Echo International Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8218

2024 ANNUAL REPORT

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (the "**Directors**") of Echo International Holdings Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

Content

Corporate Information

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Room 3207A, 32/F Cable TV Tower 9 Hoi Shing Road Tsuen Wan Hong Kong
Company website	http://www.echogroup.com.hk
Executive directors	Mr. Lo Yan Yee *(Chairman)* Ms. Cheng Yeuk Hung Mr. Tansri Saridju Benui Ms. Chan Wan Shan, Sandra
Independent non-executive directors	Mr. Leung Yu Tung, Stanley Mr. Lam Kwok Leung Roy Mr. Lam Wing Biu, Thomas
Compliance officer	Mr. Tansri Saridju Benui
Company secretary	Ms. Lui Wing Shan *HKICPA*
Members of the Audit Committee	Mr. Leung Yu Tung, Stanley *(Chairman)* Mr. Lam Kwok Leung Roy Mr. Lam Wing Biu, Thomas
Members of the Remuneration Committee	Mr. Leung Yu Tung, Stanley *(Chairman)* Ms. Cheng Yeuk Hung Mr. Lam Kwok Leung Roy
Members of the Nomination Committee	Mr. Leung Yu Tung, Stanley *(Chairman)* Mr. Tansri Saridju Benui Mr. Lam Kwok Leung Roy
Authorised representatives	Ms. Lui Wing Shan Mr. Tansri Saridju Benui

Corporate Information

Principal bankers	**Industrial and Commercial Bank of China (Asia) Limited** 33/F., ICBC Tower 3 Garden Road Central Hong Kong
	Bank of Communications (Hong Kong) Limited 368 Hennessy Road Wanchai, Hong Kong
	DBS Bank (Hong Kong) Limited 11/F., The Center 99 Queen's Road Central Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited Level 9, HSBC Main Building 1 Queen's Road Central Hong Kong
Principal share registrar and transfer office	**SMP Partners (Cayman) Limited** Suite 3204, Unit 2A, Block 3 Building D, P.O. Box 1586 Gardenia Court, Camana Bay Grand Cayman, KY1-1100 Cayman Islands
Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong
Auditors	**CL Partners CPA Limited** Certified Public Accountants Registered Public Interest Entity Auditors 3203A-5, Tower 2 Lippo Centre 89 Queensway Admiralty, Hong Kong
Hong Kong Legal Adviser	**Fairbairn Catley Low & Kong** 23/F, Shui On Centre 6–8 Harbour Road Hong Kong
GEM Stock Code	8218

Chairman's Statement

Dear Shareholders,

On behalf of the board of the Directors (the "**Board**") of Echo International Holdings Group Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2024.

In 2023, the Group has designed various upgraded transducers to provide the market with more reliable and cost-effective devices. Designed to work with a new converter in variety systems, the boards feature WLCSP wafer level chip scale package and determines the manufacturability of the factory.

Further, the Group has been developing and operating two e-commerce platforms (https://echkmall.com/ and https://www.yukcuisine.com/shop) selling various products such as watches, jewelry, health care, skin care, food and beverage.

FINANCIAL PERFORMANCE

The impact of the fluctuation of raw material prices and the rise of the statutory minimum wages in the PRC resulted in the financial year ended 31 March 2024 being a difficult and challenging one for the Group's manufacturing business in China. The factories in China faced escalating manufacturing costs and keen competition both domestically and from overseas. As a result, the business of the Group was adversely affected for the financial year ended 31 March 2024.

The Group's revenue for the year ended 31 March 2024 was approximately HK$65.48 million (year ended 31 March 2023: approximately HK$55.29 million), representing approximately 18.44% increase as compared with last year. The Group's net loss for the year ended 31 March 2024 recorded approximately HK$9.44 million (year ended 31 March 2023: net loss of approximately HK$14.46 million), representing approximately 34.71% decrease as compared with last year. The gross profit margin slightly decreased from approximately 24.03% last year to approximately 23.35% for the year ended 31 March 2024.

PROSPECTS

Looking forward, the Group will focus on the business of low risk and higher gross margin with relatively lower inventory level and investment in the catering business. The Group expects that the business operation for the coming years will be more cost effective with reducing working capital requirements and more in-depth management concentration. Accordingly, the Group could better capture the opportunity of growth.

The Board is highly alert to any changes in the present uncertain global economy, and remains confident on and committed to the continuation of our mission to maintain our leading position in the market, through dedication, innovation and expansion. The Group will strictly keep the risks under control, have access to more market resources and further improve its profitability, which will in turn bring more return for its shareholders.

APPRECIATION

Finally, I wish to extend, on behalf of the Board, my gratitude to all shareholders and business partners for their trust and support to us, and express my gratitude to the management and staff for their dedicated efforts and contribution.

Echo International Holdings Group Limited

Lo, Yan Yee
Chairman

Hong Kong, 24 June 2024

Management Discussion and Analysis

BUSINESS REVIEW

Revenue for the year ended 31 March 2024 was approximately HK$65.48 million, representing an increase of approximately 18.44% when compared with last year. Loss attributable to owners of the Company for the year ended 31 March 2024, was approximately HK$9.44 million whilst the loss attributable to owners of the Company last year was approximately HK$14.46 million.

Notwithstanding the challenging market conditions encountered during the year, the Group continues to provide electronics products and subcontracting services on PCB assemblies and manufacturing of electronic products to customers in its principal markets, i.e. the U.S.A. and the European countries including Belgium, Bulgaria, Finland, Germany, Ireland, Italy, Poland, Russia, Spain and United Kingdom. The Group also operates a catering business in Hong Kong.

In view of the challenging market conditions as mentioned above, while the Group will continue to focus on its core business of the sales of electronic products, it will explore new business opportunities to broaden its source of income and maximise profit and return for the Group and the Shareholders of the Company in the long run. The Group will also endeavour to increase its market share and attract new customers to enlarge its client base through conducting more promotional and marketing activities and designing and developing new electronic products.

Sales of Electronic Products and Accessories

Revenue from this segment during the year ended 31 March 2024 was approximately HK$35.20 million, representing an increase of approximately 32.91% when compared with last year. The increase in sales of electronics products was mainly due to the increase in sales of the fishing indicator and buzzer.

Food Catering Services

During the year ended 31 March 2024, the Company has been developing and operating two e-commerce platforms, one (https://echkmall.com/) selling watches, jewelry, health care, skin care, food and beverage and another one (https://www.yukcuisine.com/shop) selling food and beverage, such as Chinese tea, fermented Bean Curd Biscuit, mooncakes and abalone dishes.

Revenue from this segment during the year ended 31 March 2024 was approximately HK$30.28 million, representing a increase of approximately 5.13% when compared with last year. Such increase was mainly due to the general market condition of Hong Kong catering industry from the slightly improvement of the COVID-19 outbreak.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK$9.44 million for the financial year ended 31 March 2024 as compared with the loss of approximately HK$14.46 million for the financial year ended 31 March 2023. The decrease in the loss is mainly due to decrease of finance costs, and the impairment on property, plant and equipment.

The Group's revenue for the year ended 31 March 2024 was approximately HK$65.48 million (approximately HK$55.29 million for last year), representing an increase of approximately 18.44% when compared with last year. Such increase was mainly due to the increase in the revenue from trading of electronic products, manufacturing and trading of electronic products by 32.91% when compared with last year respectively.

Moreover, the revenue attributable to the top five customers for the year ended 31 March 2024 was approximately HK$29.41 million, which increased from approximately HK$21.01 million for the year ended 31 March 2023, representing an increase of approximately 39.93%.

Throughout the year ended 31 March 2024, some factory fixed costs and indirect costs, such as rents, have been reduced at the same time. Therefore, the production cost attributable to each product manufactured by the Group decreased.

The overall gross profit margin of the Group slightly decreased from approximately 24.03% for the year ended 31 March 2023 to approximately 23.35% for the year ended 31 March 2024 primarily due to the decrease in sales of the higher margin products of the Group's electronic business, namely switch.

Selling and distribution expenses for the year ended 31 March 2024 amounted to approximately HK$1.43 million (approximately HK$1.61 million for the year ended 31 March 2023), representing a decrease of approximately 11.30%. Such decrease was mainly due to the decrease in commission paid to approximately HK$0.42 million for the year ended 31 March 2024 (approximately HK$0.68 million for the year ended 31 March 2023) respectively.

Administrative and other expenses for the year ended 31 March 2024 amounted to approximately HK$22.00 million (approximately HK$23.17 million for the year ended 31 March 2023), representing a decrease of approximately 5.06%. Such decrease was mainly due to the decrease in professional fee to approximately HK$1.24 million (2023: professional fee of approximately HK$2.83 million) for the year ended 31 March 2024.

Loss attributable to the owners of the Company amounted to approximately HK$9.44 million for the year ended 31 March 2024 (approximately HK$14.46 million for the year ended 31 March 2023). Basic and diluted loss per share attributable to owners of the Company was also approximately HK1.46 cents for the year ended 31 March 2024 (basic and diluted loss per share was approximately HK3.57 cents for the year ended 31 March 2023).

To turnaround the loss for the financial year ended 31 March 2024, the Board intends to develop on its recurring business in providing EMS to international customers while targeting further expansion in its established market, particularly to explore the EMS for consumer electronic products in the PRC market where the Directors consider to have a promising potential. However, the European countries and the United States will still be the principal markets of the Group in the near future.

The Group's strategies are to increase its market share and to enlarge its client base through increasing its marketing activities and introducing new products. The Group is going to launch two to three light security system controller, power management board, illuminated bobbin and related products to the market in 2024 and the Group will attend and participate in more exhibitions and trade fairs in Hong Kong, the PRC and overseas to promote EMS and buzzer, to attract potential customers. Moreover, in relation to the Group's food catering business, the Group is going to develop more abundant and diversified products on the current e-commerce platform in 2024.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the financial year ended 31 March 2024.

Management Discussion and Analysis

Liquidity, Financial Resources and Capital Structure

The Group continues to adopt a prudent financial management, funding and treasury policy and has a healthy financial position.

As at 31 March 2024, the Group had net current assets of approximately HK$22.20 million (2023: approximately HK$28.45 million) including cash and cash equivalents of approximately HK$3.86 million (2023: approximately HK$2.96 million) and no pledged time deposits (2023: approximately HK$2.01 million).

The Group's equity capital and borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 March 2024 was 2.26 (2023: 3.48).

Save as disclosed below, there has been no material change in the capital structure of the Group during the year ended 31 March 2024. The capital of the Group mainly comprises ordinary shares and capital reserves.

Please refer to Note 33 to the consolidated financial statements for details of changes of capital structure of the Company during the year ended 31 March 2024 and up to the date of this report, respectively.

Significant Investment

The Group did not have any significant investment as at 31 March 2024 (2023: Nil).

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2024 (2023: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2024 (2023: Nil).

Charges over assets

The Group had no pledged any time deposits as at 31 March 2024 (2023: HK$2.01 million time deposits on DBS Bank (Hong Kong) Limited).

Event after the Reporting Period

There was no significant events occurring after the reporting period.

Capital commitment

The Group did not have any significant capital commitments as at 31 March 2024 (2023: Nil).

Foreign Currency Exposure

As at 31 March 2024, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 March 2024, the Group did not use any financial instruments for hedging purposes.

Employees and Emolument Policy

As at 31 March 2024, the Group employed a total of 126 employees (2023: 134 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK$25.05 million for the year ended 31 March 2024 (2023: HK$23.96 million).

The Group reviews the emoluments of its directors and staff based on the qualification, experience, performance and the relevant market rates to maintain the remunerations of its directors and staff at a competitive level.

USE OF PROCEEDS

IPO

The Company received IPO net proceeds of approximately HK$25.12 million (the "**Proceeds**").

The details of the utilisation of the Proceeds since 12 May 2017 (date of the latest revision of allocation of the unutilised Proceeds) to 31 March 2024 is summarised as follows:

Use of net proceeds	**Net proceeds as at 12 May 2017 pursuant to new allocation of unutilised proceeds** HK$ million (approximately)	**Amount not yet utilised as at 31 March 2023** HK$ million (approximately)	**Amount utilised during the year ended 31 March 2024** HK$ million (approximately)	**Amount not yet utilised as at 31 March 2024** HK$ million (approximately)
Strengthening the Group's position in its established markets and expanding its customer base	2.49	0.26	0.26	–
Working capital and funding for other general corporate purposes	1.30	–	–	–
Total	3.79	0.26	0.26	–

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

On 16 June 2023, the Company entered into a subscription agreement with Ms. Zhou Qilin ("**Ms. Zhou**"), pursuant to which Ms. Zhou has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 71,563,010 ordinary shares of the Company ("**Shares**") at the subscription price of HK$0.11 per Share (the "**Subscription**"). The aggregate nominal value of the subscription Shares is HK$3,578,150.50 based on the nominal value of HK$0.05 per Share. The subscription price of HK$0.11 per Share represents a discount of approximately 15.38% to the closing price of HK$0.13 per Share as quoted on the Stock Exchange on the date of the subscription agreement. The Board considers that the Subscription represent a good opportunity for the Company to raise additional funds for general working capital and to widen the Company's shareholder base. The Company allotted and issued 71,563,010 Shares to Ms. Zhou on 29 June 2023. The gross proceeds and net proceeds from the Subscription amounted to about HK$7.87 million and HK$7.79 million, respectively, and the net subscription price amounts to approximately HK$0.109 per subscription Share. For details, please refer to the Company's announcements dated 16 June 2023 and 29 June 2023, respectively.

The table below sets out the intended use of the net proceeds from the Subscription and the relevant utilisation as at 31 March 2024:

Intended use	**Amount of net proceeds** HK$ million (approximately)	**Amount utilised during the year ended 31 March 2024** HK$ million (approximately)	**Amount not yet utilised as at 31 March 2024** HK$ million (approximately)
General working capital	7.79	7.79	–
Total	7.79	7.79	–

Biographical Details of Directors and Senior Management

The biographical details of the Directors and Senior Management of the Group as at the date of this report are as follow:

EXECUTIVE DIRECTORS

Mr. Lo Yan Yee (勞炘儀), aged 72, is the chairman of the Board as well as the factory general manager of the Group. Mr. Lo Yan Yee was appointed as an executive Director on 27 September 2013. He is the founder of the Group and has approximately 46 years of experience in the electronics industry of which he has spent over 33 years in managing his own business. He is responsible for managing and supervising the production teams and engineering teams in the Group's factory operation to ensure that all the environmental, quality, cost, delivery, budget and administration objectives are well achieved. Mr. Lo Yan Yee is also responsible for providing training to the staffs in the factory to enhance their effectiveness and knowledge so as to maximise production efficiency and utilise the labour force effectively. Mr. Lo Yan Yee commenced the work in the electronics industry in 1978, and prior to establishing Echo Electronics Co ("**Echo Co**"), a partnership formed in Hong Kong focusing on electronics manufacturing services, in 1989, he worked in the production department in various electronics companies in Hong Kong and acquired extensive experience in production and management. Mr. Lo Yan Yee finished Form One in 1966. Mr. Lo Yan Yee is the spouse of Ms. Cheng Yeuk Hung and the father of Mr. Lo Ding To.

Ms. Cheng Yeuk Hung (鄭若雄), aged 67, has been an executive Director since 21 December 2010 and was appointed and re-designated from the chief operation officer to chief executive officer of the Group with effective from 20 May 2022, she is also a member of the Remuneration Committee, and a director of Gold Treasure Hung Group Limited and Echo Electronics Company Limited, each a subsidiary of the Company. Ms. Cheng is the founder of the Company and has approximately 45 years of experience in the electronics industry of which she has spent over 33 years in managing her own business. She principally oversees the operation of the Hong Kong office. She also regularly communicates with the senior staffs in the factory as well as the suppliers of the Group to understand the trend of procurement. She is responsible for resource allocation in relation to the customers in different market segments. She is also responsible for product pricing management, marketing and business development to manage the profitability of each product manufactured by the Group. Prior to establishing Echo Co in 1989, she had worked in EDAX Industrial Company Limited from 1979 to 1988 as an operation manager whereby she became skilled at business promotion, procurement of raw materials, and resource management in the electronics industry. She has been the Shareholder of Zhumu Company Limited since 15 February 2019. She finished her secondary education in 1975. Ms. Cheng is the spouse of Mr. Lo Yan Yee and the mother of Mr. Lo Ding To.

Mr. Tansri Saridju Benui, aged 59, has been appointed as an executive Director on 7 September 2018, and has been appointed to be a member of the Nomination Committee of the Board, an authorised representative and compliance officer of the Company on 31 December 2019. He obtained his Bachelor of Science in USA, 1988 and his Diploma in Computer Programming and Systems in Canada, 1987. For the period from May 2010 to November 2015, Mr. Benui was an executive director of Vashion Group Ltd (currently known as Incredible Holdings Limited) ("**Vashion Group**"), issued shares of which are listed on the Singapore Stock Exchange (Stock Code RDR), and he was/has been an executive director of each of the following companies, which was/has been a subsidiary of the Vashion Group during material times: Switech Systems & Marketing Pte Ltd from May 2010 to September 2020, HiTech Distribution Pte Ltd, and Chemitec Industrial Private Limited (the aforesaid private companies are incorporated in Singapore) since May 2010, and PT. Louis Gianni (a private company incorporated in Indonesia) since April 2013.

Ms. Chan Wan Shan, Sandra (陳韻珊), aged 50, joined our Group in August 2017 and was appointed as an executive Director on 31 March 2020. She is also responsible for supervising and managing the business development of Echo Asia (Hong Kong) Limited and Yuk Cuisine Group Limited, they are subsidiaries of the Company. She has also been the director of Bluemount Financial Group Limited, Bluemount Asset Management Ltd, Bluemount Capital Limited, Bluemount Commodities Ltd and Bluemount Credit Limited since December 2021 and Bluemount Securities Limited since January 2022. Ms. Chan has been an independent non-executive director of Industronics Berhard, the issued shares of which are listed on the main market of Bursa Malaysia Securities Berhad (stock code: 9393 and stock name: ITRONIC), since November 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Yu Tung, Stanley (梁宇東), aged 48, was appointed as an independent non-executive Director on 30 April 2019, and he is currently the chairman of each of the Remuneration Committee, Nomination Committee and Audit Committee. He has over 20 years' experience in the accounting and finance field. He has acted as an independent non-executive director and the member of each of the remuneration committee, nomination committee and audit committee of Ntegrator Holdings Limited (formerly known as Watches.com Limited), a company listed in the Singapore Stock Exchange (Stock Code WVJ), since May 2021. He has acted as an independent director and the chairman of audit committee of Incredible Holdings Limited (formerly known as Vashion Group Limited), a company listed in the Singapore Stock Exchange (Stock Code RDR), since October 2017. He has been the financial controller of Siu Siu Style Company Limited since August 2021. He had been the financial controller of Wewenet Limited served from July 2020 to 31 July 2021. He had been the finance controller of Luen Hing Textile Company Limited, which Mr. Leung has served from September 2013 to November 2019. Prior to that, Mr. Leung worked in the Sweet Dynasty Group as finance manager from January 2012 to September 2013.

Mr. Leung was admitted as a fellow member of The Hong Kong Institute of Certified Public Accountants and fellow member of Association of Chartered Certified Accountants since 2015 and 2010 respectively. He became a Certified Tax Adviser of The Taxation Institute of Hong Kong since 2010. Mr. Leung obtained his Master of Professional Accounting and Bachelor of Arts (Hons) Accountancy from the Hong Kong Polytechnic University in 2010 and 2003, respectively and his Higher Diploma in Accountancy from the City University of Hong Kong in 2000.

Mr. Lam Kwok Leung Roy (林國樑), aged 50, has been appointed as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 23 August 2021. He has over 20 years of experience in providing technical support to various entities. Mr. Lam has been the senior customer officer of Good Thinking Computer Services, which principally engages in provision of information technology services, since April 2013.

Mr. Lam Wing Biu, Thomas (林永標), aged 64, has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from 31 March 2023. He has over 31 years of experience in information technology and sales and business development. Mr. Lam has been a business development manager of Industronics Berhad, the issued shares of which are listed on main market of the Bursa Malaysia Securities Berhad, since November 2022, and he has also been a sales director of CP Group International Limited since 2010. Mr. Lam was an E.D.P. Manager at Bluetech Computer Corporation from August 1989 to March 1995, and prior to that, Mr. Lam worked at various banks from 1986 to 1988, where he provided support to the banks' computer system. Mr. Lam obtained a degree of bachelor of science in the University of Hong Kong in November 1985.

SENIOR MANAGEMENT

Ms. Lui Wing Shan (雷潁珊), aged 44, is the company secretary and the chief financial officer of the Company and she joined the Group in June 2014. She is responsible for the company secretarial function, the review and supervision of the Group's overall internal control systems and accountancy function. She has more than 17 years of experience in accounting, auditing, tax, and consulting and is specialised in auditing and accounting. Ms. Lui holds a bachelor's degree in Business Commerce with a major in Accounting from Hong Kong Shue Yan University in 2005, and is currently a practicing member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Ms. Lui worked for various accounting firms and specialised in auditing and accounting.

Mr. Lo Ding To (勞碇淘), aged 37, was appointed as an executive Director on 27 September 2013 and resigned on 1 November 2017. Mr. Lo Ding To is currently the general manager of the Group and is responsible for overseeing the implementation of the day-to-day manufacturing operations. Mr. Lo Ding To, a son of Mr. Lo Yan Yee and Ms. Cheng Yeuk Hung, has had ample opportunity and is able to gain first hand knowledge and insight into the management and operation of the Group ever since his childhood through observing how the Group has been and is managed under his parents. While learning from his parents the skill and technique of managing and operating the Group's business operation, he also enjoys the benefit of their guidance and advice. Hence, even before Mr. Lo Ding To joined the Group, he is already well versed in the Group's day-to-day management and business operations. He therefore has an extensive understanding of the Group's overall business needs and compliance requirements. When Mr. Lo Ding To joined the Group in 2009 after his graduation from the University of East Anglia, United Kingdom, on the basis of his early learning and experience as aforesaid, he brought in new ideas about business strategy and operational functions, which help to enhance the production and quality assurance systems of the Group. Mr. Lo Ding To supervised a staff team in the processing factory and 毅高達電子(深圳)有限公司 (Yi Gao Tech Electronics (Shenzhen) Co., Ltd*) and has been responsible for product development, quality control, production planning, logistics, shipping, warehouse and inventory management, as well as vendor management activities. Mr. Lo Ding To obtained a Bachelor of Science in business management from the University of East Anglia, United Kingdom in 2009.

Ms. Tai Shan Yu, Yoko (戴珊瑜), aged 48, is the purchasing manager of the Group. She has over 25 years of procurement and material control experience. She joined the Group in 1996 as the procurement and material control executive and was promoted to the purchasing manager of the Group in January 2011. She currently leads a team of staff to coordinate the customer quotation and the sourcing of raw materials. She is responsible for (i) developing strategies for reducing the cost of raw materials; (ii) handling supply chain issues and maintaining good relationship with suppliers; (iii) preparing reports on the trend of cost of raw materials; and (iv) monitoring the trends of EMS industry and keeping abreast of the technology changes. Prior to joining the Group, Ms. Tai had worked as a senior clerk in a company engaged in production of chemical products from 1993 to 1995 and was responsible for the procurement of chemical materials. Ms. Tai finished Form Four in 1992. She has been the director and shareholder of Zhumu Company Limited since 15 February 2019.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Corporate Governance Code (the "**Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"). To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also enhancing corporate performance and accountability.

The Company has complied with the code provisions of the Code throughout the year ended 31 March 2024 (the "**Financial Year**").

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**") as it own code governing securities transactions of the Directors. The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the standard set out in the Model Code throughout the year ended 31 March 2024.

BOARD OF DIRECTORS

The Board during the year and up to the date of this report comprises:

Executive Directors:	Mr. Lo Yan Yee *(Chairman)* Ms. Cheng Yeuk Hung Mr. Tansri Saridju Benui Ms. Chan Wan Shan, Sandra
Independent Non-executive Directors:	Mr. Leung Yu Tung, Stanley Mr. Lam Kwok Leung, Roy Mr. Lam Wing Biu, Thomas

The biographical details of the Directors and other senior management are set out on pages 11 to 13 of this report.

THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with Rule 5.05(2) of the GEM Listing Rules during the Financial Year relating to the requirement that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. During the Financial Year, the Company has complied with Rules 5.05A and 5.05(1) of the GEM Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board. Each independent non-executive Director has given an annual confirmation of his/her independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

DIRECTORS' ATTENDANCE AT BOARD/GENERAL MEETINGS

During the year ended 31 March 2024, the Company has held one general meetings (including the annual general meeting on 28 July 2023). The individual attendance record of each Director at the meetings of the Board and general meetings is as follows:

Name of directors	Number of Board meetings attended/held	Number of general meetings attended/held
Mr. Lo Yan Yee	4/4	1/1
Ms. Cheng Yeuk Hung	4/4	1/1
Mr. Tansri Saridju Benui	4/4	1/1
Ms. Chan Wan Shan, Sandra	4/4	1/1
Mr. Leung Yu Tung, Stanley	4/4	1/1
Mr. Lam Kwok Leung, Roy	4/4	1/1
Mr. Lam Wing Biu, Thomas	4/4	1/1

Pursuant to code provision C.1.6 of the Code, independent non-executive directors should attend general meetings.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The management is delegated with the authority and the responsibility by the Board for the day-to-day management, administration and operation of the Group. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision C.2.1 of the Code, the roles of the chairman and the 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. The roles of the chairman and the chief executive officer of the Company are segregated and performed by Mr. Lo Yan Yee and Ms. Cheng Yeuk Hung, respectively.

RELATIONSHIP BETWEEN THE DIRECTORS AND SENIOR MANAGEMENT

Ms. Cheng Yeuk Hung and Mr. Lo Yan Yee are spouses. Mr. Lo Ding To is a son of Ms. Cheng Yeuk Hung and Mr. Lo Yan Yee.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the "**Articles**") provide that at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every 3 years.

Each of the executive Directors has entered into a service contract with the Company for an initial term of one year with effect from (i) 11 October 2013 (in respect of Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung); (ii) 7 September 2018 (in respect of Mr. Tansri Saridju Benui); and (iii) 31 March 2020 (in respect of Ms. Chan Wan Shan, Sandra) which shall be automatically renewed for successive terms of one year until terminated by either party giving not less than three months' written notice to the other party. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of one year with effect from (i) 30 April 2019 (in respect of Mr. Leung Yu Tung, Stanley); (ii) 23 August 2021 (in respect of Mr. Lam Kwok Leung, Roy); and (iii) 31 March 2023 (in respect of Mr. Lam Wing Biu, Thomas), which shall be automatically renewed for successive terms of one year until terminated by either party giving not less than three months' written notice to the other party.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

Pursuant to the code provision C.1.8 of the Code, the Company should arrange appropriate insurance coverage in respect of legal action against its Directors. The Company has arranged the directors and officers liability insurance for its Directors during the Financial Year.

PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. All the Directors, namely Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Tansri Saridju Benui, Ms. Chan Wan Shan, Sandra, Mr. Leung Yu Tung, Stanley, Mr. Lam Kwok Leung, Roy and Mr. Lam Wing Biu, Thomas participated in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board during the Financial Year. A record of the training for the respective Directors are kept and updated by the company secretary of the Company.

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

BOARD INDEPENDENCE

The Company believes that the independence of the Board is significant to good corporate governance and Board effectiveness. The Company has the following mechanisms in place to ensure independent views and input are available to the Board and such mechanisms are reviewed annually by the Board, through the nomination committee of the Company (the "**Nomination Committee**"):

1. Three out of the seven Directors are independent non-executive Directors, which meets the requirements of the GEM Listing Rules that the Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board.

2. The Nomination Committee will assess the independence, qualification, integrity and time commitment of a candidate who is nominated to be a new independent non-executive Director before appointment and also the continued independence of existing independent non-executive Directors and their time commitments and contributions annually.

3. On an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements, and to disclose the number and nature of offices held by them in public companies or organisations.

4. External independent professional advice is available as and when required by individual Directors.

5. All Directors are encouraged to express their independent opinions and constructive challenges during the meetings.

6. No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

7. A Director (including independent non-executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.

8. The chairman of the Board meets with independent non-executive Directors annually without the presence of the executive Director.

During the year ended 31 March 2024, the Board reviewed the implementation of such a mechanism and confirmed its effectiveness.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 27 September 2013. The major roles and functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Company and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. During the Financial Year, the Company adopted a whistleblowing policy in order to allow our employees or other stakeholders (e.g. suppliers and customers) of the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

The Audit Committee currently consists of three independent non-executive Directors namely Mr. Leung Yu Tung, Stanley, Mr. Lam Kwok Leung, Roy and Mr. Lam Wing Biu, Thomas. Mr. Leung Yu Tung, Stanley is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company's website and on the website of the Stock Exchange.

During 1 April 2023 up to the date of this report, the Audit Committee had reviewed the first quarterly results and report of the Company for the three months ended 30 June 2023, the interim results and report of the Company for the six months ended 30 September 2023 and the annual results and report of the Company for the year ended 31 March 2024. The Audit Committee also reviewed the Group's internal control system for the year. All issues raised by the Audit Committee are addressed and/or dealt with by the relevant member of the management team and the work, findings and recommendations of the Audit Committee are reported regularly to the Board. During the Financial Year, there was no disagreement between the Board and the Audit Committee regarding the external auditor and there was no issue of significant importance requiring disclosure in this report under the GEM Listing Rules. The Group's annual results for the year ended 31 March 2024 had been reviewed by the Audit Committee prior to the submission to the Board for approval. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

The attendance records of each member of the Audit Committee meeting during the Financial Year are set out as follows:

Name of members of Audit Committee	Number of meetings attended/held
Mr. Leung Yu Tung, Stanley	4/4
Mr. Lam Kwok Leung, Roy	4/4
Mr. Lam Wing Biu, Thomas	4/4

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established on 27 September 2013. The Remuneration Committee currently consists of the two independent non-executive Directors Mr. Lam Kwok Leung, Roy, Mr. Leung Yu Tung, Stanley and one executive Director, Ms. Cheng Yeuk Hung. Mr. Leung Yu Tung, Stanley is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange.

The roles and functions of the Remuneration Committee include consulting the Board about the remuneration proposals for all Directors and senior management, making recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management. The Remuneration Committee has adopted the approach under E.1.2(c)(ii) of the code provisions of the Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The attendance records of each member of the Remuneration Committee during the Financial Year are set out as follows:

Name of members of Remuneration Committee	Number of meetings attended/held
Mr. Lam Kwok Leung, Roy	1/1
Ms. Cheng Yeuk Hung	1/1
Mr. Leung Yu Tung, Stanley	1/1

NOMINATION COMMITTEE

The nomination committee of the Company was established on 27 September 2013. The Nomination Committee currently consists of the two independent non-executive Directors Mr. Lam Kwok Leung, Roy, Mr. Leung Yu Tung, Stanley and one executive Director Mr. Tansri Saridju Benui. Mr. Leung Yu Tung, Stanley is currently the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of the Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations 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.

During the Financial Year, the Board adopted the nomination policy, which sets out the key selection criteria and nomination procedures of the Nomination Committee in making recommendations to Board on the appointment of Directors and succession planning for Directors.

In assessing the suitability of the candidate to the Board regarding the appointment or re-appointment of any existing Director(s), the Nomination Committee will consider the following factors: (a) commitment for responsibilities of the Board in respect of available time and effort; (b) qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in; (c) reputation for integrity; (d) experience in the Company's principal business and/or the industry in which the Company operates, (e) (in the case of an independent non-executive Director) independence requirements set out in the GEM Listing Rules; and (f) diversity in aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and the number of directorships in other listed/public companies, and in the case of independent non-executive Directors, the length of service, where an independent non-executive Director serving more than nine years could be relevant to the determination of a non-executive Director's independence.

The Nomination Committee shall convene a meeting to invite nominations of candidates from Directors (if any) or it may also nominate candidates for its consideration. The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee will review the nomination policy periodically to ensure that it fulfils the Company's needs and complies with the regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The attendance records of each member of the Nomination Committee are set out as follows:

Name of members of Nomination Committee	Number of meetings attended/held
Mr. Leung Yu Tung, Stanley	0/0
Mr. Tansri Saridju Benui	0/0
Mr. Lam Kwok Leung, Roy	0/0

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established by the Company and the Board is responsible for performing the corporate governance duties according to the code provision A.2.1 of the Code, which include:

(1) developing and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board;

(2) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(3) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;

(4) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to Directors and employees; and

(5) reviewing the Company's compliance with the Code and disclosure in the corporate governance report of the Company.

During the Financial Year, the Board reviewed and monitored the training and continuous professional development of the Directors and company secretary of the Company to comply with the Code and the GEM Listing Rules. Further, the Board also reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements. Lastly, the Board reviewed the Company's compliance with the Code and the disclosure of the corporate governance report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for reviewing the effectiveness of the internal control system of the Group. The system is designed in consideration of the nature of business and the organisation structure. The system is designed to manage rather than eliminate the risk of failure in operational system and to provide reasonable, but not absolute, assurance against material misstatement or loss. The system is designed further to safeguard the Group's assets, maintain appropriate accounting records and financial reporting, achieve efficiency of operations and ensure compliance with the GEM Listing Rules and all other applicable laws and regulations. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

The Board had conducted a review on the effectiveness of the Group's internal control and risk management systems once during the year ended 31 March 2024 which covered the Group's accounting, financial, operational, compliance controls and risks management functions, and considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, financial reporting functions as well as those relating to the Company's EGM performance and reporting. The Board had also reviewed the changes in the nature and extent of significant risks since the last annual review, the ability of the Group to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of risks and the internal control system, the significant control failings or weaknesses that have been identified during the year and the extent to which they have resulted in a material impact on the Group's financial performance or condition, the extent and frequency of communication of monitoring results to the Board which enables it to assess control of the Company and the effectiveness of risk management, as well as the effectiveness of the Company's processes for compliance with the GEM Listing Rules.

The Company has engaged an independent internal control consultant (the "**Consultant**") to review and improve the effectiveness of the Group's internal control system. The Consultant issued an internal control review report to the Company, which has identified a number of internal control issues and deficiencies of the Group. The Board has reviewed the said report and conducted a review of the Group's internal control system, and it has taken and/or will take necessary actions and steps to address the internal control issues and deficiencies found in the internal control review.

Set out below are (i) the major deficiencies identified by the Internal Control Consultant and the Board; and (ii) the Company's actions.

Major deficiencies	Company's actions
• The Company has the standard procedures for inventory valuation, authority and approval process for impairment of inventory, relevant accounting procedures. However, the Company has not established a written policy for such procedures in Yi Gao Tech Electronics (Shenzhen) Co. Ltd.	• Based on the findings from internal control review report, the Company would consider establishing policies and procedures for inventory impairment assessment to prescribe the inventory valuation procedures, and set out relevant accounting procedures, authority and approval process for impairment of inventory.
• The Company has the standard procedures for registering, acquiring, disposing and counting the fixed assets. However, the Company has not established a written policy for such procedures in Echo Electronics Company Limited and Yi Gao Tech Electronics (Shenzhen) Co. Ltd.	• The Company would consider establishing an explicit policy to prescribe the fixed assets management.
• Quotations have not been requested from suppliers for fixed assets acquisition and no documentation records for fixed assets price comparisons in Yi Gao Tech Electronics (Shenzhen) Co. Ltd, Yuk Cuisine Limited and Yuk Cuisine (Hongkong) Limited.	• The management responded that since the individual purchase amount during the year was less than HKD10,000, they did not document the price comparisons for fixed assets acquisition. The Company would consider obtaining and recording at least three quotations for a significant amount of fixed assets acquisition. There is a special case for Yuk Cuisine Limited acquired a kitchen air conditioner of HKD23,800 without obtaining the quotations due to the urgent operation need of the restaurant. Few suppliers were found during the price comparisons process but unable to obtain quotations due to the complex installation of the kitchen air conditioner. The current supplier was the sole supplier who willing to provide the service.

After the review of the Group's internal control system, the Directors are of the view that the effectiveness of the Group's internal control system has been improved.

The Group will continue to engage external independent professionals to review its internal control system and further enhance its internal control as appropriate. There is currently no internal audit function within the Group. The Board has reviewed 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, it would be more cost effective to appoint external independent professionals to perform internal audit functions for the Group as the need arises. Nevertheless, the Board will continue to review the need for an internal audit function annually.

Inside information

The Group maintains a framework for the handling and dissemination of inside information and the disclosure policy of the framework sets out the procedures and internal controls to ensure inside information remains confidential until such information is appropriately disclosed and the announcement of such information is made in a timely manner in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and the GEM Listing Rules.

In addition, the Group had, from time to time, reminded the management of the requirements of the GEM Listing Rules and guidelines on the inside information issued by the Stock Exchange and the Securities and Futures Commission. The blackout notice period and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Rules 5.46 to 5.67 of the GEM Listing Rules are sent to the Directors regularly such that they are reminded to preserve the confidentiality of inside information. Inside information (if any) is only disseminated to specified persons on a need-to-know basis.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by auditor about their reporting responsibility is set out in the Independent Auditors' Report.

Auditors' Remuneration

During the Financial Year, the fees paid to the Company's auditors is set out as follows:

Services rendered	**Fees paid/ payable** (HK$'000)
Audit services	600
Non-audit services	19

CL Partners CPA Limited was appointed as the Company's auditor on 10 January 2023 to fill the casual vacancy arising from the resignation of HLB Hodgson Impey Cheng Limited on the same date. Save as disclosed, there has been no other change of auditors for the preceding three years. The financial statements of the Group for the Financial Year were audited by CL Partners CPA Limited.

DIVERSITY

During the Financial Year, the Board adopted a board diversity policy ("**Board Diversity Policy**") setting out the approach to diversity of members of the Board. The Company recognises and embraces the benefits of diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. In summary, the Board Diversity Policy sets out that selection and appointment of new directors will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background, educational background, ethnicity, professional ethnicity, skills, knowledge, length of services and such qualities and attributes that may be required by the Board. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Currently, members of the Board has a balanced mix of experience including overall management, brand enhancement, business development, legal, financial, audit and accounting experience. The ages of the Directors range from 48 to 72 years old and their educational and work experience backgrounds range from accounting, business administration, science and computer programming to electronics industry.

As of the date of this report, we have seven Directors, two of which are female, and out of our three senior management members, two of which are female; the gender ratio of our employees as of 31 March 2024 is approximately 54 males per 72 females. The Company will strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level and the Company is committed to provide career development opportunities for female staff so that it will have a pipeline of female senior management and potential successors to the Board in near future. The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

The Nomination Committee shall review the Board Diversity Policy established for implementing diversity on the Board periodically. It will discuss any revisions to the Board Diversity Policy and make recommendation to the Board for approval.

COMPANY SECRETARY

Ms. Lui Wing Shan ("**Ms. Lui**") was appointed as the company secretary of the Company on 1 June 2014. The biographical details of Ms. Lui are set out under the section headed "Biographical Details of Directors and Senior Management".

Ms. Lui has been informed of the requirement of Rule 5.15 of the GEM Listing Rules, and she confirmed that she had attained no less than 15 hours of relevant professional training during the Financial year.

DIVIDEND POLICY

The Company has a dividend policy to set out the approach by the Board in recommending dividends, to allow the shareholders of the Company to participate in the Company's profits and for the Company to retain adequate reserves for future growth.

Determination Mechanism: The Board has discretion to declare and distribute dividends to the shareholders of the Company. The Board shall take into account the following factors of the Group when considering the declaration and payment of dividends:

- the Group's current and future operations and earnings;
- the Group's liquidity position and future commitments at the time of declaration of dividend;
- any contractual restrictions on payment of dividends by the Company to its shareholders or by the Company's subsidiaries to the Company;
- the retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the general market conditions; and
- any other factors that the Board deems appropriate.

Review: The Board reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and it shall in no way constitute a legally binding commitment by the Company in respect of its future dividends and/or in no way obligate the Company to declare a dividend at any time or from time to time.

SHAREHOLDERS' RIGHTS

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

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Pursuant to Article 58 of the Articles, any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, be signed by the requisitionist(s) and deposited to the Board or the company secretary of the Company at the Company's principal place of business at Room 3207A, 32nd Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the Articles and the statutory requirements to all the registered members. On the contrary, if the request which has been verified is not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty-one days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to purpose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Articles for including a resolution at an EGM. The requirements and procedures are set out above.

The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include annual general meetings and other general meetings or other proper means. In compliance with the requirements of GEM Listing Rules, the Company issued annual, interim and quarterly reports, notices, announcements and circulars which will be posted on the websites of the Company and the Stock Exchange in a timely manner, and shareholders can get the latest information of the Company through these publications of the Company. Based on the Company's review of the initiatives taken by the Company, it is of the view that the implementation of the Shareholders' communication policy is satisfactory and effective during the Financial Year.

Report of the Directors

The Directors are pleased to present their report together with the audited consolidated financial statements of the Company for the year ended 31 March 2024.

CORPORATE REORGANISATION AND PLACING

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 December 2010 under the Companies Law of the Cayman Islands.

Pursuant to the pre-listing reorganisation of the Group ("**Reorganisation**") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 14 March 2013. Details of the Reorganisation were set out in the paragraph head "Reorganisation" in the section headed "History and development" in the prospectus of the Company dated 30 September 2013 (the "**Prospectus**").

Following the capitalisation issue of 130,000,000 Shares and the placing of 60,000,000 Shares at a price of HK$0.60 per Share, the Company was listed on the GEM on 11 October 2013.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacturing and trading of electronic products and accessories. The principal activities of its principal subsidiaries are set out in Note 27 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Financial Year.

An analysis of the Group's performance for the year by segments is set out in Note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2024 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 78 to 162.

The Board does not recommend the payment of any final dividend for the year ended 31 March 2024.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2024 is set out in the section headed "Management Discussion and Analysis" on the pages 6 to 10 of the annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting environmental sustainability. The Group is committed to implementing policies and measures in our daily business operations to foster reduction of the Group's environmental impact. Energy saving and power monitoring systems are in place of various business units to monitor our environmental performance. The Company also strives to implement recycling and reducing measures in office premises where applicable.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year under review, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that had a significant impact on the business and operations of our Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus employee management focuses on recruiting and nurturing the right people. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy.

Our Group also understands that maintaining long-term good relationship with business partners is also one of the primary objectives of the Group. Accordingly, our management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between our Group and its business partners.

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 163.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in Note 33 to the consolidated financial statements.

INTEREST CAPITALISED

No interest was capitalised by the Group during the year ended 31 March 2024.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALES OR REDEMPTION OF SHARES

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 2024.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2024 are set out in Note 40 and Note 37 to the consolidated financial statements and the consolidated statement of changes in equity on page 81, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2024, the Company's did not have reserves available for distribution, calculated in accordance with the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The amount represents the net of Company's contribution reserve, share premium, and accumulated losses, which may be distributable 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 and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenue for the year ended 31 March 2024 attributable to the Group's major customers and the percentages of purchases for the year ended 31 March 2024 attributable to the Group's major suppliers were as follows:

(1) The aggregate amount of revenue attributable to the Group's five largest customers represented approximately 44.91% of the Group's total revenue. The amount of revenue from the Group's largest customer represented approximately 25.44% of the Group's total revenue.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 19.37% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented approximately 6.08% of the Group's total purchases.

None of the Directors nor any of their close associates nor any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year ended 31 March 2024.

Report of the Directors

DIRECTORS

The Directors during the year ended 31 March 2024 and up to the date of this report were as follows:

Executive Directors
Mr. Lo Yan Yee *(Chairman)*
Ms. Cheng Yeuk Hung
Mr. Tansri Saridju Benui
Ms. Chan Wan Shan, Sandra

Independent non-executive Directors
Mr. Leung Yu Tung, Stanley
Mr. Lam Kwok Leung, Roy
Mr. Lam Wing Biu, Thomas

BIOGRAPHIES OF DIRECTORS AND OTHER SENIOR MANAGEMENT

The biographical details of the Directors and other senior management are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 11 to 13 of this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Group within one year without payment of a compensation, other than the statutory compensation. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of one year with effect from (i) 30 April 2019 (in respect of Mr. Leung Yu Tung, Stanley); (ii) 23 August 2021 (in respect of Mr. Lam Kwok Leung, Roy); and (iii) 31 March 2023 (in respect of Mr. Lam Wing Biu, Thomas) which shall be automatically renewed for successive terms of one year until terminated by either party giving not less than three months' written notice to the other party. The appointment of the Directors is subject to the provisions of the Articles in force from time to time including, but not limited to, the removal provisions and provisions on retirement by rotation and re-election.

Ms. Cheng Yeuk Hung, Ms. Chan Wan Shan, Sandra and Mr. Lam Kwok Leung, Roy shall retire from their offices as Directors in the forthcoming annual general meeting. They will offer themselves for re-election as the Directors in the forthcoming annual general meeting.

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the material related party transactions set out in Note 41 to the consolidated financial statements, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at 31 March 2024 or at any time during the reporting period.

CONTROLLING SHAREHOLDERS' INTERESTS

Save as disclosed in this report, there were no contracts of significance between the Company or any of its subsidiaries and any controlling shareholder of the Company or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Financial Year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

SHARE OPTIONS SCHEMES

The Company has two share option schemes namely, the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") and the share option scheme (the "**Share Option Scheme**") which were both adopted on 27 September 2013. The purpose of the schemes are to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants or advisers of the Group and to promote the success of the Group. For details of the principal terms of the Pre-IPO Share Option Scheme and the Share Option Scheme, please refer to Note 36 to the consolidated financial statements in this report.

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 27 September 2013 under which the Company has granted options to certain Directors of the Group to subscribe for an aggregate of 80,000,000 shares (adjusted to 4,000,000 Shares upon the share subdivision effective on 15 July 2015 and the share consolidation effective on 3 August 2020) of the Company (the "**Share(s)**") with an exercise price of HK$0.15, which is equal to the placing price as defined in the Prospectus. As disclosed in the Prospectus, the Directors may only grant options under the Pre-IPO Share Option Scheme at any time within a period commencing from 27 September 2013 and ending on 30 September 2013, and the Pre-IPO Share Option Scheme lapsed on 26 September 2023. Accordingly, the total number of options available for grant under the Pre-IPO Share Option Scheme as at the beginning and the end of the year ended 31 March 2024 as well as as at the date of this report, respectively, is nil.

As at 31 March 2024, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Grantees	Date of grant	Vesting period	Exercise period	Exercise price*	Outstanding* as at 31 March 2023	During the year ended 31 March 2024 Exercised	Lapsed	Cancelled	Outstanding as at 31 March 2024	Approximate percentage of issued share capital of the Company upon exercise of all the options
Directors										
Mr. Lo Yan Yee	27 September 2013	11 October 2013 — 10 October 2016	11 October 2016 — 11 October 2023	HK$0.15	1,140,000	–	1,140,000	–	–	–
Ms. Cheng Yeuk Hung	27 September 2013	11 October 2013 — 10 October 2016	11 October 2016 — 11 October 2023	HK$0.15	1,140,000	–	1,140,000	–	–	–
					2,280,000	–	2,280,000	–	–	–
Employees	27 September 2013	11 October 2013 — 10 October 2016	11 October 2016 — 11 October 2023	HK$0.15	1,720,000	–	1,720,000	–	–	–
Total					4,000,000	–	4,000,000	–	–	–

* The exercise price and number of shares were adjusted due to the share division became effective on 15 July 2015 and the share consolidation became effective on 3 August 2020.

Share Option Scheme

Pursuant to the Share Option Scheme, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 20,000,000 Shares (adjusted to 4,000,000 Shares upon the share subdivision effective on 15 July 2015 and the share consolidation effective on 3 August 2020), representing 10% of the total Shares in issue upon the listing date of the Shares (i.e. 11 October 2013). The Share Option Scheme lapsed on 26 September 2023. Accordingly, the total number of options available for grant under the Share Option Scheme is 4,000,000 Shares as at the beginning of the year ended 31 March 2024, and nil as at the end of the year ended 31 March 2024 and the date of this report, respectively.

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

As at 31 March 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("**SFO**") which (i) are required to be 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 which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

Long positions in the shares of the Company

Name of Director/Chief Executive	Capacity	Number of Shares	Approximate percentage of interest
Ms. Cheng Yeuk Hung	Personal interest	4,878,000	0.73%
Mr. Lo Yan Yee	Interest of spouse	4,878,000	0.73%

Note: Mr. Lo Yan Yee is the executive Director and the spouse of Ms. Cheng Yeuk Hung, and is deemed under the SFO to be interested in those 4,878,000 shares in which Ms. Cheng Yeuk Hung is interested.

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

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

As at 31 March 2024, so far as is known to the Directors, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity and nature of interest	Number of shares	Number of underlying shares (Note 1)	Total	Percentage of the Company's issued share capital
Lissington Limited	Beneficial owner (Note 2)	155,019,960	11,036,032	166,055,992	24.92%
Zheng Zeli	Interest of a controlled corporation (Note 2)	155,019,960	11,036,032	166,055,992	24.92%
Zhou Qilin	Beneficial owner	128,824,574	3,609,104	132,433,678	19.87%
Siu Hiu Ki Jamie	Beneficial owner	103,581,986	3,587,855	107,169,841	16.08%
Yeung Tong Seng Terry	Beneficiary of a trust (other than discretionary interest) (Note 3)	61,009,150	–		
	Beneficial owner	20,148,867	–		
		81,158,017	–	81,158,017	12.18%
Bluemount Investment Fund SPC — Bluemount Investment Fund SP	Trustee (other than a bare trustee) (Note 3)	61,009,150	–	61,009,150	9.15%
Siu Wa Kei	Beneficial owner	1,289,800		1,289,800	
	Interest of a controlled corporation	60,578,049	971,595	61,549,644	
		61,867,849		62,839,444	9.43%

Notes:

1. These underlying Shares are Shares to be issued to holders of the warrants of the Company.

2. Lissington Limited is a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Ms. Zheng Zeli.

3. These shares were held by Bluemount investment Fund SPC — Bluemount investment Fund SP as trustee of Mr. Yeung Tong Seng Terry.

Save as disclosed above, as at 31 March 2024, the Directors are not aware of any other persons (other than a director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

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 existed during the year ended 31 March 2024.

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors of the Company are set out in Note 13 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performances.

CONFIRMATION OF INDEPENDENCE

Each independent non-executive Director has given an annual confirmation of his/her independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the latest practicable date prior to the issue of this annual report as required under the GEM Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The material related party transactions entered into by our Group are set out in Note 41 to the consolidated financial statements to this annual report. Save as disclosed below, the material related party transactions do not constitute connected transactions of the Company for the year ended 31 March 2024.

The sales to Moson International Limited, rental paid to Mobile Computer Land Limited and the remuneration to the Directors as disclosed in Note 41 to the consolidated financial statements constituted continuing connected transactions under Chapter 20 of the GEM Listing Rules, but all of the foregoing transactions are fully exempted from shareholders' approval, annual review and all disclosure requirements under the GEM Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

COMPETING BUSINESS

For the year ended 31 March 2024, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 14 to 27 of this report.

EVENT AFTER THE REPORTING PERIOD

There was no significant events occurring after the reporting period.

AUDITORS

The financial statements for the year were audited by CL Partners CPA Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of CL Partners CPA Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Lo Yan Yee
Chairman

Hong Kong, 24 June 2024

Environmental, Social and Governance Report

1. OUR REPORT

1.1. Overview

This environmental, social and governance report ("**Report**") elucidates in full the performance of Echo International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**" or "**We**") (listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), GEM stock code: 8218) with respect to the environment, society and governance (ESG) from 1 April 2023 to 31 March 2024 (the "**Reporting Period**" or the "**Year**"). Disclosures made in this Report is in compliance with the "comply or explain" provisions and the "Mandatory Disclosure Requirements" set out in the Environmental, Social and Governance Reporting Guide as set out in the Appendix C2 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

1.2. Reporting Scope

This Report covers the business operations that represented the majority of the Group's business revenues during the Reporting Period and the significant implication with the environment, namely the manufacturing and sales of electronic products in Mainland China, as well as the catering business commenced in Hong Kong, the scope of which discloses the following four operating locations relevant to the said business operations:

1) Hong Kong — office of headquarters

2) Hong Kong — catering business — two Chinese restaurants ("**Yuk Cuisine**")

3) Shenzhen — manufacturer of electronics products (毅高達電子(深圳)有限公司)

1.3. Feedback Mechanism

We welcome comments and suggestions from readers on this Report. All of the comments and suggestions from our customers, business partners, the public, the media or social groups will help determine and reinforce the Group's future sustainability strategies. Please feel free to give us feedbacks through the following ways:

Echo International Holdings Group Limited

Address:	Room 3207A, 32nd Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
Telephone:	(852) 2412 0878
Facsimile:	(852) 2415 4249
Email address:	info@echogroup.com.hk

2. REPORTING PRINCIPLES

- **Materiality:** The Group strives to align itself with local and international sustainability standards in the same industry by regularly benchmarking itself against these standards. Meanwhile, our regular communications with various stakeholders will help identify the sustainability issues that are of most concern and importance to the Group. Such sustainability issues are also incorporated into the Group's development approach under the overall tone of the Group's operations. The Group identifies the key stakeholders' expectations on the Group through the stakeholder surveys on the ESG management performances of the Group, and developed appropriate strategies in response to their views and requirements.

- **Quantitative:** The Group is committed to quantifying and disclosing key performance indicators and data in respect of environmental and social aspects. Where appropriate and feasible, methods of data collection and calculation will be elaborated to enhance data transparency.

- **Balance:** In order to maintain a balanced report, fair disclosures are made to provide the public with unbiased information regarding the sustainability performance and challenges that concern the Group and its stakeholders.

- **Consistency:** The Group follows the Hong Kong Stock Exchange's "Environmental, Social and Governance Reporting Guide" for disclosure purposes. Under the same framework, the Company is able to make meaningful year-on-year comparisons of past performance and to disclose updated calculations of relevant data where necessary.

3. BOARD'S OVERSIGHT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

Due to various adverse factors such as geopolitical tensions and exacerbated inflation, the global economy faced uncertainty during the year, with a sluggish pace of economic recovery. Additionally, the ongoing weakness in the Group's principal sales markets in the United States and Europe has created increasingly challenging conditions for the sale of electronic products. Nevertheless, the Group continues to provide electronics products and subcontracting services on PCB assemblies and manufacturing of electronic products to customers in its principal markets. Confronted by the aforesaid market risks and challenges, the Board of the Group has established rigorous quality control strategy, as well as the strategic framework where the cost control measures are implemented through the entire operation framework. Furthermore, we continue to oversee the relevant environmental, social and governance (ESG) issues in order to ensure that operations continue to follow and comply with local laws and regulations in the jurisdiction where our business operates, thereby safeguarding the interests of the Group and its stakeholders, as well as enhancing the governance standard and image of the Company.

The Group collects ESG information on a regular basis through different committees and working groups before consolidating, analysing and disclosing the performance in the ESG report. At the annual meeting of the Board of Directors, the Board members will review the ESG performance disclosed in the Report, evaluate the suitability and compliance of the Group's business strategy and identify the sustainability issues that are material to the Group and its stakeholders, so as to make appropriate decisions and realignments to the relevant strategies as necessary.

ESG Governance Structure

Board of Directors

Formulate and manage ESG strategies	Conduct risk management on ESG issues

↓

Policy Committee

Report to the Board on material ESG issues	Recommend ESG policies and targets to the Board for approval

↓

Executive Steering Group

Organise with the relevant Policy Committee to coordinate and implement relevant practices	Coordinate with relevant employees to involve in and fulfill the defined targets

Based on the evaluation of the Board for the Year, product management emerged as a critical ESG aspect to manage business risks arising from global politics and the overall economy. The Group will continue to focus on its core business of the sales of electronic products by conducting more promotional and marketing activities, as well as designing and developing new electronic products to attract new customers and enlarge its client base, while exploring new business opportunities and broadening its business scope to meet and safeguard the expectations and interests of the Group's stakeholders.

Despite implementing cost control measures in various aspects, the Board acknowledges that addressing climate change has become a global consensus for achieving sustainable development. The Group's factory in Shenzhen has taken effective measures to reduce carbon emissions in controllable production processes. In addition, the Group's offices are committed to gradually implementing paperless operations, such as using electronic business cards, as part of green operation practices. The Group will continue to explore feasible sustainable development strategies and approve related facility budgets and targets. Furthermore, the Board remains committed to contributing to social welfare. During the Year, the Group arranged activities to support vulnerable communities and made donations to sponsor environmental education in the community, aiming to assist those in need within society.

Looking ahead, the overall economic environment is expected to remain uncertain, with soft consumer demand. However, the Board maintains a cautious yet optimistic outlook on the business prospects of the Group. The Group will actively monitor the market and proactively formulate strategies and measures to address market trends, while continuously improve efficiency, upholding quality and providing products and services tailored to customers and the market. With a proactive approach, the Group will formulate and adjust operational policies for sustainable development.

4. COMMUNICATION WITH STAKEHOLDERS

In order to strengthen the Group's business development and corporate social responsibility, we actively listen to the opinions of all stakeholders and continuously obtain an understanding of and respond to the concerns of different stakeholders, so as to build a relationship based on mutual trust and mutual benefit with our stakeholders to promote sustainable development. Set forth below are the principal communication channels we used to communicate with our stakeholders.

Key stakeholders	Principal communication channels
Shareholders	• Company's website • Annual reports, interim reports and quarterly results report • Annual general meetings and other general meetings • Press releases, announcements, financial and other information in relation to the Company and its business
Staff	• Newsletters to the staff • Company's intranet
Customers	• Visits and meetings • Telephone conferences • Customer surveys • Exhibitions
Suppliers and contractors	• Tendering process • Regular meetings
Community	• Charity and donation events • Working with other non-profit organizations

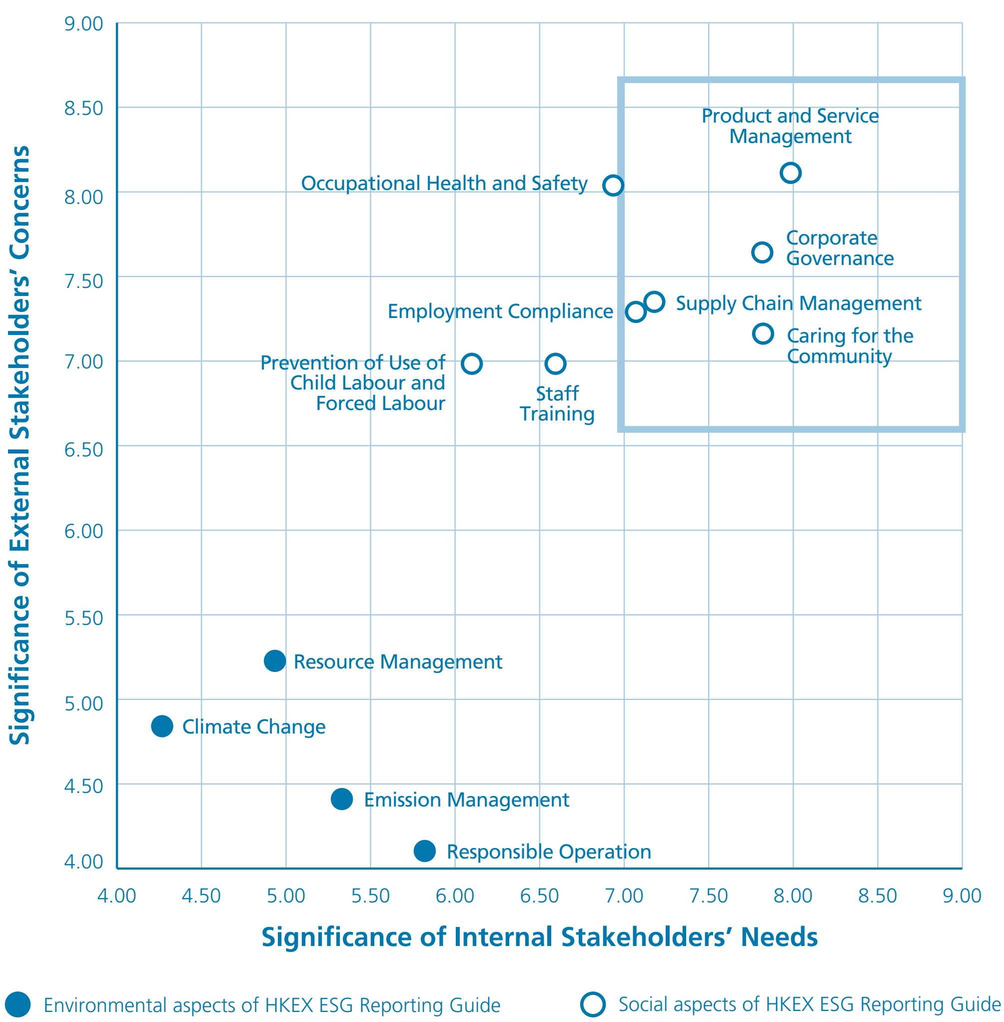
5. MATERIALITY ASSESSMENT

The Group will review the findings of the materiality assessment every two to three years to determine whether there is a necessity for another materiality assessment. At the beginning of the Year, the Group conducted assessments over various aspects, including business nature, operating regions, and the stakeholders relevant to products and services of the Group, and confirmed that no material changes happened to the reporting scope and key stakeholders as compared to the previous year. As a result, following internal assessments, the Group determined to continue with the use of the findings contained in the materiality assessment from the 2022 Annual Report for the Year.

The following diagram references to the findings as summarised in the previous materiality assessment based on the following three steps so as to manage the Group's ESG risks and respond to the concerns and expectations from the stakeholders:

Step 1 Identify ESG issues	The stakeholder survey is formulated in accordance with the HKEX's Environmental, Social and Governance Reporting Guide, which is part of the framework for materiality assessment, and in reference to factors such as corporate development strategies, industry trends, regulatory and market requirements. The survey identifies 12 sustainability issues in four categories: environmental protection, employment and labour management, operating practices and community investment.
Step 2 Identify stakeholders and draw up surveys	The stakeholders identified as utmost important to the Group include our customers, suppliers and employees. According to their respective perceptions and expectations, specific contents of the issues were created in their respective surveys. The surveys were then distributed to the sampled stakeholders, whose feedback was collected within the specified timeframe.
Step 3 Evaluate and identify material issues	Through statistical analysis of survey feedback from external stakeholders, as well as review of the Group's strategies and the priorities of internal stakeholders, data of both external and internal demands were consolidated for plotting the "ESG Materiality Matrix". Among the aforesaid 12 ESG issues, the ESG material issues of the Group were identified in **blue and italic** texts in the diagram below, and within the **blue** square in the upper right corner of the matrix.

ESG Materiality Analysis Matrix



Environmental Protection	Employment and Labour Management	Operating Practices	Community Investment
Emissions Management	*Employment Compliance*	*Product and Service Management*	*Caring for the Community*
Resource Management	Occupational Health and Safety	*Corporate Governance*	
Responsible Operations Climate Change	Employee Training Prevention of Use of Child Labour and Forced Labour	*Supply Chain Management*	

6. ENVIRONMENTAL PROTECTION

The Group has been committed to and has devoted great efforts to practising environmental protection and promoting sustainable development to fulfill its social responsibility as a corporate citizen. We have endeavored to reduce irrecoverable damages to the environment resulted from the Group's operations by implementing environmental management measures covering various aspects such as carbon emissions reduction, energy saving and green procurement. Meanwhile, in order to achieve a beautiful green life, we have established a sound environmental management system, with an aim to achieve the goals of complying with regulations, improving environmental performance and preventing environmental pollution.

The Group strictly complies with all applicable environmental laws and regulations. During the Reporting Period, there was no case of material non-compliance of environmental laws.

6.1. Responsible Operations

6.1.1 Directional targets on environmental protection

To fulfill its corporate social responsibility, the Group actively integrates environmental protection concepts into its daily operations to ensure environmentally responsible operations, prevent pollution and reduce resource consumption. In addition, the following targets for its electronics manufacturing business have been established to mitigate the environmental impacts arising from the operation of its factory in Shenzhen.

Environmental targets	Directional statements	Measures taken during the Year
Energy use efficiency	1. Use of energy-efficient equipment	1a. "Air-source water heaters" were installed to provide hot water in staff quarters, saving approximately 3,000 kWh throughout the year as compared to traditional water heaters
		1b. For the temperature control of plastic injection moulding machines, we replaced the air cooling system with a more energy-efficient water cooling system
	2. New energy-saving equipment	2. We purchased "variable frequency air compressors" to support air compression equipment used throughout the entire factory in Shenzhen, saving approximately 2,000 kWh of power consumption throughout the year as compared to old air compressors that was replaced

Environmental targets	Directional statements	Measures taken during the Year
Emissions reduction	1. Adoption of energy-saving equipment to reduce greenhouse gas emissions in the energy indirect category (scope 2) generated by purchased electricity	1. The use of the above-mentioned equipment (air-source water heaters, water cooling system, air compressors) improved energy efficiency, thereby reducing the indirect greenhouse gas generated by power consumption
	2. Reduction in direct greenhouse gas emissions generated over the course of transportation (scope 1)	2a. Electric forklifts were used to replace diesel-powered forklifts in some of warehouse operations at our factory in Shenzhen, thus reducing the direct greenhouse gas emissions generated from diesel consumption
		2b. The PMC department at the factory in Shenzhen has requested suppliers to use electric vehicles for deliveries to reduce greenhouse gas emissions generated by fuel trucks during delivery
	3. Adoption of appropriate filtration equipment to reduce the impact of exhaust emissions on the environment in the production process	3. The exhaust generated during the production of soldering and electroplating at the factory in Shenzhen must be filtered by the relevant equipment (which adopts the activated carbon absorption technology) before being discharged outside the factory

Environmental targets	Directional statements	Measures taken during the Year
Waste reduction	1. Upcycling of raw materials from non-conforming products or wastes	1. The Plastics Department at the factory in Shenzhen recycled and reused the plastic waste (slurry from the casting system), after being pulverised and processed, was reused as raw materials, thus saving approximately 800 kilograms of plastic materials throughout the year
	2. Reduction in use of paper resources	2a. Electronic operation and file management were strengthened to reduce paper consumption
		2b. Electronic business cards were adopted to substitute for paper-based business cards, reducing paper consumption by approximately 4,000 pieces of paper-based business cards throughout the year
Water use efficiency	1. Reuse of wastewater that was treated and met the specified standards after sewage treatment for non-production purposes	1. The treated production wastewater at the factory in Shenzhen will be collected as daily domestic water (which, for instance, is used for lavatory purposes) to save consumption of fresh water
	2. Installation of water-efficient equipment	2. The flush cistern in the lavatory at the factory in Shenzhen is replaced by water-efficient models

6.1.2 Environmental compliance monitoring

The Group conducts external environmental assessments and monitoring in accordance with applicable laws and regulations in the localities where our business operates, including emissions of boundary noise levels, wastewater, exhaust, dust and specified pollutants. By monitoring the environmental impacts of the business, the Group can implement necessary improvement measures in a timely manner.

6.1.3 Management of natural resources

As the Group's operation consumes much more paper as compared to other natural resources, the feasibility of recycling is explored over the course of our business. Where appropriate, employees are required to use double-sided paper for printing.

The Group is committed to reducing consumption of paper-based documents by making efficient use of various electronic systems. Besides setting up the enterprise resource planning (ERP) system to coordinate with the archive servers, we utilised various electronic communication means, including corporate email and corporate WeChat groups. Furthermore, the Group continued to adopt Micard, a type of electronic business card that was adopted during the previous year, during the Year to reduce waste from unnecessary printing and use of paper resources, as part of the effort to orient office operations towards green and paperless operations.

6.1.4 Environmental promotion and training

The Group promotes its environmental protection related policies through internal trainings and bulletin boards, aiming to raise the staff's awareness of environmental protection, as well as the capability to effectively carry out the relevant environmental measures of the Group.

6.2. Pollution Control

6.2.1 Exhaust emission control

The Group operates a catering business in Hong Kong as part of its major business operations, which involves cooking in the kitchen during the course of operation. Oily fumes generated from the use of the stove will be filtered before being emitted to the external environment, which is in compliance with the requirements of the Environmental Protection Department under the Air Pollution Control Ordinance.

In addition, certain emissions are from the vehicles owned by the Group's offices in Hong Kong. The Group is committed to reducing use of vehicles by substituting video, teleconference or other electronic communication means for travels for meetings, thereby reducing exhaust emissions from fuel consumption due to use of vehicles.

6.2.2 Greenhouse gas emission control

Despite insignificant emissions as mentioned above, the Group understands that greenhouse gases are generated from consumption of fuels used for transportation and electricity in its operations. As greenhouse gases are commonly considered as a major cause of climate change, the Group strives to implement relevant control measures. In addition to the environmental targets as described in section 6.1.1, the Group has also developed the following measures to reduce greenhouse gas emissions from its operations:

- Give priority to environmental procurement, including prioritizing use of local supplies to reduce fuels required for transportation;

- Strive for centralised purchases that reduce the frequency of transportation during the same period so as to minimise greenhouse gas emissions generated from fuel consumption;

- Adopt administrative measures, including requiring the employees to turn off energy-consuming equipment when not in use.

Nearly 80% of the Group's total greenhouse gas emissions during the Reporting Period were generated by energy indirect emissions.

6.2.3 Waste management

The Group attaches great importance to waste management. For the management of non-hazardous waste, the Group adopts the 5R (i.e. Refuse, Reduce, Reuse, Repair and Recycle) management strategy with an aim of realising "zero" emission, so that our waste management commitment can be met.

Our domestic factory in Shenzhen has strictly complied with the provisions of the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes". The wastes are treated in a harmless manner and classified and recycled based on the Group's Solid Waste Management Measures. Furthermore, the hazardous wastes listed in the "National Hazardous Waste List" based on the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes" will be properly stored and labeled. We will engage companies which are qualified to process and recycle hazardous solid waste when the amount of waste stored reaches a certain level.

During the Reporting Period, hazardous waste discharged from the electronic product manufacturing factory in Shenzhen mainly included chemical waste containers and ABS scraps. Non-hazardous waste was mainly domestic wastes. Waste of different properties will be sorted and collected by the factory and then delivered to a qualified third-party organization for disposal.

In terms of the catering business operations, all the food wastes of the restaurants will be properly stored and disposed in accordance with the requirements of the Environmental Protection Department. During the Reporting Period, the non-hazardous waste was mainly kitchen waste, which will be delivered by the Group to the property management company or entrusted business entity for disposal. Furthermore, the Group will engage companies which are qualified to process and recycle waste when the amount of hazardous waste to be stored reaches a certain level.

The total amount of waste produced by the operating places of the Group covered by this Report during the Reporting Period is disclosed in the SUMMARY OF DATA PERFORMANCE as contained in the appendix of the Report.

6.2.4 Wastewater discharge reduction

The Group strives to deal with sewage discharge in a responsible manner. During the Reporting Period, our factory in Shenzhen exercised stringent control over the manufacturing process so that sewage discharge was reduced effectively. When there is a need for sewage discharge, we will discharge the sewage into the municipal sewage pipes in compliance with the requirements of environmental protection laws. In addition, our restaurants is committed to optimizing the process to effectively reduce the generation of sewage and have also set up water management policies to reduce water consumption and effectively control water pollution.

6.3. Making Good Use of Resources

The Group has been managing our resources in a prudent way. The resources used in our daily operations are mainly electrical energy. We actively consider and adopt different methods to reduce the use of existing resources. We have formulated a series of policies for energy and water resource management to provide our staff with more specific advices and measures on energy and water saving management.

6.3.1 Energy management

As a socially responsible company, the Group always adheres to the business philosophy of "green operation, energy conservation".

The Group's factory in Shenzhen continued to implement a number of energy-saving measures in respect of three aspects, including environmental equipment, process improvement and administrative measures:

- Environmental equipment — Use of environment-friendly water heaters: use "air-source water heaters" to provide hot water for staff quarters, as no burned gas such as carbon dioxide will be emitted during working due to their working principle of just transferring the heat in the surrounding air to the water, which will reduce the impact of emissions on the environment as compared with gas water heaters. The power consumption of such equipment featured by high efficiency and energy saving is much less than that of electric water heaters with the same water volume, which significantly reduces energy consumption. In addition, in terms of lighting fittings, energy-saving luminaires such as LED fixtures are used, thus reducing greenhouse gas emissions caused indirectly by the energy;

- Energy-saving process improvement: For the cooling process of plastic injection moulding machines, we replaced the air cooling system with water cooling system to increase and accelerate the cooling effect with lesser energy consumption;

- Administrative measures: We examine the status of each of our equipment on a regular basis so that repairing and maintenance works can be conducted in a timely manner, hence, the energy waste due to ageing machinery can be reduced.

The restaurants engaging in the catering business have also taken a number of measures to reduce electricity consumption:

- Control the air conditioning system to an appropriate temperature to reduce unnecessary energy consumption;

- Require that air-conditioning, lighting and other power-consuming equipment be turned off during non-office hours;

- Regularly inspect and maintain the relevant energy consumption equipment to reduce additional energy consumption caused by operating anomalies.

6.3.2 Cherish water resources

Water is one of our most important natural resources. In order to cherish the precious water resources, the Group makes every effort to maximise the water resources used in its business operations. We have actively introduced the concept of water conservation to our staff and reinforced the maintenance, inspections and management of water-consuming equipment, with an aim to achieve the objective of water conservation. We will carry out inspections in the water-consuming areas of the factory area from time to time to prevent water wasting due to facility damages. The Group will also monitor and analyse its monthly water consumption condition on a regular basis for formulating more effective water conservation plans and measures to ensure that its water conservation goals will be achieved. During the Reporting Period, the electronic product manufacturing factory in Shenzhen practiced water resource management based on the reuse of treated wastewater and installation of water-saving equipment models.

6.3.3 Consumption of packaging materials

As for consumption by the Group of packaging materials, the majority of such consumption is used for the packaging process in the electronic product manufacturing plant based in Shenzhen and for protecting products during the related transportation, and the current packaging materials in use are mainly comprised of plastic and paper. On the other hand, the Group's factories strive to cooperate with their suppliers to conserve packaging-related resources by packaging/loading materials with the packaging boxes, plastic trays, and other containers provided by the suppliers. Such recycle and reuse practices will help return them to the suppliers for reuse in the next delivery, thereby increasing the utilization rate of these resources.

During the Reporting Period, major types of resources consumed by the operating places covered by this Report are set out in the following table:

Resources	Unit	Hong Kong Office	Catering business	Electronics manufacturing business	Total consumption
Purchased electricity	kilowatts-hour	22,681.00	438,203.00	226,760.00	687,644.00
Gasoline (consumed by cars)	liters	1,258.00	0.00	0.00	1,258.00
Municipal water	cubic meters	0.00[1]	9,549.00	2,698.00	12,247.00
Gas	megajoules	0.00	2,250,432.00	0.00	2,250,432.00
Plastics (used for packaging)	tonnes	0.00	0.16	2.81	2.97
Paper (used for packaging)	tonnes	0.00	0.35[2]	5.47	5.82

1 As the water facilities of the Group's Hong Kong office are managed by the building where they are located, our water consumption data does not include the Group's total water consumption during the Reporting Period.

2 Paper resources were used for paper towels and paper straws provided to customers during catering operations.

6.4. Preparation for and Responses to Climate Change

The Group understands that greenhouse gases are the main cause of climate change, and formulates budgets where appropriate to improve facilities or technologies to reduce greenhouse gas or pollution emissions. Since the main business of the Group is the manufacture of electronic products and production plants are involved in the operation process, the Group regularly assesses the following risks of extreme weather and related disasters caused by climate change on the plant, its infrastructure and production processes:

- Whether the plant and its infrastructure are located in areas threatened by rising sea level caused by climate change (such as low-altitude coastal areas);
- The impact of potential heat wave caused by climate change on the production processes (such as the operation of air conditioners and automatic machines);
- Whether climate change has an impact on the interruption of supply chains of individual material and the raw material procurement (such as price and quantity);
- Whether the resource shortage caused by climate change requires a plan to change the material mix.

As for the identified emergency situations that may be caused by extreme weather (such as flooding), the Group issues relevant documents for disaster risk management strategies and measures to control flooding risks near production and warehouse facilities, and develops emergency plans to prevent damage caused by extreme weather, including the deployment of the following facilities and measures:

- Strengthen the plant structure to make it more resistant to super typhoons;
- Gradually replace by super-strong windshield glass in the operating places where are more likely to be affected by typhoons;
- Consolidate (e.g., use ropes) outdoor equipment or machinery before the super typhoon.

In addition, in order to ensure that employees have relevant prevention and response knowledge, the Group provides trainings on disaster prevention knowledge and trainings on emergency response. For example, all windows shall be ensured to close before typhoons; and windows shall be checked on a regular basis to response to extreme weather.

7. EMPLOYMENT AND LABOUR PRACTICES

Management principles and policies

The Group is firmly committed to fulfilling its social responsibilities in the course of business development. The Group understands that the absorption, retention and cultivation of talents will enable the Group to maintain its market competitiveness. We are dedicated to providing our employees and customers with the best possible offers, and adhere to the principles of "anti-discrimination" and "diversification". With an aim of providing the safest and most reliable working environment, we also implement various plans and measures. We encourage work-life balance and provide career development training to achieve the goal of becoming "An Excellent Employer".

7.1. Growth on Win-win Basis

7.1.1 Management principles and policies

We have always been aiming for "An Excellent Employer" and committed to providing our employees with a harmonious and safe working environment where each of them will be respected. We have also arranged training courses and provided career development opportunities to our employees as appropriate so that they can pursue excellence at work. Besides, we review and improve relevant policies on a regular basis to ensure that we comply with local laws and industry standards.

During the Reporting Period, there were no material irregularities or complaints in relation to discrimination or recruitment being discovered or received by the Group.

7.1.2 Employee and employment data

The total number of full-time employees of the Group in the operating places covered by this Report was 126[3], of which Hong Kong employees worked for Hong Kong office and catering operations and Shenzhen employees worked for electronics manufacturing business. In the case of catering operations in Hong Kong, 24 part-time employees[4] were hired to accommodate our business requirements. The following diagram illustrates the distribution[5] of employees of the Group by gender, age, and position level:

Distribution of Employees by Gender

Gender	Number	Percentage
Male	54	43%
Female	72	57%

3 The total number of the employees of the Group included the chief executive officer, chief operating officer, general manager, plant general manager in Hong Kong, and other directors/members of the Board (e.g., executive directors, and independent non-executive directors). The overall headcount is based on the average monthly full-time headcount in the operating places covered by this Report.

4 The total number of part-time employees is calculated based on the monthly average number of employees at the two restaurants during the Year.

5 To standardise the calculation of "employee turnover rate" across all operational locations/businesses, only the turnover of full-time employees is considered. The number of part-time employees is not included in the distribution statistics as they are hired based on the irregular needs of the restaurant business.

Distribution of Employees by Age

Age Group	Number	Percentage
Aged 18 to 24	10	8%
Aged 25 to 34	15	12%
Aged 35 to 44	35	28%
Aged 45 to 54	43	34%
Aged 55 to 64	21	17%
Aged 65 or above	2	1%

Distribution of Employees by Geographic Location

Geographic Location	Number	Percentage
Hong Kong	41	33%
Shenzhen	85	67%

Distribution of Employees by Position

Position	Number	Percentage
Senior management	15	12%
Middle management	11	9%
General staff	100	79%

7.1.3 Equal opportunity and diversity

We have a set of clear and transparent processes of employees recruitment and promotion, and emphasize the principle of equal opportunity. Applicants are assessed based on their qualifications, personal talents and work experience, and will not be refused for their gender, age, nationality, religious beliefs or sexual orientations. However, in order to ensure compliance with the local laws in the place where the business operates, the human resources department will review the applicants' identity documents during the recruitment process to ensure that they reach the legal minimum age.

7.1.4 Rights and interests protection

We have entered into employment contracts with our employees according to the local employment laws and regulations to protect employees' statutory rights and interests, and have provided our employees with medical insurance and minimum wages according to the requirements of the laws. Our employees are also entitled to benefits such as paid holidays, sick leave, work-related injury leave and maternity leave. In addition, the Group has established a set of comprehensive compensation system and annual salary adjustment system. We regularly assess and adjust the range of starting salary and salary adjustment for different ranks with reference to market conditions, the Group's performance and annual staff appraisal to ensure that our employees can be rewarded for their contributions and share the results of the Group.

In terms of the dismissal policy, the Group has set up a rigorous and prudent dismissal process in accordance with the "Labour Law of the People's Republic of China" and the "Hong Kong Employment Ordinance". If the employees of the Group have committed gross dereliction of duty or serious violations of laws and regulations or the rules and regulations of the Group, the Group may terminate their employment contract.

7.1.5 Employee benefits

The Group considers its employees as the most important family members. Providing employees with a work-life balanced environment is part of our commitment to its employees, and we hope that they can work together with the Group in a safe and stable environment to achieve success in the future. In addition to basic statutory rights and interests, the Group, subject to the requirements for each operating area, prepared comprehensive benefit package for our employees. The following table sets out certain employee benefits in electronic product manufacturing factory of the Group in Shenzhen, which aims to provide a comprehensive employee care package.

Welfare	•	Prepare birthday presents for our employees' birthday
	•	Provide our employees with living quarters for free
	•	Provide free meals and offer various kinds of cooling drinks such as dessert soup and Chinese herbal tea depending on seasons and weather
Additional marriage and parenting benefits	•	Provide 178 days of maternity leave for our female employees giving birth
	•	Provide 15 days of paternity leave for our male employees who are going to have new born babies
Benefits for personal safety and insurance	•	Purchase additional inpatient medical insurance for our employees to enable them to enjoy medical services at lower cost and purchase social insurance for our employees working at domestic factories in the PRC
	•	Purchase pension insurance for our current employees so that they can maintain their retirement life with the monthly pensions paid when they retire
	•	We provide additional pension to retired employees who have worked for 20 years or more in recognition of their contributions over the years
Life balance	•	Our employees are not encouraged or forced to work overtime so that they can maintain balance between family and work
	•	Our mainland factories are equipped with recreational facilities such as basketball courts and badminton courts so that our employees can enjoy better life in their spare time
	•	We have adopted employee caring measures such as organizing group tours, arranging extra meals on festivals and holidays and providing psychological counselling services, so as to help them ease working pressure and enhance their sense of belonging to the Company

7.1.6 Employee communication

The Group understands that cohesiveness among employees is an important driving force for enterprise development. Establishing a good communication channel network is the cornerstone of the relationships between employees and the Group. Therefore, the Group welcomes and values its employees' opinions. The Group's employees can make suggestions for the Company at any time via suggestion boxes, mail boxes, telephones and WeChat. We will also meet with employees who have decided to resign to collect their feedback and make improvements accordingly. During the Year, the Group did not receive any significant complaints from employees regarding the employment system.

7.2. Occupational Health and Safety

7.2.1 Management principles and policies

The Group fully recognizes the importance of occupational health and safety to the manufacturing and catering industry. Therefore, we strive to create the best working environment for our valued employees. We have advocated and upheld the idea of "Safety First" and strived in achieving the goal of zero industrial accident. We have formulated a set of suitable safety management frameworks in accordance with the laws and regulations, including the "Occupational Health System", "Fire Safety System" and "Employee Operation Guidelines", to regulate the Group's management work on occupational safety and health, so as to reduce and control potential occupational safety and health hazards in business operations.

During the Reporting Period, the Group was not aware of any cases involving material violation of local regulations related to occupational health and safety, or lost working days due to our employees' work-related injuries. Furthermore, in the past three years (including this Year), there were no work-related fatalities.

7.2.2 Safety management for our plants

The production area in our plants is the core region for the Group's electronics manufacturing business and also the principal work place for our employees. To ensure that our employees can work in a safe environment and reduce the accident rate, we adopt the most stringent management measures. We identify the level of risk and the occurrence possibility of risks through work risk assessment reports, thereby providing appropriate measures, such as providing employees with the necessary work safety equipment, facilities and tools. In addition, a clear policy has also been developed to guide the work arrangements in the event of a typhoon and rainstorm warning.

7.2.3 Occupational health and safety inspection

In order to effectively review our occupational health and safety performance, the Group arranges designated personnel for the safety matters within our plants, including regular inspection of plant environment and workshop equipment. Usage and condition of personal protective equipment is examined and relevant warning labels are posted at high-risk areas. Meanwhile, we have installed a forced exhaust system, vacuum cleaning equipment, a heat insulation layer and a forced ventilation system. In addition, we regularly clean the air-conditioning systems and conduct pest control to protect our employees' health and create a more ideal working environment. In addition, for some posts within our plants that are potentially hazardous to health, medical examinations will also be arranged for employees when necessary to confirm the risk status of occupational diseases.

7.2.4 Training on safety

We actively promote our workplace safety culture. We provide employees with adequate training on occupational health and safety to keep up employees' awareness against workplace health and safety, thereby minimising work-related risks, preventing the occurrence of accidents in operation and reducing occupational hazards. Moreover, in order to enable our employees to understand and practice the contingency measures in case of emergency, in addition to posting fire escape route maps at office and working areas, we arrange different emergency drills every year, such as fire drills and integrated emergency drills. The Group's Hong Kong office involves our employees in training sessions on fire safety, including fire prevention, escape and other emergency responses. Certain employees are also required to attend appropriate external seminars on the occupational safety and health to enhance their awareness of occupational safety and health in the workplaces.

7.2.5 Occupational safety and health management for our restaurants

In light of regular industrial accidents in the catering industry, the Group maintains constant vigilance in this regard and strives to enhance the occupational safety and health standards and culture within our restaurants. We have been sharing with our staff the information on occupational safety and health in the catering industry issued by the Occupational Safety and Health Council to provide preventive advice on different workplace safety risks and minimize the possibility of injury.

7.2.6 Safety management at office

We provide our employees with suitable facilities in our office such as adjustable chairs with handles and regular risk assessment of using display devices. In addition to provision of equipment, the Group will provide the newly recruited employees with training on safety at office, so as to raise our employees' safety awareness.

7.2.7 Measures for sanitation control

For the operation of the catering business, the Group has fulfilled the disease prevention and control regulations on the catering business, and the relevant restaurants have registered the installation of "High Efficiency Particulate Arrestance (HEPA) filter equipment" with the Food and Environmental Hygiene Department.

7.3. Career Development

7.3.1 Management principles and policies

The Group believes that acquisition of new knowledge and technology can enable the Group to maintain its competitiveness. Therefore, we encourage our employees to be lifelong learners to grow together with the Group and foster a continuous learning culture to enhance the value of teams and the professionalism of employees, thus helping the Group sustain its success.

In order to assist our newly recruited employees to adapt to the Group's work culture and environment, we usually provide an pre-employment introduction session to them about our corporate culture and code of conduct. In cases where there are other functional requirements for certain positions, including job skills (technology, customer service, sales skills, management skills, etc.), knowledge of new products and relevant safety knowledge, relevant environmental protection policies of the Company and anti-corruption/anti-graft practices, the Group will arrange the respective training sessions. To effectively equip new hires with the required job skills, we usually provide on-the-job training programs, under which experienced employees will guide new hires to improve their efficiency.

In addition, for some courses that provide employees with the latest skills and knowledge, employees may apply for relevant courses held by relevant units or colleges. The Company will consider internal promotion for those employees with good performance when they finish their courses.

7.3.2 Employee training performance

The Group recorded the training statistics[6] in respect of the operating places within the reporting scope, and summarised the "monthly average percentage of trained employees to all employees[7]" and the "average number of training hours per employee[8]" during the Reporting Period in the Summary of Data Performance as set out in the Appendix to this Report.

---

6 Data are based on the number of attendees and hours of training classes offered, and data of on-the-job training and guidance are excluded

7 Calculation formula: percentage of the number of trainees in a specific category = monthly average number of trainees in a specific category/monthly average total number of employees in a specific category x 100%

8 Calculation formula: average training hours per employee = total training hours of employees in a specific category/monthly average total number of employees in a specific category

7.4. Rights and Interests Protection

7.4.1 Management principles and policies

The Group has been committed to protecting its employees' rights and interests and creating a fair working environment for them. Therefore, the Group strictly prohibits the recruitment of child labour and illegal labour, as well as the use of any forms of forced labour, including unpaid prison labour, indentured servitude, and bonded labour. Furthermore, original identity cards of our employees never are withheld, nor are employees required to pay any security deposit. No employment-related costs or expenses are deducted from employees' salaries, including visa, health checks, work permit, and recruitment agency/employment agency fees.

7.4.2 Preventative controls

During job recruitment, the Group will check every applicant's identification card and other valid documents for age verification to prevent use of child labour. We strictly verify the identification of each applicant to ensure that relevant information complies with local laws.

To prevent forced labour, the Group ensures that all employees work on a voluntary basis and that no forced work in any form, such as bonded labour and involuntary labour, is involved. All employees have the right to resign under the reasonable notice period stipulated in the employment or labour contract. In the electronic product manufacturing factory in Shenzhen, in case overtime work is needed for completing their tasks, employees will fill in overtime application sheets after being informed of the overtime working tasks to ensure that they work on voluntary basis and under the principle of fairness, and that no overtime work will exceed the local legal requirements. In case of any violation, the Group will immediately conduct an investigation. In addition, employees are permitted to move around freely within the workplace during work hours, and leave such workplace during the meal break and off-work hours of their own volition.

In case of an incident of child labour or forced labour, the Group will address and resolve the relevant violations in accordance with the local laws in the jurisdiction where such an incident takes place. During the Reporting Period, no case involving violation of the laws related to the employment of child labour or forced labour was identified by the Group.

8. OPERATIONAL COMMITMENT

8.1. Supply Chain Management

8.1.1 Management principles and policies

The steady development of the Group's business is dependent on the reliable support of its suppliers. Suppliers are one of the important stakeholders in the Group's business value chain, and our relationship with them is close and inseparable. The Group is also fully committed to building a good partnership with our suppliers. To promote the business and cooperation with suppliers, the Group has stipulated internal rules to regulate the process of public tender and quotation. The Group will also explain our principles and expectations to our partners and establish effective mechanisms to ensure that both parties will strictly act in accordance with laws and regulations.

8.1.2 Suppliers' engagement and assessment

The Group has formulated supplier management measures, which require assessments to be conducted over suppliers that are newly appointed and in current partnership to ensure that such suppliers comply with local laws in the jurisdiction where our business operates and the requirements of the Group.

The Group's basic evaluation criteria for suppliers, whether they are newly appointed and in current partnership, focus on quality, on-time delivery, and pricing, as well as access to the supplier's reputation and past experience through channels available. Depending on the impact of the materials supplied on the Group's final products or services, the evaluation methods may consist of one or a combination of the following:

i. requesting suppliers to complete a self-assessment questionnaire, which is verified by the Group

ii. confirming that the supplier possesses the required certification or other professional qualifications

iii. conducting periodic or batch-by-batch verification of the quality and timeliness of the supplier's deliveries

iv. sending personnel from the Group to conduct on-site inspections or audits of the supplier

When using the supplier's self-assessment questionnaire, the Group generally collects information on the supplier's size and operations, including its compliance status, as well as the number of equipment, quality control personnel, and technical personnel;

For certain supply materials that have a significant impact on the Group's products, the Group will also consider implementing the following rigorous assessment measures:

- o Prototype testing: suppliers are required to provide materials or samples for inspection and pass relevant quality and regulatory requirements

- o On-site inspection or audit: the Group dispatches personnel to inspect and verify whether suppliers have the appropriate and sufficient equipment, production conditions, technology, etc.

In addition, the suppliers that are in current partnership are generally subject to assessment once a year. The Group will review their performance records over the past year to determine the retention of qualified individual suppliers on the procurement list.

8.1.3 Geographic distribution of suppliers

With the measures in place following the above assessments, as at 31 March 2024, a total of 22 suppliers were engaged for the catering business, all of which are located in Hong Kong. Among them, 2 suppliers were new suppliers for the Year. Both of them passed our quality assessment prior to the formal procurement. On the other hand, the electronics manufacturing business of the Group engaged a total of 403 suppliers, of which 338 are located in Hong Kong with the remainder are from Mainland China. One of these suppliers was a new supplier from Hong Kong providing data cable connectors, who had passed the relevant assessment process of the Group prior to procurement, including template review, business compliance and audit on basic production. For the suppliers the Group is currently cooperating with, all of them have passed our assessment for the Year.

8.1.4 Monitoring of environmental and social risks in the supply chain

The Group's assessment of suppliers covers their emissions to the external environment, pollution or other negative impacts. Meanwhile, their operational compliance will be taken into consideration so as to assess the relevant social risks involving them, including employment compliance and safety compliance. Therefore, when engaging certain suppliers involved in the relevant environmental and social risks, the Group further considers the following criteria to strengthen its management and control in respect of supplier selection:

i. Permits issued by regulatory bodies (e.g. sewage discharge permits)

ii. Qualification test reports (e.g. RoHS or REACH testing) of the supplied materials

iii. Suppliers who comply with local laws (e.g. no child labour)

iv. Environment management or social responsibility certificates (e.g. ISO 14001, SA8000) so obtained

For the electronics manufacturing business, the Group requires all suppliers to comply with the "Code for Suppliers" prepared by the Group, and conducts annual assessments over such suppliers at different levels according to the level of environmental and social risks associated with the materials they supply to confirm their continuing compliance with the requirements of the said code regarding their corporate social responsibility, product quality, and service commitments.

To control the risk of ingredients involved in the catering business, suppliers are required to provide safety or hygiene certificates for relevant ingredients wherever required, such as health/hygiene certificates for imported meat products.

8.1.5 Procurement prioritised based on green applications

In accordance with the above-mentioned supplier selection criteria, the Group will give priority to materials, products and services that cause no significant environmental risks. Subject to operational requirements, priority will be given to targets based on the following standards:

i. selection of energy-consuming equipment that is certified as energy-saving or attached with an energy-efficient label

ii. appointment of suppliers that have obtained environmental certification such as ISO 14001

iii. procurement of materials that contain environmental nature or certification

iv. procurement from local suppliers (to reduce greenhouse gas emissions from overseas transportation)

8.1.5.1 Environmental compliance of materials

For the electronics manufacturing business of the Group, the key raw materials in use shall be in compliance with international trade requirements such as the Restriction of Hazardous Substances Directive (RoHS), as well as the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), a European Union regulation on chemicals. The Group requires testing of suppliers' materials to confirm that they meet the content requirements of relevant hazardous substances, including but not limited to cadmium (Cd), lead (Pb), mercury (Hg), hexavalent chromium (Cr (VI)), polybrominated Biphenyls (PBB), and polybrominated diphenyl ethers (PBDE). When considering the purchase of key materials, including lead-free tin materials (such as solder wire and solder paste), the Group believes a qualified hazardous substance test report or other proof of compliance as part of the important selection criteria. In addition to controlling hazardous substances, we also procure other environmentally friendly materials, such as sponges and shrink films that comply with the Global Recycled Standard (GRS), when appropriate.

In addition, when confirming that there is a necessity of exercising control over the course of risk assessment, the Group requires suppliers to sign letters of guarantee, which include REACH Guarantee and RoHS Guarantee as part of the terms of the procurement contracts governing environmental protection and social responsibility, to ensure the products they provided are in compliance with relevant environmental laws and the Group's environmental policy and to control the substances hazardous to human beings contained in the products they supply. We hope that the environmental protection and social responsibility will permeate the supply chain, thereby raising stakeholders' awareness of such supply chain risks.

Committed to promoting the culture of sustainable food, the catering business also strives to incorporate environmental protection concepts into its procurement policy, such as purchasing paper straws and prohibiting use of plastic straws.

8.1.5.2 Local procurement

The Group has formulated a local procurement policy as part of its green procurement initiatives, pursuant to which precedence is given to local suppliers (in Mainland China and Hong Kong) to reduce distance and fuel consumption during transportation, thereby reducing generation of additional greenhouse gases, provided that they are of the same quality. During the Reporting Period, all of the Group's suppliers were located in Mainland China and Hong Kong.

8.2. Production Management

8.2.1 Management principles and policies

The Group has been upholding the operating philosophy of "Quality First", and has been committed to providing customers with high quality, professional and excellent products and services. Therefore, we are committed to providing customers with quality, healthy and safe products and services in compliance with applicable local and international laws. The Group's electronic product manufacturing factory has been accredited with the international management standards of the quality management system (ISO 9001) for many years, which is sufficient to prove the stability and reliability of the Group's production process. During the Reporting Period, no case involving material violation of the laws related to product liability was identified by the Group.


TÜV NORD

CERTIFICATE

Management system as per

ISO 9001: 2015

(idt GB/T 19001-2016)

The Certification Body TÜV NORD CERT GmbH hereby confirms as a result of the audit, assessment and certification decision according to ISO/IEC 17021-1: 2015, that the organization

Yigaoda Electronic (Shenzhen) Co., Ltd.

301, Complex Building 11, Jiayi Industrial Park, Guixiang Community, Guanlan Street, Longhua District, 518100, Shenzhen City, Guangdong Province, P. R. China

Unified Social Credit Code: 91440300573116449L

with the locations according to the annex

operates a management system in accordance with the requirements of ISO9001: 2015 and will be assessed for conformity within the 3 year term of validity of the certificate.

scope

Design and Manufacturing of Electronic Buzzers and Electronic Beauty Instrument

Manufacturing of Magnetic Switches, Alarms and PCB Assemblies

Certificate Registration No. 04 100 970293
Audit Report No. 2.5-0301/2021

Valid from 2021-07-23
Valid until 2024-07-22
Initial Certification 1997-07-23

Certification Body
at TÜV NORD CERT GmbH

Issue Date: 2021-06-24

Validity can be verified at the official Website of Certification and Accreditation Administration of the People's Republic of China: www.cnca.gov.cn

TÜV NORD CERT GmbH Langemarckstrasse 20 45141 Essen www.tuev-nord-cert.com

IAF DAkkS Deutsche Akkreditierungsstelle

8.2.2 Customer services and feedback handling

Customer satisfaction has always been the key to the success of the Group. We strive to exceed our customers' expectations by improving the performance of all aspects of our business. We have developed the code of practices for employees to improve customer service processes. Furthermore, we have established relevant procedures to deal with customer comments and complaints. When quality and safety problems arise in our products or services, the Group will immediately conduct an in-depth investigation to identify the causes, and at the same time, the Group will formulate corresponding solutions to reduce the impact of the problems and prevent re-occurrence of the same problems.

During the Year, 4 customer complaints related to product quality were lodged in the electronics manufacturing business. With the causes analysed, the relevant department identified that the defective products were caused by poor soldering or insufficient adhesive strength leading to component detachment. Based on these findings, the solutions developed by the factory include repairing and retesting the products, coordinating enhanced employee training, and switching to a stronger adhesive to avoid the re-occurrence of similar defective products. It was confirmed that the above 4 complaint cases were successfully resolved during the Reporting Period.

Other than the above complaints, the Group had not received any reported cases of product recalls for safety and health reasons during the Reporting Period.

8.2.3 Product quality and safety verification

The Group provides customers with accurate and true information about product quality and safety. For electronic products, the products provided by us are subject to quality inspection, such as the ionic cleanliness testing of individual electronic products (IPC-TM-650 2.3.25 (TYPE C2001-2)) and other related product safety tests, such as IEC60950 (IEC certification). Production quality and safety inspection records can also be provided at the request of individual customers. Quality assurance is given for all of our products.

8.2.4 After-sale services

For applicable electronic products, the Group will provide after-sales service within the specified warranty period. In addition, although detailed product manuals or operating instructions have been provided to customers for the Group's related electronic products to ensure that customers can understand how to use the products, the Group firmly believes that customer feedback is the major contributor for driving the Group forward, and therefore we maintain good communication with our customers to understand their requirements so as to improve our products and services. Hotline service is also available for customers' enquiries on product details.

8.2.5 Privacy protection for consumers' information

In terms of customer's personal data and confidential documents, the Group manages customers data in accordance with the Personal Data (Privacy) Ordinance in Hong Kong and the applicable laws in the place where the business operates, and personal data collected and held are properly protected by us. Meanwhile, we also prohibit our employees from disclosing any confidential or proprietary information to third parties without authorization. To prevent leakage of information, the Company's system has installed a protection system, and no employee could access data privately, unless they are authorized to do so.

All of our employees are required to comply with privacy policies regarding personal information and local regulations to protect customers' information. Such policies and requirements are included in the employee handbook and shall be clarified to employees during the induction training.

Where appropriate, relevant confidentiality requirements shall be negotiated and an agreement between the Group and suppliers or other business partners shall be reached when entering into contracts.

During the Reporting Period, no complaint in relation to proven breach of customer privacy or loss of customer information was identified by the Group.

8.2.6 Fair business practices

The Group adopts sound promotion and marketing practices, and any advertisement shall not make a description, claim or explanation that is inconsistent with the facts. We will also formulate our sales and promotional documents in accordance with the relevant laws and codes of practice to ensure that our promotional materials and advertising content are true, fair and reasonable and not misleading, so as to protect the interests of consumers. In terms of electronic products, in order to avoid misleading customers, relevant approval process for information disclosure is required to be conducted for the product introduction content of the Group before release. In the meantime, the Group also regularly provides training for sales and customer service personnel to ensure service quality and a clear explanation of the product for the customers.

8.3. Corporate Governance

8.3.1 Corporate governance policies

The Group is committed to building a corporate culture of integrity and business ethics. We will not tolerate any form of corruption, including bribery, extortion, fraud and money laundering. Therefore, in order to establish ethical corporate culture, the Board of the Group is comprised of members from different institutions to jointly monitor the corporate governance of the Company.

During the Reporting Period, neither lawsuits involving corruption were filed against the Group or its individual employee nor any cases regarding corruption were identified by the Group.

8.3.2 Employee Code of Conduct and supervision

In order to promote a corporate culture of integrity and anti-corruption, we promote business ethics in the factory to regulate the integrity of employees, including prohibiting employees from soliciting or accepting gifts and other improper benefits from representatives of organizations with which the Group has business dealings. In case of conflict of interest, employees shall make report to the human resources department. If any employee of the Group is involved in any corruption and fraud conduct, we will impose penalties based on the influence and consequence of such conduct according to the corporate rules. If the behaviour violates the law, it will be handled by the judicial authority according to law with zero tolerance.

In addition, the Group appoints an external independent audit agency to conduct financial audits every year to confirm the financial integrity and protect the rights and interests of shareholders and other stakeholders.

8.3.3 Incorruptibility Awareness Promotion and Training

In order to strictly control risks, the Group continued to carry out employee training on integrity and anti-corruption to ensure that all employees understand the Company's policies related to anti-corruption and business ethics, while reminding them of the gravity of incorruptibility and integrity. The Group will also provide anti-corruption training to management and procurement department which are facing higher risks of conflict of interest to minimise the risk of corruption and bribery.

According to different ranks and job nature of employees, the Group provides different types of training sessions. Directors are provided with more training themes related to corporate governance. During the Year, the Group arranged training for general staff on topics such as the Employee Code of Conduct and laws and regulations relating to integrity. Meanwhile, we provided training for directors on listing compliance, which covers topics such as the expansion of paperless listing mechanisms, consultation conclusions on proposed amendments to the Listing Rules regarding treasury shares, and sharing of non-compliance cases highlighting the responsibilities and considerations for directors in transactions and loans. During the Reporting Period, a total of 211 attendees including directors and employees of the Group, participated in the such trainings, for to a total of 216 hours.

Furthermore, when entering into an agreement with business partners, the Group will also communicate relevant business ethics policies to them. Meanwhile, we have also established an equal, open and fair tendering process for the procurement of products or services, which will be reviewed and approved by personnel at different ranks based on the contracted amounts so as to reduce the risk of corruption and bribery.

8.3.4 Whistle-blowing policy

In order to resolutely resist the occurrence of incidents such as corruption and fraud, the Group has implemented a whistleblowing policy. Employees and all stakeholders can report any suspected inappropriate or illegal behaviour to the Group through confidential ways such as email and telephone. All reported cases are kept confidential to protect the interests of the whistle-blowers. We will not tolerate any behaviour of corruption. Serious cases will be reported to the relevant law enforcement authorities.

9. COMMUNITY CONTRIBUTION

The Group is committed to corporate social responsibility and engages with community stakeholders through various channels to understand their needs and assist them to overcome challenges and seek development. Over the years, the Group's community contributions encompass various aspects, including poverty alleviation, community visits, and assisting the career development of the young community. During the Year, our volunteer services continued to fulfil this social responsibility. For example, we have supported community visits organized by the "Jade Club (尊賢薈)", where we visited subdivided flats in To Kwa Wan, Granyet (Shan King) Elderly Care Centre, and Kai Tin Estate in Lam Tin, Hong Kong, and donated supplies to individuals in need in those communities, offering them care and support. Furthermore, the Group arranged for volunteers to participate in a goodwill trip to the "Kuzhi School (苦志育才學校)" in Xintian, Hunan, China, jointly organized by the "Jade Club (尊賢薈)" and "我要高飛歌舞義工團", providing assistance and support to the students. On the other hand, the Group also increased its support to community organizations in the education sector during the Year, including participating in charitable activities organized by "Hong Kong Caring Power" and sponsoring the sustainable development of its grassroots education assistance program. We have also made a donation of HK$40,000 to the AquaMeridian Conservation & Education Foundation, contributing to environmental education in the community.

SUMMARY OF DATA PERFORMANCE

Environmental performance[9]

	Unit	
Number of employees	Number of persons	126[10]
Pollutants emissions		
Solid waste		
Hazardous waste	tonnes	0.30
Hazardous waste emission intensity	kilograms per employee	2.38
Non-hazardous waste	tonnes	24.80
Non-hazardous waste emission intensity	tonnes per employee	0.20
Greenhouse gas emissions and intensity		
Total greenhouse gas emissions	tonnes of carbon dioxide equivalent	577.27
Direct (scope 1) emission	tonnes of carbon dioxide equivalent	122.88
Energy-related indirect (scope 2) emissions	tonnes of carbon dioxide equivalent	454.39
Emission intensity	tonnes of carbon dioxide equivalent per employee	4.58
Energy use		
Power purchased	kilowatts-hour	687,644.00
Intensity of power consumed	kilowatts-hour per employee	5,457.49
Gasoline (mobile source)	liters	1,258.00
Intensity of gasoline consumed	liters per employee	9.98
Municipal water	cubic meters	12,247.00
Intensity of water consumed	cubic meters per employee	97.20
Gas	megajoules	2,250,432.00
Intensity of gas consumed	megajoules per employee	17,860.57
Packaging material consumption		
Plastic	tonnes	2.97
Plastic consumption intensity	tonnes per employee	0.02
Paper	tonnes	5.82
Paper consumption intensity	tonnes per employee	0.05

9 The basis for each emission intensity in the table is based on the average monthly full-time headcount in the operating places covered by this Report.

10 The total number of the employees of the Group included the chief executive officer, chief operating officer, general manager, plant general manager in Hong Kong, and other directors/members of the Board (e.g., executive directors and independent non-executive directors). The overall headcount is based on the average monthly full-time headcount in the operating places covered by this Report.

Social performance[11]

	Unit	
Total number of employees	Number of persons	126[12]
By employment type		
Part-time/Temporary work	Number of persons	24
Employee turnover		
Employee turnover rate (average monthly)[13]	percentage	5.16%
Employee turnover rate by age (average monthly)		
Aged 18–24	percentage	25.00%
Aged 25–34	percentage	8.33%
Aged 35–44	percentage	4.06%
Aged 45–54	percentage	2.12%
Aged 55–64	percentage	2.00%
Aged 65 or above	percentage	0.00%
Employee turnover rate by gender (average monthly)		
Male	percentage	4.93%
Female	percentage	5.34%
Employee turnover rate by geographical region (average monthly)		
Hong Kong	percentage	2.02%
Shenzhen	percentage	6.67%

11 The relevant headcount statistics in the table are based on the average monthly full-time headcount in the operating places covered by this Report.

12 The total number of the employees of the Group included the chief executive officer, chief operating officer, general manager, plant general manager in Hong Kong, and other directors/members of the Board (e.g., executive directors and independent non-executive directors). The overall headcount is based on the average monthly full-time headcount in the operating places covered by this Report.

13 Average monthly turnover rate of employees in a specific category in the three operating segments of the consolidated Hong Kong Office, Hong Kong restaurant and factory in Shenzhen= the full-year number of resigned employees in a specific category/12/average monthly number of employees in a specific category x 100%.

	Unit	
Health and safety		
Number of work-related fatalities	Number of persons	0
Lost days due to work injury	Days	0
Training and development		
Total training hours for the Year	hours	864.50
Total training hours by training theme		
Job skills	hours	225.50
Environmental protection	hours	206.00
Occupational safety and health	hours	218.00
Integrity and anti-corruption	hours	215.00
Percentage of trained employees[14] (by category)		
Male	percentage	12.35%
Female	percentage	16.32%
Senior management	percentage	11.67%
Middle management	percentage	9.09%
General staff	percentage	15.67%
Average training hours per employee[15] (by category)		
Male	hours	5.60
Female	hours	7.81
Senior management	hours	5.40
Middle management	hours	3.91
General staff	hours	7.41
Product responsibility		
Percentage of products required to be recalled for health and safety reasons	percentage	0
Number of complaints on products and services	cases	4
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period	cases	0

[14] Calculation formula: percentage of the number of trainees in a specific category = average monthly number of trainees in a specific category/average monthly total number of employees in a specific category x 100%

[15] Calculation formula: average training hours per employee = total training hours of employees in a specific category/total number of employees in a specific category

HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Independent Auditors' Report

CCL Partners

TO THE SHAREHOLDERS OF
ECHO INTERNATIONAL HOLDINGS GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Echo International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 78 to 162, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on property, plant and equipment and right-of-use assets Refer to Notes 4(b) and 16 to the consolidated financial statements	
The Group has the net carry amounts of property, plant and equipment and right-of-use assets of approximately HK$60,000 and HK$3,510,000 relating to the provision of food catering services business as at 31 March 2024 respectively. Management performed impairment assessment and concluded that an impairment loss on property, plant and equipment and right-of-use assets of approximately nil and HK$1,180,000 was recognised respectively. This conclusion was based on value in use model that required significant management judgement with respect to the discount rate and the underlying cash-flows, in particular future revenue growth and capital expenditure.	Our procedures in relation to management's impairment assessment on property, plant and equipment and right-of-use assets included: • Obtaining an understanding of the management's process and basis adopted in preparing the value in use calculations of the cash-generating units ("**CGU**"), including key inputs; • Comparing the current year's actual results with prior year's forecast, where applicable, to consider whether any past forecast including any assumptions, with hindsight, had been aggressive; • Assessing the appropriateness of the methodology, and the reasonableness of key assumptions based on our knowledge of the business and industry; and • Checking, on sampling basis, the accuracy and relevance of the input data used.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' 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 THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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.

CL Partners CPA Limited
Certified Public Accountants
Fong Ho Keung
Practising Certificate Number: P08079
Hong Kong, 24 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	5	**65,478**	55,285
Cost of sales		**(50,192)**	(42,002)
Gross profit		**15,286**	13,283
Other income and other gains or loss, net	7	**(2,459)**	(1,017)
Selling and distribution expenses		**(1,428)**	(1,610)
Administrative expenses		**(21,996)**	(23,168)
Impairment loss on property, plant and equipment		**–**	(1,892)
Impairment loss on right-of-use assets		**(1,180)**	(523)
Reversal of impairment loss under expected credit loss model, net		**20**	64
Finance costs	8	**(576)**	(3,697)
Share of result of an associate	18	**2,975**	3,592
Loss before taxation	9	**(9,358)**	(14,968)
Taxation	10	**(85)**	504
Loss for the year		**(9,443)**	(14,464)
Other comprehensive income for the year:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		**2,326**	3,561
Total comprehensive expense for the year		**(7,117)**	(10,903)
Loss per share			
— Basic and diluted (in HK cents)	12	**(1.46)**	(3.57)

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	15	**253**	418
Right-of-use assets	16	**3,510**	52
Intangible assets	17	**601**	777
Interest in an associate	18	**29,714**	26,739
Deferred tax assets	32	**10**	4
		34,088	27,990
Current assets			
Inventories	19	**17,657**	20,830
Trade receivables	20	**4,546**	615
Deposits, prepayments and other receivables	21	**13,757**	13,506
Pledged time deposits	22	**–**	2,008
Cash and cash equivalents	22	**3,863**	2,958
		39,823	39,917
Current liabilities			
Trade payables	23	**5,052**	1,744
Accruals and other payables	24	**4,346**	3,461
Amount due to a related company	25	**248**	62
Amount due to a director	26	**58**	–
Contract liabilities	28	**146**	2,494
Other borrowings	29	**2,186**	–
Lease liabilities	30	**5,483**	3,592
Convertible bonds	31	**–**	–
Tax payables		**107**	110
		17,626	11,463
Net current assets		**22,197**	28,454
Total assets less current liabilities		**56,285**	56,444

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	30	**2,910**	3,763
Provision for reinstatement costs	34	**400**	400
		3,310	4,163
Net assets		**52,975**	52,281
Capital and reserves			
Share capital	33	**33,321**	29,743
Reserves		**19,654**	22,538
Total equity		**52,975**	52,281

The consolidated financial statements on pages 78 to 162 were approved and authorised for issue by the Board of Directors on 24 June 2024 and are signed on its behalf by:

Lo, Yan Yee
Executive Director

Cheng, Yeuk Hung
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital HK$'000 Note 33	Share premium HK$'000	Contribution reserve HK$'000 Note 37(a)	Capital reserve HK$'000 Note 37(b)	Share option reserve HK$'000 Note 37(c)	Exchange reserve HK$'000 Note 37(d)	Convertible bonds — equity component reserve HK$'000 Notes 31 and 37(e)	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2022	7,891	86,879	4,836	(89)	5,794	(2,609)	11,657	(110,081)	4,278
Total comprehensive income/(expense) for the year	–	–	–	–	–	3,561	–	(14,464)	(10,903)
Loan capitalisation shares	5,140	8,224	–	–	–	–	–	–	13,364
Issue of ordinary shares upon conversion of convertible bonds	11,852	33,217	–	–	–	–	(11,657)	–	33,412
Share placing	4,860	7,775	–	–	–	–	–	–	12,635
Issuance cost of share placing	–	(505)	–	–	–	–	–	–	(505)
As at 31 March 2023 and 1 April 2023	29,743	135,590	4,836	(89)	5,794	952	–	(124,545)	52,281
Total comprehensive income/(expense) for the year	–	–	–	–	–	2,326	–	(9,443)	(7,117)
Share placing	3,578	4,293	–	–	–	–	–	–	7,871
Issuance cost of share placing	–	(60)	–	–	–	–	–	–	(60)
Lapse of share options	–	–	–	–	(5,794)	–	–	5,794	–
As at 31 March 2024	**33,321**	**139,823**	**4,836**	**(89)**	**–**	**3,278**	**–**	**(128,194)**	**52,975**

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
Operating activities		
Loss before taxation	**(9,358)**	(14,968)
Adjustments for:		
Bank interest income	**(19)**	(9)
Interest income on dividends receivable	**(348)**	(348)
Change in fair value of derivative financial assets at fair value through profit or loss	**–**	49
Share of result of an associate	**(2,975)**	(3,592)
Interest expenses	**576**	3,697
Amortisation of intangible assets	**176**	103
Depreciation of property, plant and equipment	**208**	2,662
Depreciation of right-of-use assets	**2,374**	2,129
Impairment of property, plant and equipment	**–**	1,892
Impairment of right-of-use assets	**1,180**	523
Impairment loss (reversal of) for expected credit loss recognised in respect of trade receivables, net	**38**	(112)
(Reversal of) impairment loss for expected credit loss recognised in respect of deposits and other receivables, net	**(58)**	48
Provision for obsolete and slow-moving inventories	**66**	754
Net effect of foreign exchange rate changes on intra-group balances	**2,356**	2,815
Operating cash flows before movements in working capital	**(5,784)**	(4,357)
(Increase) decrease in trade receivables	**(3,969)**	11,750
Decrease (increase) in inventories	**2,624**	(9,128)
Increase in deposits, prepayments and other receivables	**(7)**	(1,648)
Decrease in amount due from a related company	**–**	8
Increase in amount due to a related company	**186**	–
Increase in amount due to a director	**58**	–
Increase in accruals and other payables	**1,814**	1,430
(Decrease) increase in contract liabilities	**(2,348)**	1,875
Increase (decrease) in trade payables	**3,342**	(1,551)
Cash used in operations	**(4,084)**	(1,621)
Income tax paid	**(94)**	(151)
Net cash used in operating activities	**(4,178)**	(1,772)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
Investing activities		
Withdrawal of pledged time deposits	**2,008**	–
Bank interest received	**19**	2
Purchase of property, plant and equipment	**(52)**	(334)
Net cash generated from (used in) investing activities	**1,975**	(332)
Financing activities		
Issue of share capital	**7,871**	12,635
Proceeds from other borrowings	**2,186**	–
Repayment of bank borrowing	**–**	(4,500)
Interest paid	**(576)**	(1,303)
Payment of transaction cost on share placing	**(60)**	(505)
Repayment of lease liabilities	**(5,696)**	(5,240)
Net cash from financing activities	**3,725**	1,087
Net increase (decrease) in cash and cash equivalents	**1,522**	(1,017)
Cash and cash equivalents at the beginning of the year	**2,958**	4,038
Effect of exchange rates on the balance of cash held in foreign currencies	**(617)**	(63)
Cash and cash equivalents at the end of the year	**3,863**	2,958

1. GENERAL INFORMATION

Echo International Holdings Group Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands on 21 December 2010. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business of the Company is Room 3207A, 32/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong. The shares of the Company are listed on the GEM of the Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 27 to the consolidated financial statements. The consolidated financial statements included the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. All values are rounded to nearest thousands (HK$'000) unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies (Continued)

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs 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[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 HKFRSs 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 GEM of The Stock Exchange of Hong Kong Limited ("**GEM Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis 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.

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 into line with the Group's accounting policies.

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

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

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate 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, 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 an associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. 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.

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 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.

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

Investments in associates (Continued)

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 or joint venture and the fair value of any retained interest and any proceeds from disposing 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.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

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

A 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.

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

Revenue from contracts with customers (Continued)

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 and 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 goods or services.

(i) *Sales of goods*

Revenue from sales of goods is recognised at the point in time when goods are delivered to customers generally on the time the related risks and rewards of ownership has transferred.

(ii) *Revenue from restaurants operations*

The Group recognises revenue from restaurants operations which provides catering services. Revenue from restaurants operations is recognised at a point in time when the services are rendered. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND 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 or arising from business combinations on or after the date of initial application of HKFRS 16, 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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties and car park that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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, unless those costs are incurred to produce inventories.

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

Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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 that as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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

Lease liabilities

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

The leases payments included:

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

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

Leases (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a discount rate at the date of reassessment.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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

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

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability less any lease incentives receivables based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

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

Leases (Continued)

COVID-19-Related Rent Concession

The Group has elected the practical expedient to apply amendments to HKFRS 16 to account for any change in lease payments resulting from the rent concession occurring as a direct consequence of the COVID-19 pandemic.

The Group has applied the practical expedient to rent concession that meet all of the following conditions:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Foreign currencies

The functional currency of the Company and its Hong Kong subsidiaries are HK$. The functional currency of the People's Republic of China ("**PRC**") subsidiary is Renminbi ("**RMB**"). The consolidated financial statements is presented in HK$ which is the Group's presentation currency. This is also the currency of the primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing the consolidated financial statements of each individual Group entities, transactions in currencies other than that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the exchange rates 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 at 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.

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

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the reporting period in which they arise, except for:

- exchange difference on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

Borrowing costs

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

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

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

Retirement benefit costs

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statements of comprehensive income as they become payable in accordance with the rules of the MPF Scheme.

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.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

As stipulated by the rules and regulations of the PRC, the Company's subsidiary registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The costs of employee retirements are recognised as expenses in the consolidated statements of comprehensive income in the period in which they are incurred.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and demand deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form in integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted to use.

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

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year end. Taxable profit differs from profit/loss before tax as reported in the consolidated statements of comprehensive income because of items 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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. 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 associates, and interests in joint ventures, 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 the 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to lease liabilities and related assets separately. The Group recognised a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

Taxation (Continued)

Deferred tax (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.

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 purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their 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.

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 and loss.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	Over the shorter of the lease terms and 5 years
Furniture and fixtures	5 years
Office equipment	3–4 years
Computer equipment	3–4 years
Motor vehicles	3–4 years
Mould	3–4 years
Plant and machinery	3–4 years

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

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

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

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets other than goodwill 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 addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

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, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is computed using the weighted average basis and, in the case of work in progress and finished goods, includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost is calculated on a specific identification basis for watches. Net realisable value is the estimated selling price for inventories less the estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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

Provisions

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

Convertible bonds

Convertible bonds issued by the Group that contain both the liability, conversion option and redemption options components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability, an equity instrument and embedded derivative. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. A redemption option that will be settled by the exchange of a fixed amount of cash or another financial asset is a redemption option derivative.

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

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

Convertible bonds (Continued)

The conversion option classified as equity is determined by deducting the amount of the liability component and redemption option components from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, equity and redemption option components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on 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 and financial liabilities at fair value through profit or loss ("**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 fair value through profit or loss 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)

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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, except that at the date of initial application of HKFRS 9 of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, deposits and other receivables, pledged time deposits and bank balances). 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 represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment 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.

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

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, 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.

(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; and

- 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)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (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 over 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 of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

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

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

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

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

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

(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)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (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 adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- 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)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity 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 Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 payables, other payables, amount due to a related company, amount due to a director and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. 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)

Related parties transactions

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

(1) 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.

(2) 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 entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (1);

(vii) a person identified (1)(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 is a part, provides key management personnel services to the group or to the parent of the Group.

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

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

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

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

A related party transaction is a transfer of resources, services or obligations between reporting entity and a related party, regardless of whether a price is charged.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing 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.

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.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management reassesses these estimations at the end of the reporting period to ensure inventories are shown at the lower of cost and net realisable value.

(b) Impairment assessment on property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGUs to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Due to the segment loss related to segments of provision of food catering service, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment and right-of-use assets has written down to its recoverable amount.

The recoverable amount of CGUs has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate using 12.0% as at 31 March 2024 (2023: 10.3%). The annual growth rates of each CGU are based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectations for the market development.

As at 31 March 2024, the aggregate carrying amounts of property, plant and equipment and right-of-use assets relating to the provision of food catering service business before impairment was HK$790,000 and HK$4,690,000 (2023: HK$4,839,000 and HK$1,457,000), respectively. Based on the value in use calculation, an impairment loss of nil and HK$1,180,000 (2023: HK$1,892,000 and HK$523,000) has been recognised against the carrying amounts of property, plant and equipment and right-of-use assets.

5. REVENUE

The principal activities of the Group are manufacturing and trading of electronic products and accessories, provision of food catering services and trading of timepieces. The amount of each significant category of revenue recognised during the year is as follows:

	2024 **HK$'000**	2023 HK$'000
Recognition at a point in time:		
— Sale of electronic products and accessories	**35,203**	26,487
— Revenue from restaurant operations	**30,275**	28,798
Revenue from contracts with customers	**65,478**	55,285

6. SEGMENT INFORMATION

Information reported internally to the directors of the Group (chief operating decision maker) for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- trading of electronic products;
- manufacturing and trading of electronic products and accessories;
- provision of food catering services; and
- trading of timepieces

The Group reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

Segment revenues reported below represents revenue generated from external customers. There were no intersegment sales during both years.

Segment result represents the profit (loss) generated by each segment without allocation of corporate income and central administration costs including directors' emoluments, unallocated reversal of impairment loss under ECL model recognised in respect of financial assets at amortised cost, share of result of an associate and unallocated finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing separations by reportable and operating segments:

For the year ended 31 March 2024

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Total HK$'000
Revenue	4,159	31,044	30,275	65,478
Segment results	1,311	(4,484)	(5,110)	(8,283)
Unallocated other income and other gains or loss, net				(1,930)
Unallocated administrative expenses				(2,134)
Unallocated finance costs				(27)
Unallocated reversal of impairment loss under ECL model, net				41
Share of result of an associate				2,975
Loss before taxation				(9,358)

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 March 2023

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Total HK$'000
Revenue	2,138	24,349	28,798	–	55,285
Segment results	964	(5,127)	(6,495)	14	(10,644)
Unallocated other income and other gains or loss, net					(2,073)
Unallocated administrative expenses					(3,205)
Unallocated finance costs					(2,609)
Unallocated impairment loss under ECL model, net					(29)
Share of result of an associate					3,592
Loss before taxation					(14,968)

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities
As at 31 March 2024

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Total HK$'000
Segment assets	**231**	**12,485**	**9,457**	**12,480**	**34,653**
Unallocated corporate assets					**39,258**
Consolidated assets					**73,911**
Segment liabilities	**141**	**10,157**	**7,333**	**–**	**17,631**
Unallocated corporate liabilities					**3,305**
Consolidated liabilities					**20,936**

As at 31 March 2023

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Total HK$'000
Segment assets	290	15,555	8,040	8,510	32,395
Unallocated corporate assets					35,512
Consolidated assets					67,907
Segment liabilities	104	11,316	3,202	–	14,622
Unallocated corporate liabilities					1,004
Consolidated liabilities					15,626

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)
For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising certain of property, plant and equipment and right-of-use assets, interest in an associate, certain deposits, prepayments and other receivables, pledged time deposits and certain cash and cash equivalents); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising amount due to a related company, amount due to a director, tax payables, certain other borrowings, certain lease liabilities and certain accruals and other payables).

Other segment information
For the year ended 31 March 2024

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Unallocated HK$'000	Total HK$'000
Amount included in the measure of segment results						
Capital expenditure	–	8	7,044	–	12	7,064
Depreciation of property, plant and equipment	12	42	154	–	–	208
Depreciation of right-for-use assets	–	–	2,374	–	–	2,374
Impairment of right-of-use assets	–	–	1,180	–	–	1,180
Amortisation of intangible assets	–	–	88	88	–	176
(Reversal of) impairment loss under ECL model, net	–	46	(25)	–	(41)	(20)
Write-down of inventories	–	66	–	–	–	66

For the year ended 31 March 2023

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Unallocated HK$'000	Total HK$'000
Amount included in the measure of segment results						
Capital expenditure	–	150	167	880	17	1,214
Depreciation of property, plant and equipment	9	33	2,620	–	–	2,662
Depreciation of right-for-use assets	–	–	2,073	–	56	2,129
Impairment of property, plant and equipment	–	–	1,892	–	–	1,892
Impairment of right-of-use assets	–	–	523	–	–	523
Amortisation of intangible assets	–	–	52	51	–	103
(Reversal of) impairment loss under ECL model, net	–	(57)	18	(54)	29	(64)
Write-down of inventories	–	754	–	–	–	754

6. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segments assets:

For the year ended 31 March 2024

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Unallocated HK$'000	Total HK$'000
Interest income	18	1	–	–	–	19
Finance costs	–	300	249	–	27	576

For the year ended 31 March 2023

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Unallocated HK$'000	Total HK$'000
Interest income	8	1	–	–	–	9
Finance costs	38	439	611	–	2,609	3,697

6. SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services

The Group's revenue from its major products and services are as follows:

	2024 **HK$'000**	2023 HK$'000
Buzzer	**4,000**	2,740
Control board	**5,465**	5,866
Fire alarm	**3,033**	3,766
Fishing indicator	**16,654**	8,643
LED lamp assembly	**1,182**	929
Printed circuit board (PCB)	**21**	42
Printed circuit board assembly (PCBA)	**90**	1,034
Switch	**19**	1,089
Timer	**–**	155
Others	**580**	85
Manufacturing and trading of electronic products and accessories	**31,044**	24,349
Trading of electronic products	**4,159**	2,138
Revenue from restaurant operation	**30,275**	28,798
	65,478	55,285

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group operates in two principal geographical areas — manufacturing in the PRC and trading business and provision of food catering services in Hong Kong.

The Group's geographical segments are classified according to the location of customers. There are five customer-based geographical segments. Segment revenue from external customers by the location of customer is as follows:

	Revenue from external customers	
	2024	2023
	HK$'000	HK$'000
Hong Kong	**33,897**	30,511
Asian countries, other than Hong Kong (Note a)	**119**	1,158
European countries (Note b)	**22,356**	14,437
North and South American countries (Note c)	**7,245**	7,610
Australia	**1,684**	1,468
Others	**177**	101
	65,478	55,285

Notes:

(a) Asian countries include the India, Korea, Malaysia, Singapore, Taiwan and Thailand.

(b) European countries include Belgium, Bulgaria, Denmark, Finland, Germany, Ireland, Italy, Poland, Portugal, Russia, Spain, Switzerland and United Kingdom.

(c) North and South American countries include Argentina, Brasil, Canada and the United States.

6. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

The Group's geographical segments are also classified by the location of assets, information about its non-current assets by geographical location are set out below:

	Non-current assets	
	2024	2023
	HK$'000	HK$'000
Hong Kong	**4,214**	1,044
PRC	**150**	203
	4,364	1,247

Note: Non-current assets excluded interest in an associate and deferred tax assets.

Information about major customers

For the year ended 31 March 2024, the Group's customer base includes two customers relate to manufacturing and trading of electronic products and accessories operating segment (2023: two customers relate to manufacturing and trading of electronic products and accessories operating segment) with whom transactions have individually exceeded 10% of the Group's revenue. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2024 and 2023.

Revenue from major customers, amounted to 10% or more of the Group's revenue is set out below:

	Revenue from external customers	
	2024	2023
	HK$'000	HK$'000
Customer A[1]	**16,654**	8,643
Customer B[1]	**N/A[2]**	6,012

[1] Revenue from electronic products

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group

7. OTHER INCOME AND OTHER GAINS OR LOSS, NET

	2024 **HK$'000**	2023 HK$'000
Other income		
Bank interest income	**19**	9
Interest income on dividends receivable	**348**	348
Government subsidies (Note)	**–**	1,994
Services charges	**184**	162
Sundry income	**189**	414
	740	2,927
Other gains and losses		
Net foreign exchange loss	**(3,199)**	(3,895)
Change in fair value of derivative financial asset component of convertible bonds (Note 31)	**–**	(49)
	(3,199)	(3,944)
	(2,459)	(1,017)

Note: During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK$1,994,000 (2024: nil). It mainly consists of (i) Covid-19 related subsidies, of which approximately HK$1,018,000 (2024: nil) related to Employment Support Scheme, (ii) approximately HK$900,000 (2024: nil) related to Food Licence Holders Subsidy Scheme, and (iii) training allowance approximately HK$12,000 (2024: nil) provided by the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to these subsidies.

8. FINANCE COSTS

	2024 **HK$'000**	2023 HK$'000
Interest on:		
— Bank and other borrowings	**51**	413
— Lease liabilities	**525**	675
— Convertible bonds	**–**	2,609
	576	3,697

9. LOSS BEFORE TAXATION

	2024 HK$'000	2023 HK$'000
Loss before taxation is arrive after charging:		
Staff costs including directors' remuneration	**23,738**	22,570
Contribution to retirement schemes	**1,308**	1,385
Total staff costs (Note (a))	**25,046**	23,955
Depreciation of property, plant and equipment	**208**	2,662
Depreciation of right-of-use assets	**2,374**	2,129
Amortisation of intangible assets	**176**	103
Auditors' remuneration		
— Audit services	**600**	600
Cost of inventories sold	**29,469**	21,996
Provision for obsolete and slow-moving inventories (Note (b))	**66**	754
Expenses relating to short-term leases	**501**	667

Notes:

(a) There are approximately HK$14,626,000 (2023: HK$12,835,000) related to cost of sales.

(b) The amount is included in cost of sales.

10. TAXATION

	2024 HK$'000	2023 HK$'000
Current tax		
— Hong Kong	**14**	110
Under (over) provision in prior years	**77**	(77)
Deferred taxation (Note 32)	**(6)**	(537)
	85	(504)

The Company, which was incorporated in the Cayman Islands, together with those group entities incorporated in the BVI, have no assessable profits for both years.

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2023: 25%).

10. TAXATION (CONTINUED)

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

	2024 **HK$'000**	2023 HK$'000
Loss before taxation	**(9,358)**	(14,968)
Tax at the domestic tax rate of 16.5% (2023: 16.5%)	**(1,544)**	(2,470)
Effect of different tax rate of subsidiaries operating in different jurisdictions	**(265)**	(32)
Tax effect of share of result of an associate	**(491)**	(593)
Tax effect of non-deductible expense for tax purpose	**1,898**	2,206
Tax effect of income not taxable for tax purpose	**(7)**	(307)
Tax effect of deductible temporary differences not recognised	**(38)**	237
Tax effect of tax losses not recognised	**475**	676
Utilisation of tax losses previously not recognised	**–**	(34)
Income tax at concessionary rate	**(17)**	(110)
Under (over) provision in prior years	**77**	(77)
Others	**(3)**	–
	85	(504)

11. DIVIDENDS

The board of directors did not recommend the payment of any dividend for both years.

12. LOSS PER SHARE

Basic loss per share	**2024** **HK$'000**	2023 HK$'000
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(9,443)**	(14,464)

	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**648,777,459**	404,771,816

For the years ended 31 March 2024 and 2023, the weighted average number of ordinary shares for the purpose of calculating basic loss per share have been adjusted for the effect of share placing on 28 June 2022 and 29 June 2023, loan capitalisation of shares on 28 June 2022 and conversion of convertible bonds on 3 November 2022.

For both years, the computation of diluted loss per share did not assume the exercise of the Company's share options, since the exercise price of those share options were higher than the average market price of the shares.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The aggregate amounts of emoluments paid by the Group to the directors and the chief executive officer of the Company during the year are as follows:

	2024 HK$'000	2023 HK$'000
Directors' fees	**710**	710
Salaries, allowances and benefits in kind	**1,920**	1,942
Discretionary bonus	**80**	80
Retirement scheme contributions	**18**	18
	2,728	2,750

Details for the emoluments of each director of the Company during the year are as follows:

For the year ended 31 March 2024

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Lo Yan Yee (Chairman)	150	600	40	–	790
Ms. Cheng Yeuk Hung ("**Madam Cheng**") (Note (b))	150	600	40	–	790
Ms. Chan Wan Shan, Sandra	30	720	–	18	768
Mr. Tansri Saridju Benui	150	–	–	–	150
Independent non-executive directors:					
Mr. Leung Yu Tung, Stanley	150	–	–	–	150
Mr. Lam Kwok Leung, Roy	30	–	–	–	30
Mr. Lam Wing Biu, Thomas (Note (d))	50	–	–	–	50
	710	1,920	80	18	2,728

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 31 March 2023

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Lo Yan Yee (Chairman)	150	600	40	–	790
Madam Cheng (Note (b))	150	600	40	–	790
Ms. Chan Wan Shan, Sandra	30	720	–	18	768
Mr. Tansri Saridju Benui	150	–	–	–	150
Independent non-executive directors:					
Mr. Chow Yun Cheung (Note (c))	50	–	–	–	50
Mr. Leung Yu Tung, Stanley	150	–	–	–	150
Mr. Lam Kwok Leung, Roy	30	–	–	–	30
Mr. Lam Wing Biu, Thomas (Note (d))	–	–	–	–	–
Chief-executive officer:					
Mr. Cheng Kwing Sang (Note (a))	–	22	–	–	22
	710	1,942	80	18	2,750

Notes:

(a) Mr. Cheng Kwing Sang resigned as chief-executive officer on 3 May 2022.

(b) Madam Cheng has been appointed and re-designated from chief operation officer to chief executive officer of the Group on 20 May 2022.

(c) Mr. Chow Yun Cheung resigned as an independent non-executive director on 31 March 2023.

(d) Mr. Lam Wing Biu, Thomas has been appointed as an independent non-executive director on 31 March 2023.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 31 March 2024, there were no amounts paid during the year to the directors in connection with their retirement from employment with the Group, or inducement to join (2023: nil). There was no arrangement under which the directors and chief executive officer waived or agreed to waive any remuneration during the year (2023: nil).

14. EMPLOYEES' EMOLUMENTS

(a) Five highest paid individual

The five highest paid individuals during the year are three directors (2023: three) with their emoluments disclosed in Note 13.

The detail of the emoluments of the remaining two (2023: two) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and other benefits	**1,450**	1,433
Retirement schemes contributions	**36**	36
	1,486	1,469

The emoluments of the two (2023: two) individuals with the highest emoluments are fell within the following band:

	Number of individuals	
	2024	2023
Nil to HK$1,000,000	**2**	2

(b) Senior Management of the Company

The emoluments of the senior management other than the highest paid individuals of the Group are within the following band:

	Number of individuals	
	2024	2023
Nil to HK$1,000,000	**3**	3

During both years, no emoluments were paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture & fixtures HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Mould HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost								
As at 1 April 2022	17,914	2,234	1,847	935	995	32	5,048	29,005
Additions	–	120	27	–	–	–	187	334
Disposals	–	–	(10)	–	–	–	–	(10)
Exchange realignment	–	–	(18)	–	–	–	(149)	(167)
As at 31 March 2023 and 1 April 2023	17,914	2,354	1,846	935	995	32	5,086	29,162
Additions	–	29	12	–	–	–	11	52
Exchange realignment	–	–	(12)	–	–	–	(102)	(114)
As at 31 March 2024	**17,914**	**2,383**	**1,846**	**935**	**995**	**32**	**4,995**	**29,100**
Accumulated depreciation and impairment								
As at 1 April 2022	14,133	1,589	1,755	925	995	32	4,930	24,359
Depreciation provided for the year	2,188	376	35	6	–	–	57	2,662
Impairment loss recognised in profit or loss	1,543	281	–	1	–	–	67	1,892
Eliminated on disposals	–	–	(10)	–	–	–	–	(10)
Exchange realignment	–	–	(16)	–	–	–	(143)	(159)
As at 31 March 2023 and 1 April 2023	17,864	2,246	1,764	932	995	32	4,911	28,744
Depreciation provided for the year	50	78	35	3	–	–	42	208
Exchange realignment	–	–	(10)	–	–	–	(95)	(105)
As at 31 March 2024	**17,914**	**2,324**	**1,789**	**935**	**995**	**32**	**4,858**	**28,847**
Carrying amount								
As at 31 March 2024	**–**	**59**	**57**	**–**	**–**	**–**	**137**	**253**
As at 31 March 2023	50	108	82	3	–	–	175	418

16. RIGHT-OF-USE ASSETS

	Motor vehicle leased for own used HK$'000	Buildings leased for own used HK$'000	Total HK$'000
Cost			
As at 1 April 2022	558	22,756	23,314
Modification of lease term	–	(165)	(165)
Exchange realignment	–	(731)	(731)
As at 31 March 2023 and 1 April 2023	558	21,860	22,418
Additions	–	7,012	7,012
Exchange realignment	–	(387)	(387)
As at 31 March 2024	**558**	**28,485**	**29,043**
Accumulated depreciation and impairment			
As at 1 April 2022	503	19,942	20,445
Depreciation provided for the year	55	2,074	2,129
Impairment loss recognised in profit or loss	–	523	523
Exchange realignment	–	(731)	(731)
As at 31 March 2023 and 1 April 2023	558	21,808	22,366
Depreciation provided for the year	–	2,374	2,374
Impairment loss recognised in profit and loss	–	1,180	1,180
Exchange realignment	–	(387)	(387)
As at 31 March 2024	**558**	**24,975**	**25,533**
Net carrying amounts			
As at 31 March 2024	**–**	**3,510**	**3,510**
As at 31 March 2023	–	52	52

Notes:

(a) The Group leases several assets including buildings. The remaining lease term is range from 1 years to 1.75 years as at 31 March 2024 (2023: range from 0.08 years to 2.92 years).

(b) As at 31 March 2024, the Group is committed approximately HK$501,000 (2023: approximately HK$667,000) for short-term leases.

(c) The total cash outflow for leases including payments of lease liabilities and short terms leases was amounted approximately to HK$5,696,000 and HK$253,000 (2023: approximately HK$5,240,000 and HK$411,000) for the year ended 31 March 2023, respectively.

(d) Details of impairment assessment on right-of-use assets, please refer to Note 4.

17. INTANGIBLE ASSETS

	HK$'000
Cost	
At 1 April 2022	–
Addition	880
At 31 March 2023 and 2024	880
Accumulated amortisation and impairment	
At 1 April 2022	–
Charge for the year	103
At 31 March 2023	103
Charge for the year	176
At 31 March 2024	279
Net carrying amount	
At 31 March 2024	601
At 31 March 2023	777

Intangible assets represent a website which was acquired during the year ended 31 March 2023. The mobile application has finite useful live and is amortised on a straight-line basis over 5 years.

18. INTEREST IN AN ASSOCIATE

On 24 October 2018, the Company entered into a sale and purchase agreement (the "**Acquisition Agreement**") with an independent third party (the "**Vendor**") pursuant to which the Vendor had conditionally agreed to sell and the Company has conditionally agreed to purchase 6,903,090 ordinary share at the market price of HK$0.1 each in Bluemount Financial Group Limited ("**Bluemount Group**") representing 30% of the entire equity interest of Bluemount Group at a consideration of HK$11,000,000, which was satisfied by cash amounted to HK$200,000 and the Company issuing consideration shares in the sum of HK$10,800,000 to the Vendor. At the date of acquisition, the fair value of consideration shares was HK$6,000,000 and total fair value of consideration paid was HK$6,200,000. Upon completion of this transaction, the Company held a 30% equity interest in Bluemount Group and exercised significant influence over Bluemount Group, and therefore Bluemount Group and its subsidiaries are classified as associates of the Company.

	2024 **HK$'000**	2023 HK$'000
Unlisted		
Cost of investment in associates	**6,200**	6,200
Share of post-acquisition result of an associate and other comprehensive income, net of dividend (Note (a))	**23,514**	20,539
Share of net assets of an associate	**29,714**	26,739

18. INTEREST IN AN ASSOCIATE (CONTINUED)

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

Name of associate	Country of incorporation/ registration/ principle place business	Paid-up capital or registered capital	Proportion of ownership interest and voting power attributable to the Group Direct		Indirect		Principal activities	Type of legal entity
			2024	2023	**2024**	2023		
Bluemount Financial Group Limited	Hong Kong	HK$23,010,300	**30%**	30%	**–**	–	Investment holding	Limited liability company
Bluemount Securities Limited	Hong Kong	HK$18,000,000	**–**	–	**30%**	30%	Brokerage services	Limited liability company
Bluemount Asset Management Limited	Hong Kong	HK$5,000,000	**–**	–	**30%**	30%	Portfolio and investment management service	Limited liability company
Bluemount Capital Limited	Hong Kong	HK$10,000	**–**	–	**30%**	30%	Project management services	Limited liability company
Bluemount Commodities Limited	Hong Kong	HK$100	**–**	–	**30%**	30%	To operate an e-commerce platform sells luxurious products	Limited liability company

Summary financial information of Bluemount Group

Summarised financial information in respect of the Group's associate are set out below. The summarised financial information below represents amounts shown in Bluemount Group's consolidated financial statements prepared in accordance with HKFRSs.

	2024 HK$'000	2023 HK$'000
Current assets	**158,349**	148,256
Non-current assets	**2,772**	4,578
Current liabilities	**(82,086)**	(83,715)
Non-current liabilities	**–**	–
Equity	**79,035**	69,119

	2024 HK$'000	2023 HK$'000
Revenue	**32,848**	38,324
Profit and total comprehensive income for the year	**9,916**	11,972

18. INTEREST IN AN ASSOCIATE (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bluemount Group recognised in these consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of Bluemount Group	**79,035**	69,119
Fair value adjustment, net of tax (Note (b))	**20,010**	20,010
Net assets of Bluemount Group after adjusting for fair value adjustment at the date of acquisition	**99,045**	89,129
Proportion of the Group's ownership interest	**30%**	30%
The Group's share of net assets of Bluemount Group	**29,714**	26,739

Notes:

(a) On completion of the acquisition of the shares in Bluemount Group, the reasons of fair value of net assets acquired as of the acquisition date exceeded the fair value of the consideration transferred, were mainly due to (1) adoption of marketability discount and minority discount in determining the purchase consideration and (2) issue price of consideration shares was lower than the contract issue price at acquisition date. Accordingly, the Group recognised a gain on bargain purchase of HK$11,241,000 which was the exceed of fair value of associates' net identifiable assets acquired to the fair value of consideration paid in the line item "Share of result of associates" in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2019.

(b) As at 24 October 2018, the fair value adjustment, net of tax, of interests in associates of approximately HK$20,010,000. The fair value adjustment of associates net identifiable assets was, valued by an independent professional external valuer, based on currently available market data adjusted for specific features of interest in an associate.

19. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**3,257**	4,388
Work-in-progress	**1,589**	6,840
Finished goods	**12,811**	9,602
	17,657	20,830

20. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**4,593**	624
Less: impairment allowance for ECL	**(47)**	(9)
	4,546	615

The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis below is net of impairment allowance for ECL:

	2024 HK$'000	2023 HK$'000
0 to 30 days	**4,546**	322
31 to 60 days	**–**	293
	4,546	615

The average credit period on sales of goods ranges from 0 to 90 days.

The trade receivables denominated in currencies other than the functional currencies of the relevant group entities are set out below.

	2024 HK$'000	2023 HK$'000
United States Dollars ("**US$**")	**4,206**	261

Further details on the Group's credit policy and credit risk assessment for ECL arising from trade receivables are set out in Note 39(b).

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 **HK$'000**	2023 HK$'000
Deposits paid and prepayments to suppliers (Note (a))	**462**	177
Amount due from an associate (Note (b))	**7,767**	7,418
Other deposits paid and prepayments	**4,144**	4,311
Other receivables	**1,424**	1,698
	13,797	13,604
Less: impairment allowance for ECL	**(40)**	(98)
	13,757	13,506

Notes:

(a) The amount was mainly related to guarantees paid to against other raw materials suppliers to secure a stable supply raw material or requested by such suppliers.

(b) During the year ended 31 March 2024, the Company recognise dividends receivable from an associate of HK$6,451,000 (2023: HK$6,102,000) and at interest of 7% per annum, and amounted of approximately HK$1,316,000 (2023: HK$1,316,000) advance to associates are unsecured, interest free and repayable on demand.

(c) For details of the ECL assessment was set out in Note 39.

22. PLEDGED TIME DEPOSITS/CASH AND CASH EQUIVALENTS

	2024	2023
	HK$'000	HK$'000
Cash and cash equivalents	**3,863**	2,958
Pledged time deposits	**–**	2,008
	3,863	4,966

As at 31 March 2024 and 2023, cash on hand and at bank that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	2024	2023
	HK$'000	HK$'000
US$	**1,091**	123
RMB	**10**	10
	1,101	133

As at 31 March 2023, pledged time deposits were made for varying periods of between one day to three months depending cash requirements of the Group and carrying fixed interest rate of 0.78% per annum of approximately HK$2,008,000 was pledged as collateral for bank facility of the Company.

23. TRADE PAYABLES

Details of the ageing analysis based on invoice date are as follows:

	2024 **HK$'000**	2023 HK$'000
Within 30 days	**3,031**	1,200
31 to 60 days	**1,325**	213
61 to 90 days	**448**	142
91 to 180 days	**216**	58
Over 180 days	**32**	131
	5,052	1,744

The average credit period on purchase of certain goods is generally within 30 days to 90 days.

24. ACCRUALS AND OTHER PAYABLES

	2024 **HK$'000**	2023 HK$'000
Accruals	**2,825**	2,007
Other payables	**209**	232
Other tax payables	**1,312**	1,222
	4,346	3,461

25. AMOUNT DUE TO A RELATED COMPANY

Name of related company	**2024** **HK$'000**	2023 HK$'000
Mobile Computer Land Limited (Note)	**248**	62

Note: Mr. Lo Ding Kwong, is the son of Madam Cheng and the major shareholder of Mobile Computer Land Limited.

The amount due to a related company is unsecured, interest free and repayable on demand.

26. AMOUNT DUE TO A DIRECTOR

The amount is non-trade related, unsecured, interest-free and repayable on demand.

27. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2024 and 2023 are set out as below:

Name of subsidiaries	Place/principal place of operation and date of incorporation	Paid-up capital or registered capital	Percentage of equity and voting power attributable to the Company				Principal activities	Type of legal entity
			Direct		Indirect			
			2024	2023	**2024**	2023		
Echo Asia (Hong Kong) Limited	Hong Kong, 30 June 2015	HK$10,000	**100%**	100%	**–**	–	Investment holding/Trading of timepieces	Limited liability company
Gold Treasure Hung Group Limited	BVI, 6 December 2010	US$10,000	**100%**	100%	**–**	–	Investment holding	Limited liability company
Yuk Cuisine Group Limited (former name: Chiu Cuisine Group Limited)	Hong Kong, 4 May 2018	HK$10,000	**100%**	–	**–**	100%	Investment holding	Limited liability company
Echo Electronics Company Limited	Hong Kong, 24 December 2003	HK$10,000	**–**	–	**100%**	100%	Trading of electronic products and accessories	Limited liability company
Yi Gao Tech Electronics (Shenzhen) Co., Ltd.	The PRC, 26 May 2011	HK$4,000,000	**–**	–	**100%**	100%	Manufacture of electronic products and accessories	Limited liability company
Yuk Cuisine Limited	Hong Kong, 29 March 2018	HK$10,000	**–**	–	**100%**	100%	Provision of food catering services	Limited liability company
Yuk Cuisine (Hongkong) Limited	Hong Kong, 8 July 2020	HK$10,000	**–**	–	**100%**	100%	Provision of food catering services	Limited liability company

28. CONTRACT LIABILITIES

	2024 **HK$'000**	2023 HK$'000
As at 1 April	**2,494**	619
Add: consideration arising from deposits of delivery of goods (Note)	**146**	2,494
Less: revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(2,494)**	(619)
As at 31 March	**146**	2,494

Note: Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer initially purchases the goods and paid in advance, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

29. OTHER BORROWINGS

The analysis of the carrying amount of other borrowings is as follows:

	2024 **HK$'000**	2023 HK$'000
Unsecured:		
— Other borrowings (Note)	**2,186**	–
The carrying amount of the above borrowings are repayable:		
— within one year	**2,186**	–

Note: The amount is unsecured, interest bearing at 11% per annum and with maturity dates on and before 27 September 2024.

30. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the current reporting periods:

	As at 31 March 2024		As at 31 March 2023	
	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	**5,483**	**5,856**	3,592	3,938
After 1 year but within 2 years	**2,910**	**2,977**	2,096	2,273
After 2 years but within 5 years	**–**	**–**	1,667	1,705
	2,910	**2,977**	3,763	3,978
	8,393	**8,833**	7,355	7,916
Less: total future interest expenses		**(440)**		(561)
Present value of lease obligations		**8,393**		7,355

Analysed for reporting purposes as:

	2024 HK$'000	2023 HK$'000
Current liabilities	**5,483**	3,592
Non-current liabilities	**2,910**	3,763
	8,393	7,355

The incremental borrowing rates applied to lease liabilities range from 4.3% to 8.3% (2023: range from 2% to 7.2%).

30. LEASE LIABILITIES (CONTINUED)

Lease obligations that are denominated in currencies of the relevant group entities are set out below:

	2024 **HK$'000**	2023 HK$'000
RMB	**3,569**	5,723

31. CONVERTIBLE BONDS

The four convertible bonds issued had been split as to the derivative financial asset component (redemption option derivative component embedded in convertible bonds); the financial liability component (convertible bonds) and equity component (convertible bonds reserve). The following tables summarised the movements of the derivative financial assets; financial liabilities and equity component during the year ended 31 March 2023.

On 3 November 2022, the holders of convertible bonds 1, 2, 3 and 4 exercised the conversion right and the convertible bonds were converted into 20,148,867, 55,949,150, 68,279,482, 10,759,452, 16,497,826, 34,394,381, 27,070,781 and 3,945,132 ordinary shares of the Company of HK$0.05 each, respectively.

Derivative financial assets — Redemption option derivative component:

	Convertible Bond 1 HK$'000	**Convertible Bond 2** HK$'000	**Convertible Bond 3** HK$'000	**Convertible Bond 4** HK$'000	**Total** HK$'000
As at 1 April 2022	(1)	(2)	(80)	(27)	(110)
Change in fair value of derivative financial asset component of convertible bonds	1	2	64	(18)	49
Conversion of convertible bonds	–	–	16	45	61
As at 31 March 2023	–	–	–	–	–

31. CONVERTIBLE BONDS (CONTINUED)

Financial liabilities — Financial liability component:

	Convertible Bond 1 HK$'000	Convertible Bond 2 HK$'000	Convertible Bond 3 HK$'000	Convertible Bond 4 HK$'000	Total HK$'000
As at 1 April 2022	9,482	11,626	8,123	499	29,730
Effective interest charged	792	1,093	677	47	2,609
Interest paid	(65)	(85)	(61)	(4)	(215)
Conversion of convertible bonds	(10,209)	(12,634)	(8,739)	(542)	(32,124)
As at 31 March 2023	–	–	–	–	–

Equity component:

	Convertible Bond 1 HK$'000	Convertible Bond 2 HK$'000	Convertible Bond 3 HK$'000	Convertible Bond 4 HK$'000	Total HK$'000
As at 1 April 2021, 31 March 2022 and 1 April 2022	3,713	3,747	4,030	167	11,657
Conversion of convertible bonds	(3,713)	(3,747)	(4,030)	(167)	(11,657)
As at 31 March 2023	–	–	–	–	–

31. CONVERTIBLE BONDS (CONTINUED)

Convertible Bond 1

On 23 January 2018 (the "**Issue Date 1**"), the Company issued in aggregate of HK$10,000,000, 7.0% convertible bonds and recognised its book as of fair values appraised by an independent financial valuer ("**Convertible Bond 1**"). The Convertible Bond 1 entitled the holders to convert them into a maximum of 50,761,421 conversion shares of the Company at any time between the date of issue of the bonds and their settlement date on (i) the fifth anniversary of the Issue Date 1 or (ii) if it was not a business date, the business day immediately before such date (the "**Maturity Date 1**") at the initial conversion price of HK$3.94* per conversion share per convertible bonds (subject to adjustment).

Unless previously redeemed, converted, purchased or cancelled, the Company would redeem all of the Convertible Bond 1 on the Maturity Date 1 at price equal to 100% of the principal amounts of the Convertible Bond 1 to be redeemed, together with accrued interest. The Company was entitled to voluntarily redeem the whole or any part of the Convertible Bond 1 after the first anniversary of the issue date of the Convertible Bond 1.

The Convertible Bond 1 contained three components: liability component, equity component and redemption option derivative, which was classified as financial assets at fair value through profit or loss. The equity component was presented in equity heading "convertible bonds — equity component reserve". The redemption option derivative was measured at fair value with changes in fair value recognised in profit or loss. The effective interest rate of the liability component was 14.28% per annum.

The key inputs used for the calculation of the fair value of redemption option derivative component of Convertible Bond 1 were as follows:

	As at 23 January 2018
Risk free rate	1.72%
Volatility	44.39%
Discount rate	14.09%

* The conversion price was adjusted due to share consolidation became effective on 3 August 2020, details please refer to Note 32(a).

31. CONVERTIBLE BONDS (CONTINUED)

Convertible Bond 2

On 20 August 2018 (the "**Issue Date 2**"), the Company issued in aggregate of HK$13,000,000, 7.0% convertible bonds and recognised its book as of fair values appraised by an independent financial valuer ("**Convertible Bond 2**"). The Convertible Bond 2 entitled the holders to convert them into a maximum of 122,641,509 conversion shares of the Company at any time between the date of issue of the bonds and their settlement date on (i) the fifth anniversary of the Issue Date 2 or (ii) if it was not a business date, the business day immediately before such date (the "**Maturity Date 2**") at the initial conversion price of HK$2.12* per conversion share per convertible bonds (subject to adjustment).

Unless previously redeemed, converted, purchased or cancelled, the Company would redeem all of the Convertible Bond 2 on the Maturity Date 2 at price equal to 100% of the principal amounts of the Convertible Bond 2 to be redeemed, together with accrued interest. The Company was entitled to voluntarily redeem the whole or any part of the Convertible Bond 2 after the first anniversary of the issue date of the Convertible Bond 2.

The Convertible Bond 2 contained three components: liability component, equity component and redemption option derivative, which was classified as financial assets at fair value through profit or loss. The equity component was presented in equity heading "convertible bonds — equity component reserve". The redemption option derivative was measured at fair value with changes in fair value recognised in profit or loss. The effective interest rate of the liability component was 16.22% per annum.

The key inputs used for the calculation of the fair value of redemption option derivative component of Convertible Bond 2 were as follows:

	As at 20 August 2018
Risk free rate	2.05%
Volatility	78.12%
Discount rate	16.11%

* The conversion price was adjusted due to share consolidation became effective on 3 August 2020, details please refer to Note 32(a).

31. CONVERTIBLE BONDS (CONTINUED)

Convertible Bond 3

On 6 August 2019 (the "**Issue Date 3**"), the Company issued in aggregate of HK$9,408,000, 7.0% convertible bonds and recognised its book as of fair values appraised by an independent financial valuer ("**Convertible Bond 3**"). The Convertible Bond 3 entitled the holders to convert them into a maximum of 192,000,000 conversion shares of the Company at any time between the date of issue of the bonds and their settlement date on (i) the fifth anniversary of the Issue Date 3 or (ii) if it was not a business date, the business day immediately before such date (the "**Maturity Date 3**") at the initial conversion price of HK$0.98* per conversion share per convertible bonds (subject to adjustment).

Unless previously redeemed, converted, purchased or cancelled, the Company would redeem all of the Convertible Bond 3 on the Maturity Date 3 at price equal to 100% of the principal amounts of the Convertible Bond 3 to be redeemed, together with accrued interest. The Company was entitled to voluntarily redeem the whole or any part of the Convertible Bond 3 after the first anniversary of the issue date of the Convertible Bond 3.

The Convertible Bond 3 contained three components: liability component, equity component and redemption option derivative, which was classified as financial assets at fair value through profit or loss. The equity component was presented in equity heading "convertible bonds — equity component reserve". The redemption option derivative was measured at fair value with changes in fair value recognised in profit or loss. The effective interest rate of the liability component was 14.28% per annum.

The key inputs used for the calculation of the fair value of redemption option derivative component of Convertible Bond 3 were as follows:

	As at 6 August 2019
Risk free rate	1.34%
Volatility	94.37%
Discount rate	14.36%

* The conversion price was adjusted due to share consolidation became effective on 3 August 2020, details please refer to Note 32(a).

31. CONVERTIBLE BONDS (CONTINUED)

Convertible Bond 4

On 7 July 2020 (the "**Issue Date 4**"), the Company issued in aggregate of HK$4,640,000, 7.0% convertible bonds and recognised its book as of fair values appraised by an independent financial valuer ("**Convertible Bond 4**"). The Convertible Bond 4 entitled the holders to convert them into a maximum of 200,000,000 conversion shares of the Company at any time between the date of issue of the bonds and their settlement date on (i) the fifth anniversary of the Issue Date 4 or (ii) if it was not a business date, the business day immediately before such date (the "**Maturity Date 4**") at the initial conversion price of HK$0.464* per conversion share per convertible bonds (subject to adjustment).

Unless previously redeemed, converted, purchased or cancelled, the Company would redeem all of the Convertible Bond 4 on the Maturity Date 4 at price equal to 100% of the principal amounts of the Convertible Bond 4 to be redeemed, together with accrued interest. The Company was entitled to voluntarily redeem the whole or any part of the Convertible Bond 4 after the first anniversary of the issue date of the Convertible Bond 4.

The Convertible Bond 4 contained three components: liability component, equity component and redemption option derivative, which was classified as financial assets at fair value through profit or loss. The equity component was presented in equity heading "convertible bonds — equity component reserve". The redemption option derivative was measured at fair value with changes in fair value recognised in profit or loss. The effective interest rate of the liability component was 16.15% per annum.

The key inputs used for the calculation of the fair value of redemption option derivative component of Convertible Bond 4 were as follows:

	As at 7 July 2020
Risk free rate	0.80%
Volatility	59.29%
Discount rate	16.04%

* The conversion price was adjusted due to share consolidation became effective on 3 August 2020, details please refer to Note 32(a).

32. DEFERRED TAXATION

For the purpose of presentation in the consolidation statement of financial position, certain deferred tax assets and liabilities have been offset the following is the analysis of deferred tax balances for financial reporting purpose:

	2024 **HK$'000**	2023 HK$'000
Deferred tax assets	**10**	4

The following table is the major deferred tax asset and liabilities recognised and the movements thereon during the current and prior year:

	ECL provision HK$'000	**Convertible bonds** HK$'000	**Total** HK$'000
As at 1 April 2022	14	(547)	(533)
(Charged) credited to profit or loss	(10)	547	537
As at 31 March 2023 and 1 April 2023	4	–	4
Credited to profit or loss	6	–	6
As at 31 March 2024	**10**	**–**	**10**

At 31 March 2024, the Group has tax losses arising of approximately HK$16,895,000 (2023: HK$9,032,000), including approximately HK$3,034,000 (2023: nil) arose in the PRC that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses because in the opinion of the Directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

33. SHARE CAPITAL

	Par value HK$	Number of shares '000	Nominal value HK$'000
Issued and fully paid:			
As at 1 April 2022	0.05	157,823	7,891
Issue of share capital under placing (Note (a))	0.05	97,188	4,860
Capitalisation of loan (Note (b))	0.05	102,804	5,140
Conversion of convertible bonds (Note (c))	0.05	237,045	11,852
As at 31 March 2023 and 1 April 2023	0.05	594,860	29,743
Issue of share capital under placing (Note (d))	0.05	71,563	3,578
As at 31 March 2024	**0.05**	**666,423**	**33,321**

The holders 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 regarding the Company's residual assets.

Notes:

(a) On 28 June 2022, the Company placed 97,188,000 new shares at the placing price of HK$0.13 per placing share to not less than six placees.

(b) On 28 June 2022, the Company completed a loan capitalisation and issued 102,804,000 loan capitalisation shares at HK$0.13 each.

(c) On 3 November 2022, the holders of convertible bonds 1, 2, 3 and 4 exercised the conversion right and the convertible bonds were converted into 20,148,867, 55,949,150, 68,279,482, 10,759,452, 16,497,826, 34,394,381, 27,070,781 and 3,945,132 ordinary shares of the Company of HK$0.05 each, respectively. The conversion shares rank pari passu in all respects with shares of the Company.

(d) On 29 June 2023, the Company placed 71,563,010 new shares at the placing price of HK$0.11 per placing share to a subscriber. Immediately after the completion of share placing, the subscriber holds more than 10% shareholding of the Company.

34. PROVISION FOR REINSTATEMENT COSTS

	2024 HK$'000	2023 HK$'000
As at 1 April and 31 March	**400**	400
Less: Non-current portion	**(400)**	(400)
Current portion	**–**	–

Provision for reinstatement costs is recognised for the costs to be incurred for the reinstatement of the buildings leased for own used by the Group for its operations upon expiration of the relevant leases.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flow as cash flows from financing activities.

	Convertible bonds HK$'000	Lease liabilities HK$'000	Bank and other borrowings HK$'000	Total HK$'000
As at 1 April 2022	29,730	13,354	17,814	60,898
Finance cost recognised	2,609	675	413	3,697
Finance cost paid	(215)	(675)	(413)	(1,303)
Repayment of lease liabilities	–	(5,240)	–	(5,240)
Repayment of borrowings	–	–	(4,500)	(4,500)
Non-cash changes:				
Modification of lease terms	–	(165)	–	(165)
Conversions of convertible bonds	(32,124)	–	–	(32,124)
Loan capitalisation	–	–	(13,314)	(13,314)
Exchange alignment	–	(594)	–	(594)
As at 31 March 2023 and 1 April 2023	–	7,355	–	7,355
Finance cost recognised	**–**	**525**	**51**	**576**
Finance cost paid	**–**	**(525)**	**(51)**	**(576)**
Repayment of lease liabilities	**–**	**(5,696)**	**–**	**(5,696)**
Proceeds from other borrowings	**–**	**–**	**2,186**	**2,186**
Non-cash changes:				
Addition of leases	**–**	**7,012**	**–**	**7,012**
Exchange alignment	**–**	**(278)**	**–**	**(278)**
As at 31 March 2024	**–**	**8,393**	**2,186**	**10,579**

36. PRE-IPO SHARE OPTION SCHEME/SHARE OPTION SCHEME

The Company has conditionally adopted the Pre-IPO Share Option Scheme and the Share Option Scheme on 27 September 2013.

As at the date of 30 September 2013, options to subscribe for 20,000,000 shares (adjusted to 4,000,000 Shares upon the share subdivision effective on 15 July 2015 and the share consolidation effective on 3 August 2020) under the Pre-IPO Share Option Scheme have been granted to the Directors except for the independent non-executive Directors and employees of the Group.

The Company has also conditionally adopted the Share Option Scheme. No option has been granted under the Share Option Scheme. The Share Option Scheme will be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

The Eligible Persons of the Share Option Scheme include directors, consultants or advisers and any other person has contributed to the Group (the "**Eligible Persons**"). The subscription price of the share options shall be a price determined by the board of directors and shall be at least the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the offer date; (ii) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; or (iii) the nominal value of the share.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other Share Option Schemes shall not in aggregate exceed 10% of the total number of shares in issue as at the listing date of the shares of the Company. The Company may grant options to specified participant(s) beyond the 10% limit provided that the options granted in excess of such limit are specifically approved by the shareholders in general meeting and the participants are specifically identified by the Company before such approval is sought. In seeking such approval, a circular must be sent to the shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company in issue shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Persons (including both exercised and outstanding options under the Share Option Scheme) in any twelve-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of options to an Eligible Persons would result in excess of such limit shall be subject to the approval of the shareholders at general meeting with such Eligible Persons and his associates abstaining from voting.

36. PRE-IPO SHARE OPTION SCHEME/SHARE OPTION SCHEME (CONTINUED)

To quantify the effect of the options granted under the Pre-IPO Share Option Scheme, the Company has engaged an independent external valuer, Roma Appraisals Limited ("**Roma**") to compute the fair value of the granted options.

The fair value of the options granted under the Pre-IPO Share Options Scheme is determined using Black Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on the Directors' best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavior consideration. Expected volatility is based on the average historical volatilities of the comparable over the expected option periods of 6.5 years. Risk free rate is based on the period average yields of the Exchange Fund Notes of comparable terms issued by the Hong Kong Monetary assumptions.

The variables and assumptions used in computation of the fair value of Pre-IPO Share Options Scheme are based on the Directors' best estimate. The value of an option varies with different variables of certain objective assumption.

Inputs into the valuation model

Grant date share price	HK$0.555
Exercise price*	HK$3.00
Expected volatility	54.806%
Expected option period	6.542 years
Risk free rate	1.53%
Expected dividend yield	0.00%

Movements in the share options granted to the former directors, directors, employees of the Company and other eligible participants during the year were as follows:

	Date of grant	**Exercise price*** HK$	Number of share* outstanding as at 31 March 2023 '000	**Expired** '000	**Number of share outstanding as at 31 March 2024 '000**
Director	27 September 2013	3.00	45,600	(45,600)	–
Employee	27 September 2013	3.00	34,400	(34,400)	–
		3.00	80,000	(80,000)	–

* *The exercise price and number of shares were adjusted due to the share subdivision became effective on 15 July 2015 and the share consolidation became effective on 3 August 2020.*

36. PRE-IPO SHARE OPTION SCHEME/SHARE OPTION SCHEME (CONTINUED)

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
September 2013	11 October 2013– 10 October 2016	11 October 2016– 11 October 2023	HK$3.00

The options outstanding were expired during the year ended 31 March 2024.

37. RESERVES

The movement of reserves of the Group during the year was shown in the consolidated statement of changes in equity.

(a) Contribution reserve

Pursuant to the deed of mutual set-off dated 27 September 2013 entered into between Madam Cheng (an executive director, the controlling shareholder and a founder of the Company) and the Company, Madam Cheng agreed to bear the expenses incurred by the Company in connection with the listing to the extent of HK$5.77 million by setting off against the debt of the Company owing to Madam Cheng. According to Conceptual Framework for Financial Reporting 2010 and Hong Kong Accounting Standards 1 (Revised) Presentation of Financial Statements, this represents a transaction between the Company and the controlling shareholder, and the amount will be recognised in equity rather than consolidated statements of comprehensive income prior to the listing.

(b) Capital reserve

The capital reserve of the Group represents the capital contributions by Madam Cheng, a director and controlling shareholder of the Company, to the subsidiaries directly held by Madam Cheng before the reorganisation. The additions during the year represent the injection of additional paid-up capital by the equity holders of the subsidiaries to the respective companies by the owners of the subsidiaries, which were consolidated from the effective date of acquisition.

37. RESERVES (CONTINUED)

(c) Share option reserve

Share option reserve relates to share option granted under the Company's share option scheme and which are reclassified to share capital and share premium when the share option were exercised and to accumulated losses when the share options were lapsed or expired.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

(e) Convertible bonds-equity component reserve

The convertible bonds-equity component reserve represented the value of the unexercised equity component (conversion rights) of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds. If the convertible bonds were not converted at the maturity date, the convertible bonds equity reserve would be reclassified subsequently to profit or loss.

38. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of other borrowings and equity attributable to owners of the Company (comprising issued share capital and reserves).

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost and the risks associated with each class of the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as raising and repayment of bank borrowings.

The gearing ratio at the end of the reporting period was as follow:

	2024 **HK$'000**	2023 HK$'000
Debt	**16,146**	14,772
Equity	**52,975**	52,281
Gearing ratio	**30.48%**	28.26%

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Amortised costs		
— Trade receivables	4,546	615
— Other receivables	9,151	9,018
— Pledged time deposits	–	2,008
— Cash and cash equivalents	3,863	2,958
	17,560	14,599
Financial liabilities		
Amortised costs		
— Trade payables	5,052	1,744
— Amount due to a related company	248	62
— Amount due to a director	58	–
— Other payables	209	232
— Other borrowings	2,186	–
	7,753	2,038
Lease liabilities	8,393	7,355

(b) Financial risk management objectives and policies

The directors of the Company monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's major financial instruments include trade receivables, deposits and other receivables, pledged time deposits, cash and cash equivalents, trade payables, amount due to a related company, amount due to a director, other payables, other borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk and impairment assessment

As at 31 March 2024 and 2023, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk limited to trade receivables, deposits and other receivables, pledged time deposits and cash and cash equivalents which will cause the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Company has set the policies in place to ensure that transactions are made to customers with an appropriate credit history. In addition, the Group performs impairment assessment under ECL model on trade receivables under collective assessment. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

The Group has concentration of credit risk as 95.60% (2023: 70.57%) of the total trade receivables was due from the Group's the five largest customers respectively within the manufacturing and trading of electronic products and accessories and trading of timepieces. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

Cash and cash equivalents and pledged time deposits

As at 31 March 2024 and 2023, all cash and cash equivalents and pledged time deposits were deposited in state owned banks and reputable financial institutions and were hence without significant credit risk. The Group has no significant concentration of credit risks, with exposure spread over a number of counter parties. Based on the average loss rates, the 12m ECL on cash and cash equivalents and pledged time deposits is considered to be insignificant and therefore no loss allowance was recognised.

Deposits and other receivables

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. As at 31 March 2024, other receivables with significant outstanding balances or credit-impaired with gross carrying amounts of approximately HK$9,191,000 (2023: approximately HK$9,116,000) and the amount of impairment made was amounted to approximately HK$40,000 (2023: HK$98,000).

Amount due from an associate

For amount due from an associate with gross carrying amount of HK$7,767,000 (2023: HK$7,418,000), the directors of the Company make periodic individual assessment on the recoverability of amounts due from associates based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

Internal credit rating	Description	Trade receivables	Other financial assets at amortised cost
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
Watch list	Debtor frequently repays but usually settles in full after due dates	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

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount	
				2024	2023
				HK$'000	HK$'000
Trade receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**211**	165
		Watch list	Lifetime ECL (not credit-impaired)	**4,382**	459
Other receivables	N/A	Low risk	12m ECL	**1,424**	1,698
Amount due from an associate	N/A	Low risk	12m ECL	**7,767**	7,418
Bank balances and pledged time deposits	A1-Aa1	N/A	12m ECL	**3,510**	4,643

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 April 2022	121	–	121
Change due to financial instruments recognise as at 1 April			
— Impairment losses reversed	(121)	–	(121)
Impairment loss recognised for new financial assets originated	9	–	9
As at 31 March 2022 and 1 April 2023	9	–	9
Change due to financial instruments recognise as at 1 April			
— Impairment losses reversed	(9)	–	(9)
Impairment loss recognised for new financial assets originated	47	–	47
As at 31 March 2024	**47**	**–**	**47**

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in 12-month ECL that has been recognised for deposits and other receivables under the 12m ECL.

	12-month ECL HK$'000
As at 1 April 2022	50
— Impairment losses recognised, net	48
As at 31 March 2023 and 1 April 2023	98
— Impairment losses reversed, net	(58)
As at 31 March 2024	**40**

Interest rate risk

The Company has no significant interest-bearing liabilities except for other borrowings and lease liabilities, details of which have been disclosed in Notes 29 and 30 respectively.

The Company has no significant interest rate risk during both years.

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK$, USD and RMB. HK$ is pegged to the USD and the foreign exchange exposures between them are considered limited, therefore, the Group is mainly exposed to the effects of fluctuation in RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider the need of hedging significant foreign currency exposures.

No sensitivity analysis on foreign currency risk is performed since the Group's has no material foreign currency denominated monetary assets and liabilities at the end of the reporting period.

Liquidity risk

The Group has laid down an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity management, which is reviewed regularly by the Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and maintains a conservative level of long-term funding to finance its short-term financial assets.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue to those liabilities except where the Group are entitled and intends to repay the liability before its maturity.

As at 31 March 2024

	Weighted average interest rate	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	5,052	–	–	5,052	5,052
Other payables	–	209	–	–	209	209
Amount due to a related company	–	248	–	–	248	248
Amount due to a director	–	58	–	–	58	58
Lease liabilities	6.9%	5,856	2,977	–	8,833	8,393
Other borrowings	11%	2,186	–	–	2,186	2,186
		13,609	2,977	–	16,586	16,146

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

As at 31 March 2023

	Weighted average interest rate	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	1,744	–	–	1,744	1,744
Other payables	–	232	–	–	232	232
Amount due to a related company	–	62	–	–	62	62
Lease liabilities	6.9%	3,938	2,273	1,705	7,916	7,355
		5,976	2,273	1,705	9,954	9,393

(c) Fair value measurements of financial instruments

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

The fair values of financial assets and financial liabilities are determined as follows:

The carrying amount of the Group's financial assets and liabilities at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK$'000	2023 HK$'000
Non-current asset		
Interest in an associate	**29,714**	26,739
Current assets		
Amounts due from subsidiaries	**35,640**	30,500
Deposits, prepayments and other receivables	**6,437**	6,210
Cash and cash equivalents	**720**	21
	42,797	36,731
Current liabilities		
Amount due to a subsidiary	**935**	935
Accruals and other payables	**690**	700
	1,625	1,635
Net current assets	**41,172**	35,096
Total assets less current liabilities	**70,886**	61,835

	2024 HK$'000	2023 HK$'000
Net assets	**70,886**	61,835
Capital and reserves		
Share capital	**33,321**	29,743
Reserves (Note)	**37,565**	32,092
Total equity	**70,886**	61,835

Approved by the Board of Directors on 24 June 2024 and signed on its behalf by:

Lo, Yan Yee
Executive Director

Cheng, Yeuk Hung
Executive Director

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserve is as follows:

	Share premium HK$'000	Contribution reserve HK$'000	Share option reserve HK$'000	Convertible bonds-equity component reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2022	86,879	4,836	5,794	11,657	(112,745)	(3,579)
Total comprehensive expense for the year	–	–	–	–	(1,383)	(1,383)
Loan capitalisation shares	8,224	–	–	–	–	8,224
Issue of ordinary shares upon conversion of convertible bonds	33,217	–	–	(11,657)	–	21,560
Share placing	7,775	–	–	–	–	7,775
Issuance cost of share placing	(505)	–	–	–	–	(505)
As at 31 March 2023 and 1 April 2023	135,590	4,836	5,794	–	(114,128)	32,092
Total comprehensive income for the year	–	–	–	–	1,240	1,240
Share placing	4,293	–	–	–	–	4,293
Issuance cost of share placing	(60)	–	–	–	–	(60)
Lapse of share options	–	–	(5,794)	–	5,794	–
As at 31 March 2024	**139,823**	**4,836**	**–**	**–**	**(107,094)**	**37,565**

As at 31 March 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to loss of HK$37,565,000 (2023: HK$26,298,000). The amount represents the net of Company's contribution reserve, share premium, and accumulated losses, which may be distributable 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 and when they fall due in the ordinary course of business.

41. MATERIAL RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had entered into transactions with related parties/connected person which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business, as shown below:

(a) Transactions with related parties/connected person

Particulars of significant related parties/connected person transactions during the year, the Group entered into the following transactions with related parties/connected person:

Nature of related party/connected transactions

	2024	2023
	HK$'000	HK$'000
Sales to Moson International Limited (Note (i))	**2,669**	1,980
Rental paid to Mobile Computer Land Limited (Note (i))	**372**	372
Placing fee paid to Bluemount Securities Limited (Note (ii))	**–**	505
Interest income on dividends receivable from an associate	**348**	348

Notes:

(i) The sales to and rental paid to Moson International Limited and Mobile Computer Land Limited respectively which major shareholder is Mr. Lo Ding Kwong, is the son of Madam Cheng, constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules, but is fully exempt from shareholders' approval and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

(ii) The placing agreement between the Group and Bluemount Securities Limited, which is a subsidiary of Bluemount Financial Group Limited which in turn is owned 30% by the Group.

For the transactions constituted connected transactions under the GEM Listing Rules, please refer to "Connected Transactions and Continuing Connected Transactions" under "Report of the Directors".

41. MATERIAL RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS (CONTINUED)

(b) Amounts due from (to) related parties

The amounts due from (to) related parties at the end of reporting period are as follow:

	2024 **HK$'000**	2023 HK$'000
Amount due from an associate, net of allowance for ECL	**7,750**	7,362
Amount due to a related company	**(248)**	(62)
Amount due to a director	**(58)**	–

(c) Key management personnel remuneration

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in Notes 13 and 14 respectively to the consolidated financial statements, is as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries and allowances (including directors' fee)	**4,160**	4,165
Retirement scheme contribution	**54**	54
	4,214	4,219

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 June 2024.

Financial Summary

For the year ended 31 March 2024

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

	For the year ended 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**65,478**	55,285	80,338	49,352	49,252
Loss before taxation	**(9,358)**	(14,968)	(22,092)	(27,344)	(25,163)
Taxation	**(85)**	504	240	664	64
Loss for the year	**(9,443)**	(14,464)	(21,852)	(26,680)	(25,099)
Attributable to:					
Owners of the Company	**(9,443)**	(14,464)	(21,852)	(26,680)	(25,099)

	For the year ended 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**73,911**	67,907	75,002	73,922	54,168
Total liabilities	**(20,936)**	(15,626)	(70,724)	(73,761)	(34,925)
	52,975	52,281	4,278	161	19,243
Total equity	**52,975**	52,281	4,278	161	19,243