, plant and equipment	–	319	–	–	–	319
– Right-of-use assets	–	–	–	1,591	–	1,591
Reportable segment liabilities	78,716	16,669	175	1,883	–	97,443

13. SEGMENT REPORTING *(Continued)*

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2026 HK$'000	2025 HK$'000
Revenue		
Reportable segment revenue	**37,838**	118,703
Elimination of inter-segment revenue	**(1,041)**	(1,770)
Consolidated revenue	**36,797**	116,933
Loss		
Reportable segment loss	**(9,733)**	(12,543)
(Allowance) reversal of allowance for ECL, net	**(2,139)**	(644)
Interest income	**5**	43
Finance costs	**(41)**	(2,354)
Fair value loss in financial asset at FVTPL	**(23,656)**	(9,209)
Unallocated corporate expenses	**(10,591)**	(11,107)
Consolidated loss before tax	**(46,155)**	(35,814)
Assets		
Reportable segment assets	**104,449**	176,396
Amount due from a former associate	**15,134**	17,273
Financial asset at FVTPL	**1,000**	24,656
Unallocated corporate assets	**11,587**	3,119
Consolidated total assets	**132,170**	221,444
Liabilities		
Reportable segment liabilities	**42,133**	97,443
Unallocated corporate liabilities	**6,969**	16,285
Consolidated total liabilities	**49,102**	113,728

13. SEGMENT REPORTING *(Continued)*

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets and goodwill. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of right-of-use assets and property, plant and equipment is based on the physical location of the asset under consideration. In the case of goodwill, it is based on the location of the operation to which they are allocated.

	Revenue from external customers		**Non-current assets**	
	2026	2025	**2026**	2025
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**1,795**	78,924	**–**	–
The PRC	**26,757**	31,052	**24,055**	49,447
Overseas	**8,245**	6,957	**–**	–
	36,797	116,933	**24,055**	49,447

Note: Non-current assets exclude financial asset at FVTPL.

(d) Information about products and services

The Group's revenue from external customers for each principal type of products and services were set out in note 5.

13. SEGMENT REPORTING *(Continued)*

(e) Information about major customers

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

	2026 **HK$'000**	2025 HK$'000
Building intelligence		
– Customer A	**7,966**	N/A*
Control system		
– Customer B	**4,248**	N/A*
– Customer C	**N/A***	15,476
Smartphone distribution		
– Customer D	**N/A***	75,465

* Revenue from the customer is less than 10% of the total revenue of the Group.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2024	37,215	3,855	2,384	11,920	831	56,205
Additions	–	–	279	40	–	319
Disposal	–	–	–	(18)	–	(18)
Exchange realignment	(438)	(23)	(26)	(31)	(10)	(528)
At 31 March 2025 and 1 April 2025	36,777	3,832	2,637	11,911	821	55,978
Written off	**–**	**–**	**–**	**(9,526)**	**–**	**(9,526)**
Disposal of subsidiaries *(note a)*	**(37,550)**	**(2,458)**	**(1,295)**	**(1,494)**	**–**	**(42,797)**
Exchange realignment	**773**	**113**	**143**	**139**	**48**	**1,216**
At 31 March 2026	**–**	**1,487**	**1,485**	**1,030**	**869**	**4,871**

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Accumulated depreciation and impairment						
At 1 April 2024	15,935	3,855	2,297	11,302	780	34,169
Charge for the year	1,865	–	62	98	20	2,045
Write off	–	–	–	(8)	–	(8)
Exchange realignment	(189)	(23)	(30)	(21)	(9)	(272)
At 31 March 2025 and 1 April 2025	17,611	3,832	2,329	11,371	791	35,934
Charge for the year	**1,975**	**–**	**75**	**65**	**–**	**2,115**
Written off	**–**	**–**	**–**	**(9,526)**	**–**	**(9,526)**
Eliminated upon disposal of subsidiaries *(note a)*	**(18,646)**	**(2,458)**	**(1,220)**	**(1,101)**	**–**	**(23,425)**
Exchange realignment	**(940)**	**113**	**109**	**90**	**46**	**(582)**
At 31 March 2026	**–**	**1,487**	**1,293**	**899**	**837**	**4,516**
Carrying amounts						
At 31 March 2026	**–**	**–**	**192**	**131**	**32**	**355**
At 31 March 2025	19,166	–	308	540	30	20,044

Notes:

(a) During the year, the Group disposed of its interest in certain subsidiaries (note 32). Accordingly, the property, plant and equipment of this subsidiary were derecognised from the consolidated financial statements upon the disposal.

15. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Office premises HK$'000	Total HK$'000
Cost			
At 1 April 2024	8,520	2,014	10,534
Additions	–	1,591	1,591
Exchange realignment	(100)	(23)	(123)
At 31 March 2025 and 1 April 2025	8,420	3,582	12,002
Additions	**–**	**906**	**906**
Written off	**–**	**(215)**	**(215)**
Disposal of subsidiaries *(note 32)*	**(8,595)**	**–**	**(8,595)**
Exchange realignment	**175**	**6**	**181**
At 31 March 2026	**–**	**4,279**	**4,279**
Accumulated depreciation			
At 1 April 2024	1,556	1,496	3,052
Charge for the year	186	1,312	1,498
Exchange realignment	(18)	(22)	(40)
At 31 March 2025 and 1 April 2025	1,724	2,786	4,510
Charge for the year	**190**	**1,199**	**1,389**
Disposal of a subsidiary	**(1,786)**	**–**	**(1,786)**
Written off	**–**	**(215)**	**(215)**
Exchange realignment	**(128)**	**6**	**(122)**
At 31 March 2026	**–**	**3,776**	**3,776**
Carrying amounts			
At 31 March 2026	**–**	**503**	**503**
At 31 March 2025	6,696	796	7,492

15. RIGHT-OF-USE ASSETS *(Continued)*

Notes:

(a) At 31 March 2025, leasehold land with net book value of HK$6,696,000 was pledged to banks as one of the collateral against the secure bank borrowings (note 25). At 31 March 2026, there was no pledged items against bank borrowings.

(b) For the years ended 31 March 2025 and 2026, the Group leases office premises for its operations. Lease contracts are entered into for fixed term of 2 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

(c) During the year ended 31 March 2026, additions to right-of-use assets were approximately HK$906,000 (2025: HK$1,591,000). This amount included the capitalised lease payments payable under new tenancy agreements.

16. GOODWILL

	2026 HK$'000	2025 HK$'000
Cost		
At beginning of the year	**219,442**	222,057
Exchange realignment	**12,880**	(2,615)
At end of the year	**232,322**	219,442
Accumulated impairment losses		
At beginning of the year	**197,531**	199,885
Exchange realignment	**11,594**	(2,354)
At end of the year	**209,125**	197,531
Carrying amount	**23,197**	21,911

In addition to goodwill, property, plant and equipment and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective cash-generating unit for the purpose of impairment assessment.

16. GOODWILL *(Continued)*

Goodwill is allocated to the Group's cash-generating units as follows:

	2026 HK$'000	2025 HK$'000
Control system	**23,197**	21,911

Impairment tests for cash-generating units containing goodwill

For the purpose of determining whether goodwill attributable to the control system cash generating unit is impaired, the recoverable amount of the control system cash generating unit is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating unit operates. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, corporate tax rate, such estimation is based on the unit's past performance and management's expectations for the market development.

The key assumptions used in value-in-use calculations are as follows:

	2026 %	2025 %
– Long-term growth rate	**2.0**	2.0
– Pre-tax discount rate	**15.85**	15.40

The long-term growth rates used was adopted based on the China long term projected inflation as sourced from the International Monetary Fund. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

During the years ended 31 March 2026 and 2025, based on management's assessment results in the headroom over the carrying values of control system cash generating unit, and consequently no impairment has been made.

17. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation and business	Particulars of issued and paid-up share/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held		Principal activities/ place of operation
			Directly		Indirectly				
			2026	2025	2026	2025	2026	2025	
Ethereum Data Limited ("Ethereum")	Hong Kong	Ordinary shares of HK$10,000	**100%**	100%	**-**	-	**100%**	100%	Rental and maintenance services in relation to computer equipment and machines, information technology infrastructure and platform and robot and other related services and Smartphone distribution/Hong Kong
Diligent Giant Technology Limited	Hong Kong	Ordinary shares of HK$100	**100%**	100%	**-**	-	**100%**	100%	Smartphone distribution/Hong Kong
萬科思自動化(上海)有限公司 *(note (b))*	PRC	Registered capital of RMB120,000,000	**-**	-	**100%**	100%	**100%**	100%	Design, development and sales of automation control systems/PRC
萬科思自控設備(中國)股份有限公司 *(note (b) and (c))*	PRC	Registered capital of RMB76,431,600	**-**	-	**-**	56.67%	**-**	56.67%	Research and development, manufacturing and sales of intelligent building systems including video intercom and surveillance systems for buildings/ PRC
杭州奧邁智能科技有限公司 *(note (b) and (c))*	PRC	Registered capital of RMB5,000,000	**-**	-	**-**	56.67%	**-**	56.67%	Research and development, manufacturing and sales of intelligent building systems including video intercom and surveillance systems for buildings/ PRC

17. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation and business	Particulars of issued and paid-up share/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held		Principal activities/ place of operation
			Directly		Indirectly				
			2026	2025	2026	2025	2026	2025	
澳萬樓宇智能設備(上海)有限公司 *(note (b) and (c))*	PRC	Registered capital of RMB30,000,000	-	-	-	56.67%	-	56.67%	Research and development, manufacturing and sales of intelligent building systems including video intercom and surveillance systems for buildings/ PRC
浙江澳萬信息技術有限公司 *(note (a))*	PRC	Registered capital of RMB1,700,000	-	-	**85%**	85%	**85%**	85%	Investment holding/PRC
悉雅特萬科思自動化(杭州)有限公司 *(note (a))*	PRC	Registered capital of US$1,000,000	-	-	**100%**	100%	**100%**	100%	Design, development and sales of automation control systems/PRC
悉雅特樓宇自控(杭州)有限公司 *(note (b))*	PRC	Registered capital of RMB2,483,109.50	-	-	**85%**	85%	**85%**	85%	Research and development, manufacturing and sales of intelligent building systems including video intercom and surveillance systems for buildings/ PRC

Notes:

(a) Registered under the laws of the PRC as a wholly foreign owned enterprise.

(b) Registered under the laws of the PRC as a limited liability company.

(c) Disposed during the year ended 31 March 2026.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2026 HK$'000	2025 HK$'000
Unlisted equity securities	**1,000**	24,656

The unlisted equity securities are shares in Iogo Workshop Investment Limited, a company incorporated in PRC which is investment holding and its subsidiaries engaged in leasing and renting of charging stations for mobile devices and extended value-added services. The Group held a 15% equity interest Iogo Workshop Investment Limited as at 31 March 2025 and 31 March 2026.

19. INVENTORIES

	2026 HK$'000	2025 HK$'000
Raw materials	**3,179**	5,775
Work in progress	**14,950**	13,629
Finished goods	**4,086**	25,016
	22,215	44,420

20. TRADE AND OTHER RECEIVABLES

	2026 HK$'000	2025 HK$'000
Trade receivables *(notes (a) and (b))*	**37,376**	53,458
Less: Loss allowance *(note (c))*	**(21,693)**	(22,643)
	15,683	30,815
Loan receivables *(note (d))*	**–**	–
Other receivables *(note (e))*	**32,082**	27,743
Prepaid value-added and other taxes	**8**	49
Deposits	**392**	392
Prepayments	**19,148**	33,211
Less: Loss allowance	**(17,048)**	(17,592)
	34,582	43,803
	50,265	74,618

Notes:

(a) For the year ended 31 March 2026, purchases of the Group's products by its customers are in general made on credit with credit period of 30 to 180 days (2025: 30 to 180 days). A longer credit period of 181 to 365 days (2025: 181 to 365 days) may be extended to customers with long term business relationship, established reputation and good repayment history. The credit terms of each customer of the Group are determined by the Group's sales team and are subject to review and approval by the Group's management based on the customers payment history, financial background, transaction volume and length of business relationship with the Group.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(b) The following is an aged analysis of trade receivables, presented based on past due date:

	2026 HK$'000	2025 HK$'000
Not yet past due	**1,225**	12,227
1-60 days	**7,663**	2,327
61-90 days	**3,598**	2,734
91-180 days	**2,011**	2,362
181-365 days	**1,433**	12,493
Over 365 days	**21,446**	21,315
	37,376	53,458
Less: Loss allowance *(note 29(a))*	**(21,693)**	(22,643)
	15,683	30,815

(c) Loss allowance for trade receivables

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

	2026 HK$'000	2025 HK$'000
At beginning of the year	**22,643**	26,194
Allowance for ECL, net	**6,510**	1,148
Written-off	**–**	(4,251)
Disposal of subsidiaries	**(8,344)**	–
Effect of foreign currency exchange difference	**884**	(448)
	21,693	22,643

(d) Amount represent advanced to independent third parties and are unsecured, interest bearing at 8% per annum with full allowance for lifetime ECL (credit-impaired) of approximately HK$21,318,000 made in previous years. The specific provision was made for two debtors of which, upon the management's individual assessment, the receivable amounts were past due and long outstanding and thus their full recoverability was in doubt. The Group had written off HK$21,318,000, but such amounts are still subject to enforcement activities.

(e) Amount mainly represents the past due gross outstanding receivable balance at 31 March 2026 of approximately HK$16,781,000 (2025: HK$16,781,000), with full allowance of approximately HK$16,781,000 (2025: HK$16,781,000) arising from one-off respirator masks trading to an independent third party.

Details of impairment assessment of financial assets for the years ended 31 March 2026 and 2025 are set out in note 29(a).

21. AMOUNT DUE FROM A FORMER ASSOCIATE

As at 31 March 2026, the carrying amount of amount due from a former associate of approximately HK$15,134,000 (2025: HK$17,273,000), net of loss allowance of approximately HK$2,894,000 (2025: HK$755,000), was unsecured, interest-free and recoverable on demand.

For details of impairment assessment on amount due from a former associate, please refer to note 29(a).

22. CASH AND CASH EQUIVALENTS

The interest rates on the cash at bank and deposits with banks ranged from 0.001% to 0.05% (2025: 0.001% to 1.10%) per annum.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

23. TRADE AND OTHER PAYABLES

	2026	2025
	HK$'000	HK$'000
Trade payables	**9,538**	11,298
Accrued salaries	**1,670**	3,394
Accrued expenses	**1,963**	2,405
Other payables *(note)*	**30,331**	37,911
Deposit received	**–**	3
Financial liabilities measured at amortised cost	**43,502**	55,011
Other tax payables	**2**	462
	43,504	55,473

Note:

Amounts include the outstanding payable balance of approximately HK$6,525,000 (2025: HK$6,525,000) arising from one-off respirator masks trading transaction.

23. TRADE AND OTHER PAYABLES *(Continued)*

The following aged analysis of trade payables presented based on invoice date:

	2026 HK$'000	2025 HK$'000
0-60 days	**6,547**	770
61-90 days	**137**	599
91-180 days	**248**	440
181-365 days	**94**	4,551
Over 365 days	**2,512**	4,938
	9,538	11,298

24. CONTRACT LIABILITIES

	2026 HK$'000	2025 HK$'000
Building intelligence	**1,326**	5,096
Control system	**3,764**	8,150
Smartphone distribution	**–**	1,148
	5,090	14,394

As at 1 April 2024, contract liabilities amounted to HK$10,053,000.

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers. The Group considers contract with customer would not have a significant financing component since the customer paid for the goods in advance and the timing of the transfer of those goods is at the discretion of the customer.

Revenue recognised that was included in the contract liabilities balance at the beginning of the year ended 31 March 2026 amounted to HK$7,553,000 (2025: HK$5,470,000).

24. CONTRACT LIABILITIES *(Continued)*

The contract liabilities relating to sales of building intelligence and control system will be recognised as revenue when the Group fulfil the contract's obligation.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives a certain deposit based on the contract value upon acceptance of contract and before construction work commences.

25. BANK BORROWINGS

	2026 **HK$'000**	2025 HK$'000
Bank borrowings:		
– secured *(note (c))*	**–**	43,030
The carrying amounts of the above borrowings are repayable based on scheduled repayment dates set out in the loan agreements:		
– Within one year	**–**	43,030
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
– Within one year	**–**	43,030

The banking facilities are subject to the fulfilment of covenants. If the Group were in breach of the covenants, the drawn down facilities would become repayable on demand clause. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 29(b). As at 31 March 2025, bank borrowings of approximately HK$43,030,000 was in default.

During the year ended 31 March 2026, upon disposal of the subsidiaries, the default bank borrowings of HK$43,030,000 was fully discharged.

All of the bank borrowings are carried at amortised cost.

25. BANK BORROWINGS *(Continued)*

Notes:

(a) All the Group's bank borrowings are denominated in RMB.

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

	2026	2025
Fixed-rate borrowings:		
– secured	**–**	5.65%-5.80%

(c) As at 31 March 2025, the secured bank borrowings were secured by buildings, property, plant and equipment and right-of-use assets of the Group (see notes 14 and 15); and were also guaranteed by the director's personal property (see note 33(b)). These assets and the related borrowings were disposed of as part of the disposal of subsidiaries during the year ended 31 March 2026.

26. LEASE LIABILITIES

The following tables shows the remaining contractual maturities of the Group's lease liabilities as at 31 March 2026 and 2025:

	2026		2025	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**508**	**515**	831	858
Less: total future interest expenses		**(7)**		(27)
Total lease liabilities under current portion		**508**		831

Note:

At 31 March 2026, the weighted average incremental borrowing rates applied to lease liabilities is 3.00% (2025: 5.875%).

27. CAPITAL AND RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

(a) Movements in components of equity

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000 *Note 27(c)(v)*	Merger reserve HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2024	36,031	870,791	71,349	–	(882,734)	95,437
Loss and total comprehensive expense for the year	–	–	–	–	(64,988)	(64,988)
Issue of shares	7,418	13,352	–	–	–	20,770
Grant of share option	–	–	–	4,871	–	4,871
Exercise of share options	1,425	8,331	–	(2,772)	–	6,984
At 31 March 2025 and 1 April 2025	44,874	892,474	71,349	2,099	(947,722)	63,074
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(30,198)**	**(30,198)**
Issue of shares	**8,712**	**3,049**	**–**	**–**	**–**	**11,761**
Share issuance cost	**–**	**(1,024)**	**–**	**–**	**–**	**(1,024)**
At 31 March 2026	**53,586**	**894,499**	**71,349**	**2,099**	**(977,920)**	**43,613**

27. CAPITAL AND RESERVES *(Continued)*

(b) Share capital

	Par value HK$	Number of shares '000	Nominal value HK$'000
Authorised:			
As at 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	0.1	4,000,000	400,000
Issued and fully paid:			
As at 1 April 2024	0.1	360,313	26,031
Issue of shares *(Note (i))*	0.1	74,176	7,418
Exercise of share option	0.1	14,253	1,425
As at 31 March 2025 and 1 April 2025	0.1	448,742	44,874
Issue of shares *(Note (ii))*	0.1	87,123	8,712
As at 31 March 2026	**0.1**	**535,865**	**53,586**

Notes:

(i) On 29 November 2024, the Company issued 74,176,000 new shares under general mandate to independent third parties at the subscription price of HK$0.28 per share. The net proceeds amounting to approximately HK$20,770,000 have been applied as general working capital and the procurement of inventory for the smartphone distribution business.

(ii) On 15 October 2025, the Company proposed a non-underwritten rights issue on the basis of 2 rights shares for every 1 existing share held at the subscription price of HK$0.135 per rights share. The gross proceeds from the rights issue were approximately HK$11,800,000 and the net proceeds were approximately HK$10,800,000 after deducting the related expenses.

27. CAPITAL AND RESERVES *(Continued)*

(b) Share capital *(Continued)*

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law (2011 Revision) of the Cayman Islands, the share premium account is 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) Capital reserve

The capital reserve of the Group represents the differences between the nominal value of the Company's shares issued and the nominal value of shares of Ethereum (formerly known as LakeWest Holdings Limited) acquired through a reorganisation in the preparation for the listing of the Company's shares on the Stock Exchange in December 2006.

(iii) Merger reserve

The merger reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of Ethereum (formerly known as LakeWest Holdings Limited) and its subsidiaries acquired through an exchange of shares in December 2006 pursuant to the reorganisation in the preparation for the listing of the Company's shares on the Stock Exchange, which was not available for distribution.

27. CAPITAL AND RESERVES *(Continued)*

(c) Nature and purpose of reserves *(Continued)*

(iv) Statutory reserve

Transfers from retained earnings to statutory reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors. Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the statutory reserve fund after such conversion is not less than 25% of the entity's registered capital. The Company's certain subsidiaries in the PRC are required to transfer a minimum of 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations to the statutory reserves until the reserve balances reaches 50% of the registered capital. The transfer must be made before distribution of dividends to owners. The statutory reserve can be utilised in setting off accumulated losses or increasing capital of the respective subsidiary and is non-distributable other than in the event of liquidation.

(v) Translation reserve

The 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 policy set out in note 3.

(vi) Other reserve

The other reserve represents the difference between the consideration paid for the further acquisition of 36% equity interest in Sense Field Group Limited in March 2017 and the carrying value of non-controlling interest derecognised.

(vii) Share-based compensation reserve

This comprises the portion of fair value of unexercised share options granted to eligible participants of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 3.

(d) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

27. CAPITAL AND RESERVES *(Continued)*

(d) Capital management *(Continued)*

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

The Group monitors its capital structure on the basis of the adjusted net debt to equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is defined as total debt (which includes bank borrowings and lease liabilities) less cash and cash equivalents.

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods was as follows:

	2026 **HK$'000**	2025 HK$'000
Bank borrowings	**–**	43,030
Leases liabilities	**508**	831
	508	43,861
Less: Cash and cash equivalents	**(19,501)**	(11,030)
Net credit	**(18,993)**	32,831
Total equity	**107,175**	107,716
Adjusted gearing ratio	**N/A**	30%

Note:

Total equity includes share capital and reserves at the end of each reporting period.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS BY CATEGORIES

	2026 HK$'000	2025 HK$'000
Financial assets		
Financial assets at amortised cost	**65,744**	69,661
Financial asset at FVTPL	**1,000**	24,656
Financial liabilities		
Financial liabilities at amortised costs	**43,502**	98,041

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and cash equivalent, trade and other receivables, financial asset at FVTPL, amount due from a former associate, trade payables and other payables, and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and other price risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's credit risk is primarily attributable to trade and other receivables. The Group's credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit rating agencies, for which the Group considers to have low credit risk.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At 31 March 2026, the Group has a certain concentration of credit risk as 35% (2025: 49%) of the net trade receivables were due from the Group's five largest customers.

In order to minimise the credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its debtors' financial position and condition are performed on each major customer periodically. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtors operate. The Group does not require collateral from its debtors. Debts are usually due within 30 to 180 days from the date of billing.

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

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

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk *(Continued)*

The following table details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts 2026 HK$'000	2025 HK$'000
Financial assets at amortised cost					
Trade receivables	N/A	*Note (i)*	Life-time ECL (collective assessment)	**15,930**	32,143
	N/A	Loss	Life-time ECL (credit impaired)	**21,446**	21,315
				37,376	53,458
Other receivables	N/A	Low risk	12-month ECL	**15,301**	10,962
	N/A	Loss	Life-time ECL (credit impaired)	**16,781**	16,781
				32,082	27,743
Amount due from a former associate	N/A	Low risk	12-month ECL	**18,028**	18,028
Deposits	N/A	Low risk	12-month ECL	**392**	392
Cash and cash equivalents	AA+	N/A	12-month ECL	**19,501**	11,030

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Notes:

(i) The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2026:

	Average loss rate	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Collective assessment			
Not yet past due	**1.20%**	**1,225**	**15**
0-60 days	**1.21%**	**7,663**	**93**
61-90 days	**1.53%**	**3,598**	**55**
91-180 days	**1.81%**	**2,011**	**36**
181-365 days	**3.35%**	**1,433**	**48**
Individual assessment	**100.00%**	**21,446**	**21,446**
		37,376	**21,693**

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2025:

	Average loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
Collective assessment			
Not yet past due	1.76%	12,227	215
0-60 days	2.89%	2,327	67
61-90 days	4.29%	2,734	117
91-180 days	4.79%	2,362	113
181-365 days	6.53%	12,493	816
Individual assessment	100.00%	21,315	21,315
		53,458	22,643

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Notes: (Continued)

(i) (Continued)

For long overdue trade receivables, the Group regularly reviews the specific circumstances of each major customer to determine if any follow-up action has to be taken. An extension of credit period may be granted by the Group to customers with long business relationship and established reputation; customers which are distributors that have difficulty in receiving payments from final customers; customers which are government-related entities that are subject to strictly regulated government annual budgeting process and payment approval procedures; and customers for which a repayment plan has been arranged.

For the purpose of assessment of ECLs, expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. Increase in the lifetime ECL for trade receivable are mainly due to deterioration in settlement of trade receivable adjusted with current conditions and group's view of economic conditions over the expected live of receivable. The Group writes off a trade receivable when there is information indicating that the debtor is in serve financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, have significant financial difficulty, or when the trade receivables are over 3 years past due, whichever occurs earlier.

At 31 March 2026, the ECL of debtors with gross carrying amount of approximately HK$15,930,000 (2025: HK$32,143,000) was assessed by using provision matrix for the year ended 31 March 2026. Debtors with significant outstanding balances or credit-impaired with gross carrying amount of approximately HK$21,446,000 (2025: HK$21,315,000) as at 31 March 2026 was assessed individually and full allowance is provided since the receivables are past due for a prolonged period.

(ii) In determining the ECL of the Group's other receivables, the management assessed the expected losses individually by estimation based on historical credit loss experience, general economic conditions of the relevant industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. However, due to the worsened general economic condition of the relevant industry in which the debtors operate, the management expected that the recoverability of the payments is uncertain and thus lifetime ECL (credit-impaired) of approximately HK$16,781,000 (2025: HK$16,781,000) was recognised as at 31 March 2026 and allowance for 12m ECL of approximately HK$266,000 (2025: HK$811,000) was recognised as at 31 March 2026.

The directors of the Company are responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In view of the above, the directors of the Company consider that the Group's credit risk is significantly reduced.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Notes: (Continued)

(ii) (Continued)

For deposits paid, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits based on historical settlement records and past experience. The management of the Company believes that there is no material credit risk inherent in the Group's outstanding balance of deposits.

For amount due from a former associate, the Group regularly monitors the business performance of the former associate. The management makes periodic individual assessment on the recoverability of amount due from a former associate based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2026, the management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of amount due from a former associate. The allowance for ECL of approximately HK$2,894,000 (2025: HK$755,000) was recognised. The ECL rate is 16.05% (2025: 3.5%).

(iii) In relation to the Group's deposit with bank, the Group limits its exposure to credit risk by placing deposits with financial institution with high credit rating and no recent history of default. The directors consider that the Group's credit risk on the bank deposits is low.

(iv) The movements in the loss allowance on trade receivables, loan receivables, other receivables and amount due from a former associate during the year, including both specific and collective loss components, are as follows:

	Trade receivables		Other receivables		Amount due from a former associate	
	lifetime ECL (not credit-impaired)	lifetime ECL (credit-impaired)	12m ECL	lifetime ECL (credit-impaired)	12m ECL	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2024	17,338	8,856	135	19,781	127	46,237
Impairment loss recognised (reversed), net	4,527	(3,379)	694	–	628	2,470
Transfer	(20,237)	20,237	–	–	–	–
Written-off	–	(4,251)	–	(3,000)	–	(7,251)
Exchange realignment	(300)	(148)	(18)	–	–	(466)
As at 31 March 2025 and 1 April 2025	1,328	21,315	811	16,781	755	40,990
Impairment loss recognised (reversed), net	**7,630**	**(1,120)**	**(500)**	**–**	**2,139**	**8,149**
Disposal of subsidiaries	**(8,344)**	**–**	**–**	**–**	**–**	**(8,344)**
Written-off	**–**	**–**	**–**	**–**	**–**	**–**
Exchange realignment	**(367)**	**1,251**	**(45)**	**–**	**–**	**839**
At 31 March 2026	**247**	**21,446**	**266**	**16,781**	**2,894**	**41,634**

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to parent company's board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Weighted average interest rate %	**Within 1 year or on demand** HK$'000	**Total undiscounted amount** HK$'000	**Carrying amount** HK$'000
At 31 March 2026				
Non-derivative financial liabilities				
Trade and other payables	**–**	**43,502**	**43,502**	**43,502**
Lease liabilities	**3.00**	**515**	**515**	**508**
At 31 March 2025				
Non-derivative financial liabilities				
Trade and other payables	–	55,011	55,011	55,011
Bank borrowings	5.67	43,757	43,757	43,030
		98,768	98,768	98,041
Lease liabilities	5.88	858	858	831

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits, bank borrowings and lease liabilities.

The Group is exposed to cash flow interest rate risk in relation to the Group's bank deposits which is mainly concentrated on the fluctuation of market interest rate. The Group is also exposed to fair value interest rate risk in respect of its fixed-rate loan receivables, fixed-rate bank borrowings and lease liabilities.

The Group aims at keeping borrowings at fixed rates.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing assets and liabilities at the end of the reporting period:

	2026		2025	
	Range of interest rates	**HK$'000**	Range of interest rates	HK$'000
Fixed-rate borrowings:				
Bank borrowings	**–**	**–**	5.65%-5.80%	43,030
Lease liabilities	**3.00%**	**508**	5.88%	831
		508		43,861
Variable-rate bank deposits:				
Cash at bank	**0.001%-0.05%**	**19,501**	0.001%-1.90%	11,030

(ii) Sensitivity analysis

Borrowings of the Group which are fixed rate instruments are insensitive to any changes in interest rates. A change in interest rate at the end of the reporting period would not affect profit or loss.

No sensitivity analysis for interest rate risk exposure to variable rate bank deposits is presented as the management considered that the amount involved is insignificant.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily US$.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HK$, translated using the spot rate at the year-end date.

	Exposure to foreign currencies (expressed in HK$'000)	
	2026	2025
	US$	US$
Trade and other payables	**(6,525)**	(6,525)
Net exposure arising from recognised assets and liabilities	**(6,525)**	(6,525)

(ii) Sensitivity analysis

As the pegged rate between HK$ and US$ would be materially unaffected by any changes in value of US$ against HK$, the directors consider that the sensitivity of the Group's exposure toward the change in foreign exchange note between HK$ and US$ is minimal.

(e) Price risk

The Group is exposed to equity price changes arising from private equity investment held for long-term strategic purposes. The performance of the private equity investment is assessed at least annually against performance of similar listed entities or performance of its industry, together with an assessment of their relevance to the Group's long-term strategic plan.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(f) Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of financial assets that are measured on a recurring basis.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

	Fair value		Fair value	Valuation	Significant	Range	
	2026	2025	hierarchy	technique	unobservable input	2026	2025
	HK$'000	HK$'000				%	%
Financial asset at FVTPL	**1,000**	24,656	Level 3	Income approach	Long-term revenue growth	**1.99**	2.02
					Discount rate	**17.67**	16.12
					Discount for marketability	**15.66**	15.61
					Discount for lack of control	**27.75**	28.06

Note:

A slight increase in the long-term revenue growth rates or long-term pre-tax operating margin used in isolation would result in a significant increase in the fair value measurement of the financial asset, and vice versa.

A slight increase in the discount rate, discount for lack of marketability or discount for lack of control used in isolation would result in a significant decrease in the fair value measurement of the financial asset, and vice versa. A 1% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the financial asset by approximately of HK$34,000 (2025: HK$1,535,000).

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(f) Fair value measurement of financial instruments *(Continued)*

There was no transfer among Level 1, 2 and 3 during the year (2025: Nil).

Reconciliation of Level 3 fair value measurements

	2026 **HK$'000**	2025 HK$'000
Financial asset at FVTPL		
Opening balance	**24,656**	33,865
Fair value change	**(23,656)**	(9,209)
Closing balance	**1,000**	24,656

The carrying amount of the Group's other financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2026 and 2025.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2024	50,650	535	51,185
Changes from cash flows			
– Borrowings raised	6,180	–	6,180
– Repayment of borrowings	(12,740)	–	(12,740)
– Repayment of leases liabilities	–	(1,339)	(1,339)
– Interest paid	(2,268)	–	(2,268)
Non-cash changes			
– Addition of new lease	–	1,591	1,591
– Finance costs recognised	2,268	86	2,354
– Effect of foreign exchange rate changes	(1,060)	(42)	(1,102)
At 31 March 2025 and 1 April 2025	43,030	831	43,861
Changes from cash flows			
– Repayment of leases liabilities	**–**	**(1,187)**	**(1,187)**
Non-cash changes			
– Disposal of subsidiaries	**(43,757)**	**–**	**(43,757)**
– Addition of new lease	**–**	**906**	**906**
– Finance costs recognised	**–**	**41**	**41**
– Effect of foreign exchange rate changes	**727**	**(83)**	**644**
At 31 March 2026	**–**	**508**	**508**

31. SHARE OPTION SCHEMES

The Company has a share option scheme which was adopted on 30 August 2022 (the "2022 Share Option Scheme") whereby the board of directors or a duly authorised committee thereof may at any time on any business day following the date of adoption and before the fifth anniversary thereof, offer to grant to eligible participants, including directors and employees of the Company or any of its subsidiaries, any person or entity that provides research, development or other technological support to the Company, any of its subsidiaries, an option to subscribe for shares of the Company. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.

On 26 September 2025, a new share option scheme was approved and adopted by the shareholders at the annual general meeting of the Company (the "2025 Share Option Scheme"). The key terms of the 2025 Share Option Scheme are consistent with those of the 2022 Share Option Scheme, except that the maximum number of shares which may be issued upon exercise of all outstanding options granted under the 2025 Share Option Scheme shall not exceed 10% of the issued share capital of the Company as at the date of approval, and within the scheme limit, the total number of new shares which maybe issued pursuant to the exercise of Options granted under the 2025 Share Option Scheme granted to the service providers shall not exceed 1% of the issued share capital of the Company as at the date of approval.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2022 Share Option Scheme, the 2025 Share Option Scheme and any other share option schemes of the Company will not exceed 30% of the issued share capital of the Company.

No option may be granted to any one person in any 12-month period which, if exercised in full, would result in the total number of shares already issued to him/her under all the options previously granted to him/her which have been exercised and, issuable to him/her under all the options previously granted to him/her which are for the time being subsisting and unexercised, exceeding 1% of the share capital of the Company in issue on the last date of such 12-month period unless approval by the shareholders in a general meeting.

The subscription price for shares under the 2025 Share Option Scheme will be a price not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant and (iii) the nominal value of the shares.

An option under the share option scheme may be exercised in accordance with the terms of the 2025 Share Option Scheme at any time during the period to be determined and notified by the board of directors of the Company to each grantee which period of time shall commence on the date of grant of the option and expire on such date as determined by the board of directors of the Company provided that the option may not be exercised after the expiration of 10 years from the date of grant of the option.

The 2025 Share Option Scheme does not require a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised, unless the board of directors of the Company otherwise determined and stated in the offer of the grant of options to the grantee.

Details of the categories of options granted to the directors and employees are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK$
Options granted to				
– directors	26 April 2024	26 April 2024	26 April 2024 to 25 April 2029	0.49
– employees	26 April 2024	26 April 2024	26 April 2024 to 25 April 2029	0.49

31. SHARE OPTION SCHEMES *(Continued)*

If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

Details of the movement of share options during the year are as follows:

	Number of share options	Weighted average exercise price HK$
At 1 April 2024	–	–
Grant of share option	25,043,200	0.49
Exercised	(14,252,800)	0.49
Outstanding at 31 March 2025 and 31 March 2026	10,790,400	0.49
Exercisable at 31 March 2025 and 31 March 2026	10,790,400	0.49

Note:

The options outstanding at the year ended 31 March 2026, have a weighted average remaining contractual life of 3.0 years (2025: 4.0 years), with the exercise prices at HK$0.49 (2025: HK$0.49). The estimated fair value of the options on the date of grant is approximately HK$4,871,000 (2025: HK$4,871,000).

Details of the movement of share options (by each class of grantees) during the years are as follows:

Class of grantees	Outstanding as at 1 April 2024	Granted during the year	Exercised during the year	Outstanding as at 31 March 2025 and 31 March 2026
Directors	–	3,596,800	–	3,596,800
Employees	–	21,446,400	(14,252,800)	7,193,600
Total	–	25,043,200	(14,252,800)	10,790,400

These fair values were calculated using the Black-Scholes Option Pricing Model. The inputs into the model are as follows:

	Share options grant to directors	Share options grant to employees
Weighted average share price	HK$0.49	HK$0.49
Weighted average exercise price	HK$0.49	HK$0.49
Expected volatility	116.22%	116.22%
Expected life	5 years	5 years
Risk free rate	3.684%	3.684%
Expected dividend yield	0.00%	0.00%

The expected volatility is based on the historical volatilities of the comparable companies of the Company, over the expected option period. Expected dividend yield are based on historical dividend payout of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

32. DISPOSAL OF SUBSIDIARIES

On 25 September 2025, the Group completed the disposal of its non wholly-owned subsidiary, MOX Group Limited, and its subsidiaries (collectively referred as the "MOX Group") at a cash consideration of HK$2,500,000.

	HK$'000
The net liabilities of MOX Group at the date of disposal were as follows:	
Property, plant and equipment *(note 14)*	19,372
Right-of-use assets *(note 15)*	6,809
Trade and other receivables	26,767
Cash and cash equivalents	25
Trade and other payables	(14,703)
Bank borrowings	(43,757)
Net liabilities disposed of	(5,487)
Loss on disposal of MOX Group:	
Consideration received	2,500
Net liabilities disposed of	5,487
Non-controlling interest	(1,459)
Reclassification of cumulative translation reserve upon disposal	(6,829)
Loss on disposal	(301)
Net cash inflow arising on disposal:	
Cash consideration	2,500
Less: cash and cash equivalents disposed of	(25)
	2,475

33. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year.

(a) Transactions with key management personnel

Emoluments for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10 are as follows:

	2026	2025
	HK$'000	HK$'000
Short-term employee benefits	**3,872**	4,675
Post-employment benefit	**48**	70
Share-based payment expense	**–**	1,007
	3,920	5,752

Total emoluments are included in "Staff Costs" (see note 7(b)).

(b) Guarantee

At 31 March 2025, bank borrowings of approximately HK$43,030,000 were guaranteed by Mr. Han Weining, the executive director of the Company. These borrowings were discharged during the year ended 31 March 2026 following the disposal of the relevant subsidiary, and no guarantee was noted as at 31 March 2026.

34. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2026 HK$'000	2025 HK$'000
Non-current assets			
Investments in subsidiaries		**155**	155
Financial asset at FVTPL		**1,000**	24,656
		1,155	24,811
Current assets			
Amount due from a former associate		**15,134**	17,273
Amounts due from subsidiaries		**22,324**	25,114
Cash and cash equivalents		**8,801**	51
		46,259	42,438
Current liabilities			
Accrual and other payables		**3,512**	3,886
Amounts due to subsidiaries		**289**	289
		3,801	4,175
Net current assets		**42,458**	38,263
Net assets		**43,613**	63,074
EQUITY	*27(a)*		
Share capital		**53,586**	44,874
Reserves		**(9,973)**	18,200
		43,613	63,074

Approved and authorised for issue by the board of directors on 29 June 2026.

Han Weining
Director

You Yiyang
Director

35. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 29 June 2026, the Company completed the placing of 1,000,000,000 new shares under specific mandate at a placing price of HK$0.108 per share. The placing shares were allotted and issued to not less than six placees. The net proceeds from the placing amounted to approximately HK$106.6 million, which are intended to be applied towards the expansion of the Group's building intelligence business and for general working capital purposes. Details of the placing are set out in the announcement of the Company dated 29 June 2026.

FIVE YEARS SUMMARY

	For the year ended 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**36,797**	116,933	62,581	60,538	114,165
Loss before tax	**(46,155)**	(35,814)	(17,752)	(43,675)	(113,728)
Income tax expense	**(10)**	(17)	(16)	(4)	(45)
Loss for the year	**(46,165)**	(35,831)	(17,768)	(43,679)	(113,773)
Attributable to:					
Owners of the Company	**(42,342)**	(32,488)	(17,840)	(40,971)	(109,678)
Non-controlling interests	**(3,823)**	(3,343)	72	(2,708)	(4,095)
	(46,165)	(35,831)	(17,768)	(43,679)	(113,773)

	As at 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**132,170**	221,444	223,095	226,023	271,452
Total liabilities	**(49,102)**	(113,728)	(106,884)	(157,654)	(166,017)
	83,068	107,716	116,211	68,369	105,435
Equity attributable to owners of the Company	**85,725**	107,992	113,173	69,126	102,893
Non-controlling interests	**(2,657)**	(276)	3,038	(757)	2,542
	83,068	107,716	116,211	68,369	105,435