Echo International Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8218

2025
ANNUAL REPORT

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*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 *(Chief executive officer)* Mr. Tansri Saridju Benui Ms. Chan Wan Shan, Sandra
Independent non-executive directors	Mr. Leung Yu Tung, Stanley *(Lead independent non-executive director, appointed on 30 June 2025)* 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 *(resigned on 30 June 2025)* Mr. Lam Kwok Leung Roy Ms. Chan Wan Shan, Sandra *(appointed on 30 June 2025)*
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	**Rongcheng (Hong Kong) CPA Limited** **(formerly known as 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 2025.

In 2024, the Group designed various products of Security System for bivouac environments, comprises features a remotely controlled bivvy light and passive infrared motion sensor detection. Designed to work transducer from existing discrete components to microcontroller enhancing both product reliability and facilitate mass production.

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 2025 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 2025.

The Group's revenue for the year ended 31 March 2025 was approximately HK$61.97 million (year ended 31 March 2024: approximately HK$65.48 million), representing approximately 5.36% decrease as compared with last year. The Group's net loss for the year ended 31 March 2025 recorded approximately HK$4.29 million (year ended 31 March 2024: net loss of approximately HK$9.44 million), representing approximately 54.59% decrease as compared with last year. The gross profit margin slightly increased from approximately 23.35% last year to approximately 24.72% for the year ended 31 March 2025.

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.

Chairman's Statement

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, 22 August 2025

Management Discussion and Analysis

BUSINESS REVIEW

Revenue for the year ended 31 March 2025 was approximately HK$61.97 million, representing a decrease of approximately 5.36% when compared with last year. Loss attributable to owners of the Company for the year ended 31 March 2025, was approximately HK$4.29 million whilst the loss attributable to owners of the Company last year was approximately HK$9.44 million.

Notwithstanding the challenging market conditions encountered during the year, the Group continues to provide electronic 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 Bulgaria, Denmark, Finland, Germany, Ireland, Italy, Poland, Portugal, 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 2025 was approximately HK$45.38 million, representing an increase of approximately 28.90% when compared with last year. The increase in sales of electronic products was mainly due to the increase in sales of the fishing indicator and control board.

Food Catering Services

During the year ended 31 March 2025, 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 2025 was approximately HK$16.06 million, representing a decrease of approximately 46.95% when compared with last year. Such decrease was mainly due to the general market condition of Hong Kong catering industry, which was impacted by the outbound tourism effect, as well as the closure of a restaurant previously owned by Yuk Cuisine Limited.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK$4.29 million for the financial year ended 31 March 2025 as compared with the loss of approximately HK$9.44 million for the financial year ended 31 March 2024. The decrease in the loss is mainly due to increase in other income and other gains or loss, and decrease of the impairment on right-of-use assets.

The Group's revenue for the year ended 31 March 2025 was approximately HK$61.97 million (approximately HK$65.48 million for last year), representing a decrease of approximately 5.36% when compared with last year. Such decrease was mainly due to the decrease in the revenue from restaurant operation by 46.95% when compared with last year.

Moreover, the revenue attributable to the top five customers increased by approximately 41.48% from approximately HK$29.41 million for the year ended 31 March 2024 to approximately HK$41.61 million for the year ended 31 March 2025.

Throughout the year ended 31 March 2025, some factory direct costs, such as staff costs, 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 increased from approximately 23.35% for the year ended 31 March 2024 to approximately 24.72% for the year ended 31 March 2025 primarily due to the increase in sales of the higher margin products of the Group's electronic business, namely fishing indicator.

Selling and distribution expenses for the year ended 31 March 2025 amounted to approximately HK$1.31 million (approximately HK$1.43 million for the year ended 31 March 2024), representing a decrease of approximately 8.12%. Such decrease was mainly due to the decrease in advertising and promotion expenses to approximately HK$0.09 million for the year ended 31 March 2025 (approximately HK$0.21 million for the year ended 31 March 2024).

Administrative and other expenses for the year ended 31 March 2025 amounted to approximately HK$19.17 million (approximately HK$22.00 million for the year ended 31 March 2024), representing a decrease of approximately 17.64%. Such decrease was mainly due to the decrease in written off of current account from fellow subsidiaries to approximately HK$6.20 million (2024: Nil) for the year ended 31 March 2025.

Loss attributable to the owners of the Company amounted to approximately HK$4.29 million for the year ended 31 March 2025 (approximately HK$9.44 million for the year ended 31 March 2024). Basic and diluted loss per share attributable to owners of the Company was also approximately HK0.64 cents for the year ended 31 March 2025 (basic and diluted loss per share was approximately HK1.46 cents for the year ended 31 March 2024).

To turnaround the loss for the financial year ended 31 March 2025, 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 an LED Illuminated Bobbin for nighttime beach fisherman, along with a new fish bite detector, a power management charger unit, and related products to the market in 2025 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 2025.

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 2025.

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 2025, the Group had net current assets of approximately HK$20.06 million (2024: approximately HK$22.20 million) including cash and cash equivalents of approximately HK$5.85 million (2024: approximately HK$3.86 million) and no pledged time deposits (2024: Nil).

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 2025 was 2.04 (2024: 2.26).

Save as disclosed below, there has been no material change in the capital structure of the Group during the year ended 31 March 2025. The capital of the Group mainly comprises ordinary shares and capital reserves.

Please refer to Note 32 to the consolidated financial statements for details of changes of capital structure of the Company during the year ended 31 March 2025 and up to the date of this report, respectively.

Significant Investment

The Group did not have any significant investment as at 31 March 2025 (2024: Nil).

Dividend

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

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2025 (2024: Nil).

Charges over assets

The Group had not pledged any time deposits as at 31 March 2025 (2024: Nil).

Event after the Reporting Period

The Group does not have any significant events after the reporting period.

Capital commitment

The Group did not have any significant capital commitments as at 31 March 2025 (2024: Nil).

Foreign Currency Exposure

As at 31 March 2025, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 March 2025, the Group did not use any financial instruments for hedging purposes.

Employees and Emolument Policy

As at 31 March 2025, the Group employed a total of 116 employees (2024: 126 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK$21.48 million for the year ended 31 March 2025 (2024: HK$25.05 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.

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 73, 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 47 years of experience in the electronics industry of which he has spent over 34 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 68, 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 46 years of experience in the electronics industry of which she has spent over 34 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 60, has been appointed as an executive Director on 7 September 2018, and has been appointed to be an authorised representative and compliance officer of the Company on 31 December 2019. He resigned as a member of the Nomination Committee of the Board on 30 June 2025. 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 51, joined our Group in August 2017 and was appointed as an executive Director on 31 March 2020. She has been appointed to be a member of the Nomination Committee of the Board on 30 June 2025. 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 49, 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 been appointed as the lead independent non-executive director of the Board on 30 June 2025. He has over 21 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 51, 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 21 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 65, 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 32 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 45, 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 18 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 38, 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.

He has been the director of Mobile Computer Land Limited since 30 June 2020. He has been the director of Zhumu Company Limited since 7 November 2022. He has been the company secretary of Moson International Limited since 7 November 2022.

Ms. Tai Shan Yu, Yoko (戴珊瑜), aged 49, is the purchasing manager of the Group. She has over 26 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 company secretary, 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 2025 (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 its 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 Financial Year.

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 9 to 11 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 Financial Year, the Company has held one general meeting (including the annual general meeting on 31 July 2024). 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 Financial Year, 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 2024 up to the date of this report, the Audit Committee had reviewed the interim results and report of the Company for the six months ended 30 September 2024 and the annual results and report of the Company for the year ended 31 March 2025. 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 2025 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	3/3
Mr. Lam Kwok Leung, Roy	3/3
Mr. Lam Wing Biu, Thomas	3/3

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, namely Mr. Lam Kwok Leung, Roy and 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 code provision E.1.2(c)(ii) 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, namely Mr. Lam Kwok Leung, Roy and Mr. Leung Yu Tung, Stanley, and one executive Director, Ms. Chan Wan Shan, Sandra. On 30 June 2025, Mr. Tansri Saridju Benui resigned as a member of the Nomination Committee and Ms. Chan Wan Shan, Sandra was appointed as a member of the Nomination Committee. 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 during the Financial Year 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 (resigned on 30 June 2025)	0/0
Mr. Lam Kwok Leung, Roy	0/0
Ms. Chan Wan Shan, Sandra (appointed on 30 June 2025, which is after the Financial Year)	N/A

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 2025 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 ESG 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 Consultant and the Board; and (ii) the Company's actions.

Major deficiencies	Company's actions
• With respect to Yuk Cuisine (Hongkong) Limited, the monthly overtime work, annual leave and sick leave records submitted by the manager were reviewed and approved by the same manager.	• The management explained that the executive director of the Group has further reviewed the computations. In the future, the Group will keep sufficient documentary evidence to support the reviewing process.
• No evidence showing that the Group has a master training plan to determine in advance the required training at the beginning of each financial year to set out the subject areas and level of the training for staff in different departments and ranking of position within the Group.	• The management will develop an overall training plan and needs for staff in different functional roles and rankings commencing from the following year subject to the GEM Listing Rules and all applicable laws.

• No evidence showing that the Group has adopted a standard payment procedure on recurrent reimbursement of expenses by staff in Echo Electronics Company Limited.
  • The application for expense reimbursement only requires the invoice concerned, no staff reimbursement form is required for submission.
  • The name and position of staff are not indicated on the invoices claimed.
	• The management responded that when a staff applies for reimbursement of expenses, both staff reimbursement form and supporting document, including the invoice, should be submitted by staff for manager's authorization and approval. The manager shall then countersign on the said staff reimbursement form and submit the same to the treasurer to process the payment. Upon receiving the payment by the staff, Echo Electronics Company Limited shall provide an acknowledgment of receipt to the staff for signing, with the original to be retained by Echo Electronics Company Limited.

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 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	550
Non-audit services	9

Rongcheng (Hong Kong) Limited (formerly known as 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 Rongcheng (Hong Kong) 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 49 to 73 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 2025 is approximately 1.52 males per 1 female. 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 providing 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 propose 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 2025.

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 2025 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 68 to 144.

The Board does not recommend the payment of any final dividend for the year ended 31 March 2025.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2025 is set out in the section headed "Management Discussion and Analysis" on the pages 6 to 8 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 145.

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 2025.

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 2025.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2025 are set out in Note 38 and Note 35 to the consolidated financial statements and the consolidated statement of changes in equity on page 81, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2025, 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 2025 attributable to the Group's major customers and the percentages of purchases for the year ended 31 March 2025 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 67.14% of the Group's total revenue. The amount of revenue from the Group's largest customer represented approximately 45.01% of the Group's total revenue.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 20.24% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented approximately 8.00% 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 2025.

Report of the Directors

DIRECTORS

The Directors during the year ended 31 March 2025 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 9 to 11 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.

Mr. Lo Yan Yee, Mr. Leung Yu Tung, Stanley and Mr. Lam Wing Biu, Thomas 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 40 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 2025 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.

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 2025, 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 2025, 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 2025, 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 2025, 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 2025.

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 39 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 2025.

The sales to Moson International Limited, rental paid to Mobile Computer Land Limited and the remuneration to the Directors as disclosed in Note 40 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 2025, 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 12 to 25 of this report.

EVENT AFTER THE REPORTING PERIOD

There were no significant events occurring after the reporting period.

AUDITORS

The financial statements for the year were audited by Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited) whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of Rongcheng (Hong Kong) 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, 22 August 2025

Environmental, Social and Governance Report

INTRODUCTION TO THE REPORT

This Environmental, Social and Governance Report (the "**Report**") provides an overview of the initiatives, plans and performance of Echo International Holdings Group Limited (the "**Company**", "**Echo**", the "**Group**" or "**We**", together with its subsidiaries) in Environmental, Social and Governance ("**ESG**") and demonstrates its commitment to sustainable development.

REPORTING PERIOD

This Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 March 2025 (the "**Reporting Period**", "**Year**", "**2025**").

REPORTING SCOPE

The ESG Report highlights the Group's ESG performance across its Hong Kong and Mainland China operations, which represent its primary revenue-generating activities under direct management control. The Group's business framework encompasses a diverse portfolio, and the reporting scope included the Hong Kong office, Chinese restaurant "Yuk Cuisine" and an electronics manufacturing facility in Shenzhen.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the ESG Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

REPORTING PRINCIPLES

During the preparation of this ESG Report, the Group has applied the Reporting principles stipulated in the ESG Reporting Guide as follows:

- "*Materiality*" — A materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for preparing this ESG Report. The materiality of issues was reviewed and confirmed by the Board.

- "*Quantitative*" — Supplementary notes are added along with quantitative data disclosed in this ESG Report to explain any standards, methodologies, and sources of conversion factors used to calculate environmental key performance indicators ("**KPIs**").

- "*Balance*" — This Report aims to provide a holistic and fair view of the sustainability performance of the Group and has not omitted any information related to material ESG topics.

- "*Consistency*" — The approach adopted for preparing this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

FORWARD-LOOKING STATEMENTS

This ESG Report contains forward-looking statements based on the Group's current expectations, estimations, projections, beliefs, and assumptions about the business and the markets in which it operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties, and factors beyond the Group's control. Therefore, actual outcomes may differ from the assumptions made and the statements contained in this ESG Report.

CONFIRMATION AND APPROVAL

This ESG Report was endorsed by the ESG Working Group and approved by the Board in June 2025.

CONTACT US

Your feedback is valuable to our continuous improvement, and we welcome any comments and suggestions you may have on this ESG Report or our future ESG strategy in general. Please share any comments or suggestions regarding the Group's ESG performance in the following ways:

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

BOARD STATEMENT & ESG GOVERNANCE STRUCTURE

The Board Statement

The Board of Directors ("**Board**") holds primary responsibility for overseeing the Group's ESG matters, including its management approach, strategy, and policies. To effectively manage ESG performance and address potential risks, the Board collaborates with the Policy Committee and Executive Steering Group to conduct materiality assessments as needed. These assessments identify and prioritise significant ESG-related issues while considering stakeholder perspectives. By setting the overall direction for ESG strategies, the Board ensures effective risk management and internal control measures.

ESG Governance Structure

Board of Directors

Formulate ESG management approaches, strategies, priorities and goals

- Evaluate ESG-related risks and opportunities
- Regularly review ESG-related targets
- Review the disclosures in the ESG Report
- Oversee all ESG issues

Policy Committee

- Report to the Board on all ESG-related issues
- Ensure compliance with relevant ESG laws and regulation

Executive Steering Group

- Collect and analyse ESG data and evaluate the effectiveness of policies and procedures
- Ensure the implementation of plans to achieve ESG targets

Stakeholder Engagement

Echo is committed to integrating sustainability into its ESG strategies, focusing on improving environmental protection and social responsibility. Recognising the importance of stakeholder input, the Group actively engages in close communication to understand and address their key concerns. To ensure effective dialogue and incorporate stakeholder feedback into sustainable management and ESG strategy development, the Group has established diverse communication channels.

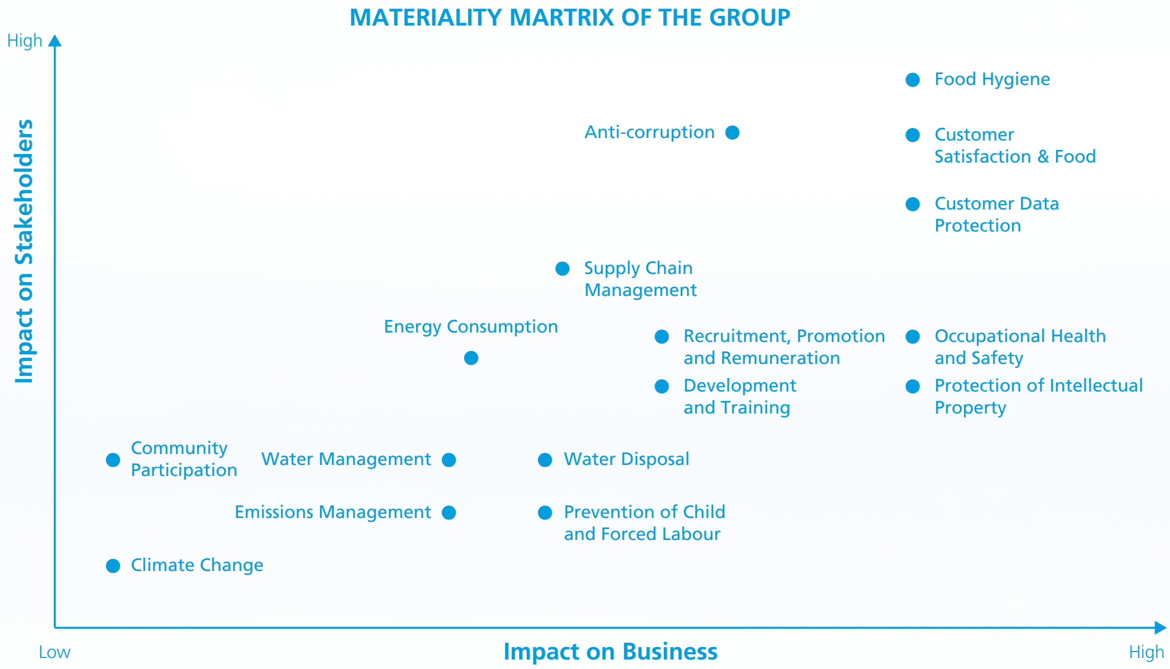
When formulating operational and ESG strategies, the Group considers stakeholders' expectations through diverse engagement methods and communication channels. These methods and channels are outlined below:

Stakeholders	Possible Issue of Concern	Communication Channels
Government/ Regulatory Authorities	• Compliance with policies and regulations • Operational compliance	• Routine reporting and disclosure • Announcements • Press releases
Customers	• Goods, Food and service quality • Delivery time	• Company website • Phone and email communication • Communication with staff • Customer comment cards • Exhibitions
Suppliers	• Supplier management • Customer service	• Supplier assessment • Site visits • Tendering process
Employees	• Rights and benefits • Remuneration and compensation • Career development and training • Working hours • Occupational health and safety • Working environment	• Employee training • Employee communication meetings • Performance reviews • Employee handbook
Stakeholders and Investors	• Corporate governance system • Business strategies and performance • Corporate transparency and reputation	• Annual/Extraordinary general meetings • Annual reports and announcements • Company website and email
Community	• Community environment • Employment and community development • Social welfare	• Community activities • Employee voluntary activities • Community welfare subsidies • Charitable donations

MATERIALITY ASSESSMENT

Material issues in this Report refer to what may have a significant impact on the Group's business operations or have an actual impact on stakeholders. To identify and prioritise these issues, the Group conducts a materiality assessment survey every year, presenting the findings in the form of a materiality matrix.

The following matrix is a summary of the Group's material ESG issues:



The Group reviewed the results of the materiality assessment and considered that the said result is applicable to the Group. Echo will continue to monitor the Group's business operations and its ESG performances.

A. ENVIRONMENTAL

The Group acknowledges that environmental protection requires both collective and individual efforts. With the growing concern over climate change and environmental conservation, we understand the significance of reducing emissions and minimising our environmental impact. To achieve this, we have integrated a range of sustainable practices into our business operations.

To guide our green initiatives, we have implemented an Environmental Policy with specific guidelines encompassing four key areas: emissions, resource usage, environmental and natural resources, and climate change. The following sections provide detailed information about our relevant green measures.

ENVIRONMENTAL TARGET

To support global efforts in combating climate change, accelerate the transition to a green and low-carbon economy, and achieve our goal of carbon neutrality by 2050, we have established environmental targets for the Group. These targets will serve as key metrics for assessing the effectiveness of our strategies and measures in mitigating climate change. We have set 2025 as the baseline year for these evaluations.

Environmental Aspects	Units	2025 (base year)	Target
Electricity Consumption Intensity	kWh/employee	4,168.27	↓5%
Water Consumption Intensity	m^3/employee	58.03	↓5%
Non-hazardous Waste Intensity	Tonnes/employee	1.28	↓5%
Greenhouse Gas Emission Intensity	tCO_2e/employee	3.27	↓5%

Setting these objectives, it provides guidance for the Group's business strategy. The steps taken to achieve these goals are detailed below.

EMISSIONS

During the Reporting Period, the Group was not aware of any material non-compliance with environmental-related laws and regulations in relation to air and greenhouse gases ("**GHG**"), emissions, discharges into water and land discharges, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Waste Disposal Ordinance of Hong Kong, Water Pollution Control Ordinance of Hong Kong, the Environmental Protection Law of the PRC, and the Water Pollution Prevention and Control Law of the PRC.

Air Emissions

To align with the global development of the low-carbon economy, the Group pays attention to the air emissions that arise from its daily operations. The principal sources of air emissions are the combustion of petrol for company vehicles. In response to the above emission sources, we actively take the following emission reduction measures:

- Optimise fuel consumption by proactively planning routes in advance to minimise route repetition;
- Maintain optimal engine performance and fuel efficiency by regularly the servicing vehicle;
- Minimise fuel consumption by actively turning off the engine when the vehicle is idling.

The Group's Emissions performance is summarised below:

Type of Air Pollutants	Unit	2025
Nitrogen oxides (NOx)	kg	6.88
Sulphur oxides (SOx)	kg	0.09
Particulate matter (PM)	kg	0.24

Greenhouse Gas ("GHG") Emissions

The major sources of the Group's GHG emissions are direct GHG emissions (Scope 1) from petrol combustion of company-owned vehicles and indirect GHG emissions (Scope 2) from purchased electricity. During the Reporting Period, the Group's total GHG emissions decreased due to the closure of one Yuk Cuisine restaurant and the replacement of diesel-powered forklifts with electric forklifts at the Shenzhen factory.

Types of GHG Emissions[1]	Units	2025	2024[2]
Direct GHG Emissions (Scope 1)			
• Petrol	tCO_2e	**74.44**	122.88
Indirect GHG Emissions (Scope 2)			
• Purchased electricity	tCO_2e	**302.22**	454.39
Other Indirect GHG Emissions (Scope 3)			
• Air Travel			
• Treatment of sewage	tCO_2e	**4.08**	1.80
Total GHG Emissions	tCO_2e	**380.74**	579.07
Intensity[3]	tCO_2e/employee	**3.28**	4.59

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the 2024 Sustainability Report" published by HK Electric Investments Limited, the "CLP 2024 Sustainability Report" published by CLP Holdings Ltd and the latest released emission factors of China's regional power grid basis.

2. FY 2024 Total GHG Emissions and Intensity has been restated.

3. As at 31 March 2025, the total number of employees in the Reporting Scope of the Group was 116 (as at 31 March 2024: 126). This data is also used for calculating other intensity data.

WASTE MANAGEMENT

Hazardous Waste

The Shenzhen electronic product manufacturing factory primarily discharged hazardous waste, such as chemical waste containers and ABS scraps. All waste materials are sorted by the factory according to their properties and delivered to certified third-party organisations for proper disposal.

Indicators	Unit	2025	2024
Hazardous Waste	Tonnes	**0.34**	0.30
Intensity	Tonnes/employee	**0.003**	0.002[4]

Note:

4. FY 2024 Hazardous waste intensity units have been standardised.

Non-Hazardous Waste

In our catering business, waste management is a priority, guided by the "5Rs" principle — Refuse, Reuse, Reduce, Repair, and Recycle. These practices are integrated across various operations to minimise waste and promote sustainability.

A significant portion of our non-hazardous waste consists of food waste and used cooking oil. For food waste, Echo collaborates with property management companies and trusted business entities to ensure proper disposal. Regarding waste cooking oil, Echo partners with certified recyclers and authorised service providers manage it responsibly, facilitating its conversion into biofuels and other sustainable resources in compliance with environmental regulations.

Preventing excessive food waste is a key focus. The Group has implemented portion control measures, and staff are trained to offer diners the option to take leftovers as takeaway, supporting a green lifestyle. Additionally, inventory control measures have been introduced. Procurement teams are equipped with operational manuals and receive training in food ordering and processing guidelines to ensure efficient inventory management and reduce food wastage.

Beyond food waste, the Group is also committed to minimising waste in office operations, particularly paper waste. To foster a paper-saving culture in our Hong Kong offices, we encourage duplex printing, recycling used paper, and avoiding unnecessary printing. These initiatives contribute to a more sustainable and environmentally conscious workplace.

Indicators	Unit	2025	2024[5]
Non-hazardous waste	Tonnes	**148.00**	94.88
Intensity	Tonnes/employee	**1.28**	0.75

Note:

5. FY 2024 Non-hazardous waste has been restated.

USE OF RESOURCES

The Group continues to introduce resource efficiency and eco-friendly measures to the Group's operations and is committed to optimising the use of resources in all business operations. During our operation, energy such as fuel and electricity is essential for business activities. The Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of resources.

The Group strongly supports and promotes the efficient utilisation of resources, striving to optimise their use in all business operations. We foster a sustainable office and operational environment, consistently introducing resource efficiency initiatives and eco-friendly measures to enhance the Group's operations.

Energy Management

The Group has implemented an energy management system to ensure regular monitoring and assessment of its energy consumption objectives and targets. In the event of unexpected increases in energy consumption, thorough investigations are conducted to identify the root causes. Prompt action is then taken to implement preventive measures deemed necessary to mitigate and address the underlying factors contributing to the increase.

To achieve our targets, we have implemented a series of measures and initiatives across our Hong Kong office, catering business and Shenzhen factory, including the following:

Catering and Hong Kong office

- Set the air conditioning system to an optimal temperature to minimise unnecessary energy consumption;
- Turn off air conditioning, lighting, and other power-consuming equipment outside of office hours to reduce energy usage;
- Conduct regular inspections and maintenance of energy consumption equipment to prevent additional energy usage caused by operational anomalies

Shenzhen Factory

- **Use of energy efficient equipment:** Air-source water heaters consume significantly less power than electric water heaters of the same capacity, offering high efficiency and energy savings;
- **Energy-saving lighting:** Use LED fixtures and other energy-efficient luminaires to reduce greenhouse gas emissions indirectly caused by energy consumption;
- **Cooling system upgrade:** Replace the air cooling system for plastic injection moulding machines with a water-cooling system to enhance cooling efficiency and reduce energy consumption;
- **Equipment Maintenance:** Inspect equipment regularly to ensure timely repair and maintenance, reducing energy waste caused by ageing machinery.

During the Reporting Period, the Group's total energy consumption decreased due to the closure of one Yuk Cuisine restaurant.

Indicators	Unit	2025	2024
Direct Energy Consumption	MWh	**296.77**	637.31
Indirect Energy Consumption	MWh	**483.52**	687.64
Total Energy Consumption	MWh	**780.29**	1,324.96
Intensity	MWh/employee	**6.73**	10.52

WATER MANAGEMENT

Recognising the global challenge of water scarcity, the Group actively implements strategies to promote water conservation across its operations. We foster a culture of sustainability by educating employees on best practices and regularly inspecting water-consuming areas to prevent wastage from facility damage.

We closely monitor and analyse monthly water usage to develop effective conservation plans and ensure our goals are met. In our Shenzhen electronic manufacturing facility, we manage water resources through treated wastewater reuse and the use of water-efficient equipment. Similarly, our restaurants prioritise sustainable water use by installing water-saving devices, conducting regular maintenance to prevent leaks, and using detailed water consumption data to guide improvements.

Indicator	Unit	2025	2024
Water consumption	m^3	**6,731**	12,247
Intensity	m^3/employee	**58.03**	97.20

SEWAGE DISCHARGE

Echo strictly follows sewage regulations, ensuring compliance with environmental standards and minimising impact on local ecosystems.

Indicators	Units	2025	2024
Sewage Discharge	m^3	**4,711.7**	8,572.9
Intensity	m^3/employee	**40.62**	68.04

USE OF PACKAGING MATERIALS

The Group mainly uses plastic and paper packaging materials to protect products during manufacturing and transportation. To reduce environmental impact, we work closely with suppliers to promote the reuse of packaging materials such as boxes, plastic trays, and containers. These materials are returned to suppliers for future use, improving resource efficiency and supporting a more sustainable packaging approach.

Indicator	Unit	2025	2024
Packaging materials consumptions	Tonnes	**4.63**	8.79
Intensity	Tonnes/employee	**0.04**	0.07

THE ENVIRONMENT AND NATURAL RESOURCES

Echo pursues the best practices in environment protection and focuses on its impact on the environment and natural resources. The Group has integrated the concept of environmental protection into its daily operations, with the aim of achieving environmental sustainability.

Green Working Environment

To optimise productivity, the Group provides employees with a comfortable and environmentally friendly working environment. We prioritise maintaining office order and environmental cleanliness to ensure a clean and organised workspace. Additionally, we regularly monitor and measure the indoor air quality of our workplaces. To control and maintain indoor air quality, we install air purification equipment and carry out regular cleaning of air-conditioning systems, ensuring their effectiveness in filtering pollutants and dust.

CLIMATE CHANGE

Extreme weather conditions are increasing, affecting more people worldwide. The complexity of today's world means climate disasters have far-reaching consequences, making urgent decarbonisation essential.

Echo is committed to reducing its environmental footprint by implementing high operational standards. Focus areas include waste reduction, energy saving, and water conservation. The Group aims to adopt circular approaches to production and consumption, reducing waste at the source and utilising innovative technologies.

Steps have been taken to identify and assess climate risks and opportunities, maximising positive impacts and minimising negative ones. This assessment informs stakeholders about the Group's strategic actions on climate change.

Climate risks and opportunities		Potential impacts	Mitigation Strategy
Physical Risks	Increased frequency and severity of extreme weather events such as typhoons rainfalls, and extreme temperatures	• Decreased revenue due to extreme weather events that reduce customer traffic and delay projects. • Increased capital expenditures for the implementation of mitigation measures required. • Increased operational costs due to health and safety incidents. • Reduced asset value due to the exposure of continuous climate risks.	• Undertake precautionary measures for all employees and workers during typhoon and rainstorm season, such as developing operation continuity plans and conducting emergency drills. • State working instructions to give directions on preventive measures and operational procedures. • Carry out climate risk assessment and incorporate climate-resilient designs in new projects. • Promote the use of energy-efficient systems
Transition Risks	Tightened requirements and regulations on energy efficiency and green standards	• Increased capital expenditures for the procurement of energy-efficient equipment • Increased risks of non-compliance with the requirements of green standards	• Commit to Government's schemes to impose energy-saving measures and procure energy-efficient equipment.
	Increased implementation and application of technology	• Increased capital expenditures for the procurement of new technologies and R&D. • Long-term opportunities to embrace technology to improve efficiency and branding.	• Source and introduce technological applications.
	Increased expectation from stakeholders (including banks, investors, among others)	• Potential negative impacts on share price and investor demands due to lack of climate risk governance and disclosure. • Possible lowered cost of capital through green finance.	• Include climate risks and opportunities disclosure in sustainability Reports. • Actively engage stakeholders including government authorities, NGOs, and professional institutes to understand their expectations in key sustainability areas including climate change.

B. SOCIAL

EMPLOYMENT

The Group is committed to being an employer of choice by prioritising the well-being of its employees. Guided by a people-oriented approach, we uphold and protect employees' legitimate rights, ensure fair labour practices, and maintain strict standards for occupational health and safety.

We also promote equal opportunities in recruitment, ensuring a transparent and inclusive process based on merit. Candidates are assessed fairly based on their qualifications, skills, experience, and language proficiency, free from bias or discrimination

The Group strictly complies with the relevant laws and regulations in Hong Kong and PRC, including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and the Hong Kong Employment Ordinance.

During the Reporting Period, the Group was not aware of any material non-compliance with any relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, that would have a significant impact on the Group.

Recruitment, Promotion and Dismissal

Promotions and dismissals within the organisation are carried out on a fair and equal opportunity basis. Employee promotions are reviewed annually, considering objective performance indicators. Supervisors engage in effective two-way communication with employees, discussing their performance and facilitating advancement. Regular performance appraisals are conducted to evaluate employees' work performance, capabilities, and potential for progress, laying the foundation for future promotions and training. The Group encourages internal promotion to provide employees with additional opportunities for personal and professional development. The organisation strictly prohibits unreasonable dismissals under any circumstances. If necessary, dismissals are based on reasonable and lawful grounds, aligned with the Group's internal policies.

Compensation and Benefits

Equitable remuneration and benefits contribute to employee satisfaction, team morale and overall performance. The Group offers an extensive and competitive package of remuneration and benefits, and it reviews its package in a timely manner in response to market changes. In PRC, the Group offers its employees the Five Social Insurance and One Housing Fund as a mandatory benefit, while in Hong Kong, the Group provides contributions to the Mandatory Provident Fund ("**MPF**") for its employees. It offers non-statutory benefits as additional welfare to employees, such as discretionary bonus, overtime pay, full attendance bonus, different bonus and related subsidies.

Equal Opportunity, Diversity and Anti-Discrimination

The Group is committed to strict compliance with all national and local governmental laws and regulations. We uphold a fair, equitable, and transparent recruitment process, establishing policies that prevent discrimination in recruitment. Our aim is to ensure that no individual experiences discrimination based on race, nationality, disability, age, marital status, gender, pregnancy, sexual orientation, or political association. We strive to provide equal and fair treatment to all employees, encompassing areas such as recruitment, remuneration, training, promotion, dismissal, retirement, and other aspects of employment.

If an employee faces intimidation, humiliation, bullying, or harassment, including sexual harassment, they are encouraged to report the matter to their designated employee representative or directly to the general manager. The Group takes such complaints seriously and will employ appropriate measures to address and resolve these issues promptly upon receipt of the complaint.

Employee Communication Channels

The Group actively recruits and attracts talents and provides fair and competitive compensation. Employees' salaries and year-end bonuses are determined based on qualifications, work performance, performance appraisal results and market trends.

To ensure a fair and transparent process, the Group has established guidelines in the Employee Handbook. It stipulates that employees should report any irregularities or concerns to their supervisors or the Human Resources Department.

As of 31 March 2025, the employee structure is shown below:

Breakdown of Employees	**2025**	2024
Total	**116**	126
By Gender		
Male	**70**	54
Female	**46**	72
By Age Group		
18–24	**12**	10
25–34	**10**	15
35–44	**29**	35
45–54	**42**	43
55–64	**17**	21
65 or above	**6**	2
By Employment Type		
Full time	**107**	102
Part time	**9**	24

Breakdown of Employees	2025	2024
By Geographical Region		
Hong Kong	**39**	41
China	**77**	85
By Employee Category		
Senior Management	**8**	15
Middle Management	**10**	11
General Staff	**98**	100

During the Reporting Period, the employee turnover information is as follows:

Employee Turnover Rate[6]	2025	2024
Overall	**56.03%**	61.92%
By Gender		
Male	**47%**	59.16%
Female	**70%**	64.08%
By Age Group		
18–24	**167%**	300%
25–34	**90%**	99.96%
35–44	**59%**	48.72%
45–54	**31%**	25.44%
55–64	**24%**	24%
65 or above	**33%**	0%
By Geographical Region		
Hong Kong	**28%**	24.24%
China	**70%**	80.04%

Note:

6. The turnover rate by specific category is calculated by dividing the number of employees leaving employment in the specified category during the Reporting Period by the number of employees as at the end of the reporting period in the specified category.

HEALTH AND SAFETY

The Group places employee health and safety at the core of its business operations. Guided by a people-oriented approach, we are committed to providing a safe, healthy, and comfortable working environment for all staff.

Occupational Health and Safety

In our electronics manufacturing facilities, particularly in the production areas, we implement strict safety management practices to minimise workplace risks. Designated safety personnel conduct routine inspections of the workplace, equipment, and personal protective gear, with warning signs clearly posted in high-risk zones.

To further enhance workplace safety, we have installed systems such as forced exhaust, vacuum cleaning, heat insulation, and ventilation. Air-conditioning systems are cleaned regularly, and pest control is maintained to ensure a hygienic environment. For roles with potential health risks, medical examinations are arranged as necessary to monitor occupational health.

In our catering operations, the Group has established a comprehensive Health and Safety at Work Policy that outlines clear responsibilities and promotes safety awareness across all departments. We fully comply with disease prevention and control regulations for the catering industry. Our restaurants have registered the installation of High Efficiency Particulate Arrestance (HEPA) filter equipment with the Food and Environmental Hygiene Department to enhance air quality and safeguard public health. A dedicated Health and Safety Committee oversees occupational risks, conducts regular meetings with operations teams, and ensures that all incidents reported through our internal system are promptly addressed in accordance with established procedures.

All employees are required to participate in health and safety training, covering topics such as first aid, fire evacuation, and emergency response. Refresher courses are held regularly to reinforce knowledge and ensure preparedness.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a significant impact on the Group, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Occupational Safety and Health Ordinance of Hong Kong. No work-related fatalities happened during the past 3 consecutive years.

Fiscal Year	**Unit**	**2025**	2024	2023
Fatalities due to work	Cases	**0**	0	0
Work Injury Cases	Cases	**1**	0	0
Work Injury Rate[7]	%	**0.07**	0	0
Lost days due to work injury	Days	**22**	0	0

Note:

7. Work injury rate is calculated by number of work-related injury Lost days/(number of Employee x 22 x 12 (working days)) x 100%. The Group has subscribed to employees' compensation insurance for all employees, and it has covered the compensation required due to work-related injury.

DEVELOPMENT AND TRAINING

Investing in future leaders is essential for ensuring the Group's long-term success and resilience. The Group intends to nurture its talent pipeline to retain high-performers and be equipped with leaders for tomorrow. In view of this, the Group provides them with the right tools and an environment in which they can grow professionally. Employees are continuously motivated to improve and contribute their knowledge and experiences towards shaping the future.

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

During the Reporting Period, the Group provided around 908.5 hours of training, with an average training hour of approximately 7.83 hours per trained employee. The breakdown of the employees trained by gender and employment category is as follows:

Percentage of Employee Training[8]	**2025**	2024[9]
By Gender		
Male	**140.00%**	148.20%
Female	**156.52%**	195.84%
By Employment Category		
Senior Management	**100%**	140.04%
Middle Management	**100%**	109.08%
General Staff	**155.10%**	188.04%

Note:

8. The percentage of employee training by category is calculated by dividing the number of employees in specific categories who attended the training by the total number of employees in those categories.

9. FY 2024 Employee Training percentage has been restated.

The average number of training hours completed per employee by gender and employment category is as follows:

Number of Training hours	**2025**	2024
By Gender		
Male	**7.44**	5.60
Female	**8.42**	7.81
By Employment Category		
Senior Management	**6.44**	5.40
Middle Management	**4.80**	3.91
General Staff	**8.26**	7.41

LABOUR STANDARDS

Prevention of Child and Forced Labour

The Group has zero tolerance and strictly prohibits the use of child labour and forced labour in our operations. Below measures have been taken to avoid these illegal employment practices.

Prevention of child labour	During the recruitment process, the human resources department will verify the applicant's identity documents and ensure that they have reached the minimum age for employment.
Prohibition of forced labour	The Group specifies overtime compensation provisions in the Employee Handbook. The Group carefully monitors the employee working time and working schedule to ensure they work voluntarily and freely.

In case of any illegal labour practice is discovered, the Group will stop their employment immediately. An investigation will be carried out subsequently and report the case to the relevant authorities.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group including but not limited to the Employment Ordinance, the Employment of Children Regulations, the Regulations on Prohibition of Child Labor of the People's Republic of China, the Labour Contract Law of the People's Republic of China and Labour Law of the People's Republic of China.

SUPPLY CHAIN MANAGEMENT

The Group extends its effective governance to its supply chain. Through the Supplier Code of Conduct, we communicates its expectations to suppliers on upholding ethical standards, compliance with law, and avoidance of corruption.

The Group selects and evaluates suppliers based on business needs, considering factors such as quality, pricing, reliability, and overall value. We aim to leverage our purchasing power to support sustainable consumption and production by prioritising environmentally and socially responsible suppliers.

Identifying and managing environmental and social risks within the supply chain is essential to ensuring responsible business practices. The Group regularly assesses suppliers through risk evaluations, site visits, audits, and ongoing communication. By continuously monitoring and reviewing supplier performance, we gain a better understanding of potential risks and take proactive steps to mitigate them effectively.

Supplier Management

The Group identifies, evaluates, and selects its suppliers based on its needs and requirements, and considers suppliers on factors like quality, pricing, reliability, and overall value. The Group seeks to leverage its purchasing power in support of sustainable consumption and production by choosing environmentally and socially preferable options.

To identify environmental and social risks along with supply chains is crucial for ensuring sustainable and responsible business practices. The Group conducts risk evaluation on suppliers by identifying potential environmental and social risks, communicating with suppliers regularly, conducting site visits and supplier audits. By continuing to monitor and review the supplier's performance, we understand the environmental and social risks associated with our supply chain and work towards mitigating those risks effectively.

During the Reporting Period, the Group had a total of 188 suppliers, and the following breakdown illustrates their distribution. The Group highly prefers local sourcing to decrease the carbon footprint due to transportation and support local economy.

Location	No. of Suppliers
Hong Kong	109
China	78
Singapore	1

Open and Fair Procurement

The Group upholds principles of openness, fairness, and equity in its procurement process, ensuring no discrimination or preferential treatment towards any suppliers. Only suppliers with a proven track record and no significant breaches of business ethics are selected to work with the Group.

When considering new suppliers, the Group evaluates their qualifications, scale, quality systems, business capabilities, environmental practices, and social responsibility. Stringent anti-corruption measures are integrated throughout the procurement process. Integrity agreements have been implemented with suppliers to regulate their conduct and prevent improper interest during project development.

Green Procurement

The Group is committed to fostering a virtuous ecosystem that connects customers, enterprises, and suppliers through innovative approaches and transformative changes in the supply chain. Sustainability is at the core of the Group's business model, with a focus on local procurement, streamlined turnaround times, and the integration of environmentally responsible practices.

Throughout the procurement process, the Group prioritises local suppliers and environmentally friendly products and services. By favoring local procurement, the Group aims to minimise the carbon footprint associated with procurement activities, support local economic growth, and create employment opportunities within communities. Additionally, the Group will consider suppliers who comply with internationally recognised standards, such as ISO 14001 for environmental management and SA8000 for social accountability.

Environmental compliance of materials

For the electronics manufacturing business, the Group ensures that key raw materials comply with international standards, including the Restriction of Hazardous Substances Directive (RoHS) and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). Suppliers' materials are tested for hazardous substances such as cadmium, lead, mercury, hexavalent chromium, polybrominated biphenyls, and polybrominated diphenyl ethers. Preference is given to suppliers providing qualified test reports or proof of compliance, especially for lead-free tin materials like solder wire and solder paste.

Echo also procures environmentally friendly materials, such as sponges and shrink films adhering to the Global Recycled Standard (GRS), when appropriate. To further reinforce its commitment to environmental protection and social responsibility, suppliers are required to sign guarantees, including REACH and RoHS Guarantees, as part of procurement contracts. This ensures compliance with environmental laws and policies while minimising hazardous substances.

For our catering business, the Group promotes sustainable practices by integrating eco-friendly initiatives into procurement, such as adopting paper straws and prohibiting plastic straws.

PRODUCT RESPONSIBILITY

Responsible business practices are key to a healthy business. The Group believes that quality products and customer service are essential for sustainable development. To this end, the Group has formulated a series of relevant policies and guidelines to continuously improve the quality of its products and services.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations in relation to the quality of products and services provided that would have a significant impact to the Group. Such laws and regulations including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong, the Protection of Consumer Rights and Interests of the PRC, and the Advertising Law of the PRC

Quality Assurance

The Group upholds its core philosophy of 'Quality First,' ensuring the delivery of superior, professional, and reliable products and services to its customers. We are devoted to offering products and services that meet the highest standards of quality, health, and safety, fully adhering to applicable local and international regulations. The Group's dedication to excellence is further demonstrated by the long-standing accreditation of its electronic product manufacturing facility with ISO 9001, an internationally recognised quality management system. This achievement reflects the stability, reliability, and efficiency of the Group's production processes, ensuring consistent satisfaction and trust among our stakeholders.


TÜVNORD

Certificate

TÜVNORD
TÜV NORD CERT GmbH
ISO 9001
tuev-nord.de

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 ISO 9001 : 2015 and will be assessed for conformity within the 3 year term of validity of the certificate.

Scope

Design and Manufacturing of Electronic Buzzers; Manufacturing of Magnetic Switches, Alarms and PCB Assemblies

Certificate Registration No. 04 100 970293
Audit Report No. 2.5-0301/2024

Valid from 2024-07-23
Valid until 2027-07-22
Initial certification 1997-07-23

Visit our database to verify the validity of this certificate.

Shanghai, 2024-07-04
Certification Body at TÜV NORD CERT GmbH

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
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tuev-nord-cert.de

TÜV®

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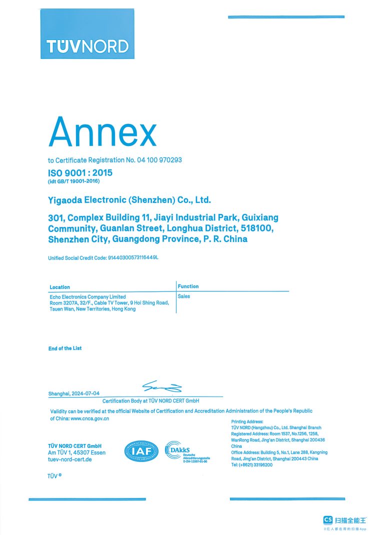
TÜVNORD

Annex

to Certificate Registration No. 04 100 970293
ISO 9001 : 2015
(idt GB/T 19001-2016)

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

Location	Function
Echo Electronics Company Limited Room 3207A, 32/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Sales

End of the List

Shanghai, 2024-07-04
Certification Body at TÜV NORD CERT GmbH

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
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Tel: (+8621) 33196200

Customer Service

The Group prioritises delivering quality service and ensuring a positive customer experience through standardised service quality management. To minimise customer complaints and potential adverse consequences like product recalls, our sales executives maintain close communication with customers from the ordering stage through delivery. We have established procedures to handle customer feedback and complaints professionally. Our sales executives promptly address inquiries and complaints, aiming to understand the root causes and identify areas for improvement.

During the Year, the Group received three customer complaints related to product quality in the electronics manufacturing segment. Upon investigation, the relevant department identified that the defects were primarily due to poor soldering and insufficient adhesive strength, which led to component detachment. In response, the factory implemented several corrective measures, including repairing and retesting the affected products, enhancing employee training, and adopting a stronger adhesive to prevent similar issues in the future. All three complaint cases were successfully resolved within the Reporting Period.

Protecting customer privacy is a core value of the Group. We are dedicated to handling personal data with the highest level of confidentiality. Our Employee Handbook outlines strict policies governing the collection and use of customer data, ensuring compliance across all roles. Employees are strictly prohibited from sharing or misusing confidential information, both during and after their employment. Any unauthorised disclosure of customer data to third parties will result in disciplinary action.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with related laws and regulations concerning health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group.

Protection of Intellectual Property ("IP") Rights

The Group has implemented various measures and policies to safeguard our intellectual property (IP) rights against misuse and leakage. We 1oversees the management and protection of trademarks and patents to prevent infringement. Employees are obligated to sign nondisclosure agreements, which prohibit the disclosure of any trade secrets to third parties.

Advertising and Labelling

The Group prioritises compliance with relevant advertising regulations and emphasises the importance of responsible promotion. We primarily market our products through advertisements, trade shows, and industry exhibitions. To ensure accuracy and integrity, all product and business information is thoroughly verified prior to the publication of promotional materials or sales activities, preventing the dissemination of false, misleading, or deceptive information.

ANTI-CORRUPTION

Echo emphasises a culture rooted in integrity and accountability, ensuring that ethical practices are upheld at every level. To reinforce this commitment, employees are educated on the importance of maintaining transparency in their professional conduct and interactions. Comprehensive policies and training programs are in place to guide employees in avoiding ethical pitfalls, such as conflicts of interest and insider trading, while promoting fair competition and a steadfast opposition to corruption. The Group actively monitors adherence to these standards, fostering an environment where compliance with legal and regulatory frameworks is not just expected but deeply ingrained.

The Anti-corruption Policy provides guidance for employees on recognising and avoiding unethical behaviour in a range of business contexts, including procurement of goods and services, accepting and offering corporate gifts or hospitality, and making political or charitable contributions. Any solicitation or acceptance of an advantage, any form of bribery, extortion, fraud, or money laundering are strictly prohibited.

Anti-Corruption Training

The Group provides training for employees in its governance policies. New joiners receive training as part of their induction programs to ensure that they are familiar with the Group's policies and norms. During the Reporting Period, the directors and employees were provided with anti-corruption training for a total of 143 hours and the Group was unaware of any non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering. In addition, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Whistleblowing

The Group encourages its employees and other stakeholders, including customers and suppliers, to raise concerns about suspected improprieties, misconduct, or malpractice. A confidential channel is in place for employees and stakeholders to report any suspected incidents.

Following the guidelines outlined in the Whistleblowing Policy, the Group treats every reported incident with utmost confidentiality and ensures that whistleblowers are protected from unfair dismissal, victimisation, or unwarranted disciplinary action. Incidents related to fraud and corruption will be thoroughly investigated.

COMMUNITY INVESTMENT

While pursuing business development, Echo will spare no effort to contribute to society as a demonstration of corporate citizenship. We are committed to fulfilling the Group's corporate social responsibility by promoting community building and supporting the underprivileged. The Group also hopes to cultivate employees' sense of social responsibility, so it has always encouraged employees to participate in social welfare activities during their work and private time to make greater contributions to society.

Volunteering Together: Prepare Veggie, Empower Those in Need!

As part of its commitment to social responsibility and environmental sustainability, the Group collaborated with Food Angel in a meaningful volunteer effort to support those in need. Through teamwork and passion, our staff helped prepare fresh vegetables and essential ingredients, ensuring nutritious meals for the underprivileged. As part of our commitment to making a difference, we also contributed HK$200 to further Food Angel's mission. Together, we stand strong in our belief that small acts of kindness can create a lasting impact on the community.

Mission Blue — Hong Kong South Hope Spot "香港南海域希望點"

Echo proudly supported the "Mission Blue" initiative in partnership with AquaMeridian Conservation & Education Foundation Limited. This campaign strives to restore marine biodiversity and reignite hope for the city's coastal ecosystems. As part of our commitment to environmental protection and long-term ocean conservation, we contributed HK$48,000 to further this vital cause.

CONTENT INDEX OF THE STOCK EXCHANGE ESG REPORTING GUIDE

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	Introduction, Board Statement
Reporting Principles	Reporting Framework
Reporting Boundary	Scope of Reporting

Subject Areas, Aspects, General Disclosures and KPIs

Indicators	Description		Section and Remarks
A. Environmental			
Aspect A1: Emissions	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		Emissions
	KPI A1.1	The types of emissions and respective emissions data.	Emissions
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — GHG Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Target
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions — Waste Management

Indicators	Description		Section and Remarks
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		Use of Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Water Management
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources — Energy Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources — Water Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources — Use of Packaging Materials
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		The Environment and Natural Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Noise Control, Park Greenery

Indicators	Description		Section and Remarks
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change — Physical Risks, Transition Risks
B. Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest Periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age Group and geographical region.	Employment
	KPI B1.2	Employee turnover rate by gender, age Group and geographical region.	Employment
Aspect B2: Health and Safety	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting year.	Health and Safety
	KPI B2.2	Lost days due to work injury.	Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety — Occupational Health and Safety

Indicators	Description	Section and Remarks
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and Training
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards	General Disclosure Information on (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child and Forced Labour

Indicators	Description		Section and Remarks
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure		Supply Chain Management
	Policies on managing environmental and social risks of the supply chain.		
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management — Supplier Management, Open and Fair Procurement
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management — Green Procurement
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management — Green Procurement
Aspect B6: Product Responsibility	General Disclosure		Product Responsibility
	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provides and methods of redress.		
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Customer Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Protection of Intellectual Property Rights
	KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility — Privacy Protection

Indicators	Description		Section and Remarks
Aspect B7: Anti-corruption	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Anti-corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community			
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities interests.		Community Investment
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

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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 68 to 144, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**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
Revenue recognition for sale of electronic products and accessories	
During the year ended 31 March 2025, the Group's revenue for sale of electronic products and accessories amounting to approximately HK$45,377,000. Revenue from sale of electronic products and accessories is recognised at a point in time when goods are delivered to customers generally on the time the related risks and rewards of ownership has transferred. We identified the recognition of revenue for sale of electronic products and accessories as a key audit matter due to its significance to the consolidated financial statements.	Our audit procedures in relation to revenue recognition for sale of electronic products and accessories included: • Obtaining an understanding of the revenue recognition process of the business; • Understanding the key controls over the revenue recognition; • Testing by sampling of revenue transactions recorded to the respective customer contracts, underlying invoices and goods delivery notes; and • Evaluating the revenue is recorded in the appropriate accounting period by performing a cut-off test on revenue before and after the end of the reporting period.

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

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

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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group 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.

Rongcheng (Hong Kong) CPA Limited
(formerly known as CL Partners CPA Limited)
Certified Public Accountants
Fong Ho Keung
Practising Certificate Number: P08079
Hong Kong, 22 August 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	5	**61,969**	65,478
Cost of sales		**(46,648)**	(50,192)
Gross profit		**15,321**	15,286
Other income and other gains or loss, net	7	**3,349**	(2,459)
Selling and distribution expenses		**(1,312)**	(1,428)
Administrative expenses		**(19,173)**	(21,996)
Impairment loss on property, plant and equipment		**(155)**	–
Impairment loss on right-of-use assets		**(592)**	(1,180)
(Impairment loss) reversal of impairment loss under expected credit loss model, net		**(198)**	20
Finance costs	8	**(780)**	(576)
Share of result of an associate	18	**(735)**	2,975
Loss before taxation	9	**(4,275)**	(9,358)
Taxation	10	**(13)**	(85)
Loss for the year		**(4,288)**	(9,443)
Other comprehensive income for the year:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		**845**	2,326
Total comprehensive expense for the year		**(3,443)**	(7,117)
Loss per share			
— Basic and diluted (in HK cents)	12	**(0.64)**	(1.46)

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	15	**298**	253
Right-of-use assets	16	**–**	3,510
Intangible assets	17	**425**	601
Interest in an associate	18	**28,979**	29,714
Deferred tax assets	31	**17**	10
		29,719	34,088
Current assets			
Inventories	19	**15,076**	17,657
Trade receivables	20	**5,911**	4,546
Deposits, prepayments and other receivables	21	**12,497**	13,757
Cash and cash equivalents	22	**5,852**	3,863
		39,336	39,823
Current liabilities			
Trade payables	23	**2,733**	5,052
Accruals and other payables	24	**5,572**	4,346
Amount due to a related company	25	**–**	248
Amount due to a director	26	**31**	58
Contract liabilities	28	**311**	146
Other borrowings	29	**7,637**	2,186
Lease liabilities	30	**2,821**	5,483
Tax payables		**168**	107
		19,273	17,626
Net current assets		**20,063**	22,197
Total assets less current liabilities		**49,782**	56,285

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Lease liabilities	30	–	2,910
Provision for reinstatement costs	33	**250**	400
		250	3,310
Net assets		**49,532**	52,975
Capital and reserves			
Share capital	32	**33,321**	33,321
Reserves		**16,211**	19,654
Total equity		**49,532**	52,975

The consolidated financial statements on pages 68 to 144 were approved and authorised for issue by the Board of Directors on 22 August 2025 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 2025

	Share capital HK$'000 Note 32	Share premium HK$'000	Contribution reserve HK$'000 Note 35(a)	Capital reserve HK$'000 Note 35(b)	Share option reserve HK$'000 Note 35(c)	Exchange reserve HK$'000 Note 35(d)	Accumulated losses HK$'000	Total HK$'000
As at 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 and 1 April 2024	33,321	139,823	4,836	(89)	–	3,278	(128,194)	52,975
Total comprehensive income (expense) for the year	–	–	–	–	–	845	(4,288)	(3,443)
As at 31 March 2025	**33,321**	**139,823**	**4,836**	**(89)**	**–**	**4,123**	**(132,482)**	**49,532**

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
Operating activities		
Loss before taxation	**(4,275)**	(9,358)
Adjustments for:		
Bank interest income	**(1)**	(19)
Interest income on dividends receivable	**(348)**	(348)
Interest income on loans receivable	**(95)**	–
Gain on reversal of provision for reinstatement cost	**(150)**	–
Gain on modification of lease	**(121)**	–
Written off of property, plant and equipment	**37**	–
Written off of inventories	**495**	–
Gain on early termination of lease	**(483)**	–
Share of result of an associate	**735**	(2,975)
Interest expenses	**780**	576
Amortisation of intangible assets	**176**	176
Depreciation of property, plant and equipment	**106**	208
Depreciation of right-of-use assets	**1,791**	2,374
Impairment of property, plant and equipment	**155**	–
Impairment of right-of-use assets	**592**	1,180
Impairment loss for expected credit loss recognised in respect of trade receivables, net	**57**	38
Impairment loss (reversal of impairment loss) for expected credit loss recognised in respect of deposits and other receivables, net	**141**	(58)
Provision for obsolete and slow-moving inventories	**30**	66
Net effect of foreign exchange rate changes on intra-group balances	**714**	2,356
Operating cash flows before movements in working capital	**336**	(5,784)
Increase in trade receivables	**(1,422)**	(3,969)
Decrease in inventories	**2,002**	2,624
Decrease (increase) in deposits, prepayments and other receivables	**1,498**	(7)
(Decrease) increase in amount due to a related company	**(248)**	186
(Decrease) increase in amount due to a director	**(27)**	58
Increase in accruals and other payables	**1,421**	1,814
Increase (decrease) in contract liabilities	**165**	(2,348)
(Decrease) increase in trade payables	**(2,297)**	3,342
Cash generated from (used in) operations	**1,428**	(4,084)
Income tax refund (paid)	**41**	(94)
Net cash generated from (used in) operating activities	**1,469**	(4,178)

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
Investing activities		
Bank interest received	**1**	19
Purchase of property, plant and equipment	**(348)**	(52)
Withdrawal of pledged time deposits	**–**	2,008
Net cash (used in) from investing activities	**(347)**	1,975
Financing activities		
Proceeds from other borrowings	**5,731**	2,186
Repayment of lease liabilities	**(3,800)**	(5,696)
Interest paid	**(780)**	(576)
Repayment of other borrowings	**(280)**	–
Issue of share capital	**–**	7,871
Payment of transaction cost on share placing	**–**	(60)
Net cash from financing activities	**871**	3,725
Net increase in cash and cash equivalents	**1,993**	1,522
Cash and cash equivalents at the beginning of the year	**3,863**	2,958
Effect of exchange rates on the balance of cash held in foreign currencies	**(4)**	(617)
Cash and cash equivalents at the end of the year	**5,852**	3,863

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 HKFRS ACCOUNTING STANDARDS

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

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

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

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

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

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature — Dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

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

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

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

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

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

HKFRS 18 *Presentation and Disclosure in Financial Statements*

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

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

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

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards 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. 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

<u>Allocation of consideration to components of a contract</u>

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.

<u>Short-term leases and leases of low-value assets</u>

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.

<u>Right-of-use assets</u>

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.

- A lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

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).

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

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 collecting contractual cash flows and selling the financial assets; 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% as at 31 March 2025 (2024: 12%). 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 2025, 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$453,000 and HK$592,000 (2024: HK$790,000 and HK$4,690,000), respectively. Based on the value in use calculation, an impairment loss of HK$155,000 and HK$592,000 (2024: nil and HK$1,180,000) 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:

	2025 **HK$'000**	2024 HK$'000
Recognition at a point in time:		
— Sale of electronic products and accessories	**45,377**	35,203
— Revenue from restaurant operations	**16,062**	30,275
— Trading of timepieces	**530**	–
Revenue from contracts with customers	**61,969**	65,478

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 (impairment loss) 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 2025

	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	3,712	41,665	16,062	530	61,969
Segment results	1,365	3,738	(7,147)	10	(2,034)
Unallocated other income and other gains or loss, net					359
Unallocated administrative expenses					(1,736)
Unallocated finance costs					(10)
Unallocated impairment loss under ECL model, net					(119)
Share of result of an associate					(735)
Loss before taxation					(4,275)

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

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	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 assets and liabilities
As at 31 March 2025

	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	**303**	**11,632**	**2,341**	**13,004**	**27,280**
Unallocated corporate assets					**41,775**
Consolidated assets					**69,055**
Segment liabilities	**8**	**5,919**	**4,347**	**–**	**10,274**
Unallocated corporate liabilities					**9,249**
Consolidated liabilities					**19,523**

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

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, 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).

6. SEGMENT INFORMATION (CONTINUED)

Other segment information
For the year ended 31 March 2025

	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	25	162	161	–	–	348
Depreciation of property, plant and equipment	11	47	48	–	–	106
Depreciation of right-for-use assets	–	–	1,791	–	–	1,791
Impairment of right-of-use assets	–	–	592	–	–	592
Impairment of property, plant and equipment	–	–	155	–	–	155
Amortisation of intangible assets	–	–	88	88	–	176
Impairment loss under ECL model, net	–	41	38	–	119	198
Provision for obsolete and slow-moving of inventories	–	30	–	–	–	30
Gain on reversal of provision for reinstatement cost	–	–	(150)	–	–	(150)
Gain on modification of lease	–	(121)	–	–	–	(121)
Gain on early termination of lease	–	–	(483)	–	–	(483)
Written off of property, plant and equipment	–	–	37	–	–	37
Written off of inventories	–	–	495	–	–	495

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)
Provision for obsolete and slow-moving of inventories	–	66	–	–	–	66

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 2025

	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	–	–	–	–	1	1
Finance costs	–	166	604	–	10	780

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

6. SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services

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

	2025 **HK$'000**	2024 HK$'000
Buzzer	**2,512**	4,000
Control board	**6,101**	5,465
Fire alarm	**4,464**	3,033
Fishing indicator	**27,820**	16,654
LED lamp assembly	**701**	1,182
Printed circuit board (PCB)	**–**	21
Printed circuit board assembly (PCBA)	**12**	90
Switch	**19**	19
Others	**36**	580
Manufacturing and trading of electronic products and accessories	**41,665**	31,044
Trading of electronic products	**3,712**	4,159
Revenue from restaurant operation	**16,062**	30,275
Trading of timepieces	**530**	–
	61,969	65,478

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	
	2025	2024
	HK$'000	HK$'000
Hong Kong	**19,760**	33,897
Asian countries, other than Hong Kong (Note a)	**41**	119
European countries (Note b)	**33,601**	22,356
North and South American countries (Note c)	**7,508**	7,245
Australia	**971**	1,684
Others	**88**	177
	61,969	65,478

Notes:

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

(b) European countries include Bulgaria, Denmark, Finland, Germany, Ireland, Italy, Poland, Portugal, Russia, Spain 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	
	2025	2024
	HK$'000	HK$'000
Hong Kong	**425**	4,214
PRC	**298**	150
	723	4,364

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

Information about major customers

For the year ended 31 March 2025, the Group's customer base includes one customer relate to manufacturing and trading of electronic products and accessories operating segment (2024: one customer 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 2025 and 2024.

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

	Revenue from external customers	
	2025	2024
	HK$'000	HK$'000
Customer A[1]	**27,891**	16,654

[1] Revenue from electronic products

7. OTHER INCOME AND OTHER GAINS OR LOSS, NET

	2025 HK$'000	2024 HK$'000
Other income		
Bank interest income	**1**	19
Interest income on dividends receivable	**348**	348
Interest income on loans receivable	**95**	–
Services charges	**77**	184
Sundry income	**279**	189
	800	740
Other gains and losses		
Gain on modification of lease	**121**	–
Net foreign exchange gain (loss)	**2,327**	(3,199)
Gain on early termination of lease	**483**	–
Gain on reversal of provision for reinstatement cost	**150**	–
Written-off of property, plant and equipment	**(37)**	–
Written-off of inventories	**(495)**	–
	2,549	(3,199)
	3,349	(2,459)

8. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on:		
— Other borrowings	**448**	51
— Lease liabilities	**332**	525
	780	576

9. LOSS BEFORE TAXATION

	2025 **HK$'000**	2024 HK$'000
Loss before taxation is arrive after charging:		
Staff costs including directors' remuneration	**20,065**	23,738
Contribution to retirement schemes	**1,415**	1,308
Total staff costs (Note (a))	**21,480**	25,046
Depreciation of property, plant and equipment	**106**	208
Depreciation of right-of-use assets	**1,791**	2,374
Amortisation of intangible assets	**176**	176
Auditors' remuneration		
— Audit services	**550**	600
Cost of inventories sold	**31,647**	29,469
Provision for obsolete and slow-moving inventories (Note (b))	**30**	66
Written off of property, plant and equipment	**37**	–
Written off of inventories	**495**	–
Expenses relating to short-term leases	**478**	501

Notes:

(a) There are approximately HK$10,624,000 (2024: HK$14,626,000) related to cost of sales.

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

10. TAXATION

	2025 **HK$'000**	2024 HK$'000
Current tax		
— Hong Kong	**20**	14
Underprovision in prior years	**–**	77
Deferred taxation (Note 31)	**(7)**	(6)
	13	85

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% (2024: 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:

	2025 **HK$'000**	2024 HK$'000
Loss before taxation	**(4,275)**	(9,358)
Tax at the domestic tax rate of 16.5% (2024: 16.5%)	**(705)**	(1,544)
Effect of different tax rate of subsidiaries operating in different jurisdictions	**161**	(265)
Tax effect of share of result of an associate	**121**	(491)
Tax effect of non-deductible expense for tax purpose	**270**	1,898
Tax effect of income not taxable for tax purpose	**(127)**	(7)
Tax effect of deductible temporary differences not recognised	**(277)**	(38)
Tax effect of tax losses not recognised	**1,037**	475
Utilisation of tax losses previously not recognised	**(467)**	–
Income tax at concessionary rate	**–**	(17)
Underprovision in prior years	**–**	77
Others	**–**	(3)
	13	85

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	**2025 HK$'000**	2024 HK$'000
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(4,288)**	(9,443)

	2025	2024
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**666,423,133**	648,777,459

For the year ended 31 March 2024, 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 29 June 2023.

During the year ended 31 March 2024, 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:

	2025 **HK$'000**	2024 HK$'000
Directors' fees	**710**	710
Salaries, allowances and benefits in kind	**1,920**	1,920
Discretionary bonus	**80**	80
Retirement scheme contributions	**18**	18
	2,728	2,728

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

For the year ended 31 March 2025

	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**")	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	50	–	–	–	50
	710	1,920	80	18	2,728

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

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**")	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	50	–	–	–	50
	710	1,920	80	18	2,728

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

For the year ended 31 March 2025, 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 (2024: nil). There was no arrangement under which the directors and chief executive officer waived or agreed to waive any remuneration during the year (2024: nil).

14. EMPLOYEES' EMOLUMENTS

(a) Five highest paid individual

The five highest paid individuals during the year are three directors (2024: three) with their emoluments disclosed in Note 13.

The detail of the emoluments of the remaining two (2024: two) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	2025	2024
	HK$'000	HK$'000
Salaries, allowances and other benefits	**1,514**	1,450
Retirement schemes contributions	**36**	36
	1,550	1,486

The emoluments of the two (2024: two) individuals with the highest emoluments are fell within the following band:

	Number of individuals	
	2025	2024
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	
	2025	2024
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 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 and 1 April 2024	17,914	2,383	1,846	935	995	32	4,995	29,100
Additions	–	161	13	12	–	–	162	348
Written-off	(1,692)	(907)	–	–	–	–	–	(2,599)
Exchange realignment	–	–	(4)	–	–	–	(918)	(922)
As at 31 March 2025	**16,222**	**1,637**	**1,855**	**947**	**995**	**32**	**4,239**	**25,927**
Accumulated depreciation and impairment								
As at 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 and 1 April 2024	17,914	2,324	1,789	935	995	32	4,858	28,847
Depreciation provided for the year	–	30	27	1	–	–	48	106
Impairment loss recognised in profit or loss	–	153	–	–	–	–	2	155
Written-off	(1,692)	(870)	–	–	–	–	–	(2,562)
Exchange realignment	–	–	(4)	–	–	–	(913)	(917)
As at 31 March 2025	**16,222**	**1,637**	**1,812**	**936**	**995**	**32**	**3,995**	**25,629**
Carrying amount								
As at 31 March 2025	**–**	**–**	**43**	**11**	**–**	**–**	**244**	**298**
As at 31 March 2024	–	59	57	–	–	–	137	253

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 2023	558	21,860	22,418
Additions	–	7,012	7,012
Exchange realignment	–	(387)	(387)
As at 31 March 2024 and 1 April 2024	558	28,485	29,043
Modification of lease term	–	(698)	(698)
Early termination of leases	–	(6,015)	(6,015)
Exchange realignment	–	(244)	(244)
As at 31 March 2025	**558**	**21,528**	**22,086**
Accumulated depreciation and impairment			
As at 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 and 1 April 2024	558	24,975	25,533
Depreciation provided for the year	–	1,791	1,791
Early termination of leases	–	(5,586)	(5,586)
Impairment loss recognised in profit and loss	–	592	592
Exchange realignment	–	(244)	(244)
As at 31 March 2025	**558**	**21,528**	**22,086**
Net carrying amounts			
As at 31 March 2025	**–**	**–**	**–**
As at 31 March 2024	–	3,510	3,510

Notes:

(a) The Group leases several assets including buildings. The remaining lease term is range from 0.67 years to 0.75 years as at 31 March 2025 (2024: range from 1 years to 1.75 years).

(b) As at 31 March 2025, the Group is committed approximately HK$478,000 (2024: approximately HK$501,000) 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$3,800,000 and HK$478,000 (2024: approximately HK$5,696,000 and HK$253,000) for the year ended 31 March 2025, 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 2023, 31 March 2024 and 31 March 2025	880
Accumulated amortisation and impairment	
At 1 April 2023	103
Charge for the year	176
At 31 March 2024 and 1 April 2024	279
Charge for the year	176
At 31 March 2025	455
Net carrying amount	
At 31 March 2025	425
At 31 March 2024	601

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.

During the year ended 31 March 2025, Bluemount Group underwent reorganisation and Bluemount Holdings Limited, an entity incorporated in Cayman Island, become the holdings company of Bluemount Group.

	2025 **HK$'000**	2024 HK$'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))	**22,779**	23,514
Share of net assets of an associate	**28,979**	29,714

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 2025	Direct 2024	Indirect 2025	Indirect 2024	Principal activities	Type of legal entity
Bluemount Holdings Limited	Cayman Island	United States Dollars ("**US$**") $4,801	**30%**	–	**–**	–	Investment holding	Limited liability company
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 HKFRS Accounting Standards.

	2025 HK$'000	2024 HK$'000
Current assets	**163,244**	158,349
Non-current assets	**1,542**	2,772
Current liabilities	**(88,202)**	(82,086)
Non-current liabilities	**–**	–
Equity	**76,584**	79,035

	2025 HK$'000	2024 HK$'000
Revenue	**37,366**	32,848
(Loss) profit and total comprehensive (expenses) income for the year	**(2,451)**	9,916

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:

	2025 **HK$'000**	2024 HK$'000
Net assets of Bluemount Group	**76,584**	79,035
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	**96,594**	99,045
Proportion of the Group's ownership interest	**30%**	30%
The Group's share of net assets of Bluemount Group	**28,979**	29,714

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

	2025 **HK$'000**	2024 HK$'000
Raw materials	**1,712**	3,257
Work-in-progress	**880**	1,589
Finished goods	**12,484**	12,811
	15,076	17,657

20. TRADE RECEIVABLES

	2025 **HK$'000**	2024 HK$'000
Trade receivables	**6,015**	4,593
Less: impairment allowance for ECL	**(104)**	(47)
	5,911	4,546

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:

	2025 **HK$'000**	2024 HK$'000
0 to 30 days	**5,711**	4,546
31 to 60 days	**200**	–
	5,911	4,546

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.

	2025 **HK$'000**	2024 HK$'000
US$	**4,931**	4,206

Further details on the Group's credit policy and credit risk assessment for ECL arising from trade receivables are set out in Note 37(b).

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 **HK$'000**	2024 HK$'000
Deposits paid and prepayments to suppliers (Note (a))	**134**	462
Amount due from an associate (Note (b))	**1,197**	7,767
Loans receivable (Note (c))	**5,010**	–
Other deposits paid and prepayments	**3,664**	4,144
Other receivables	**2,673**	1,424
	12,678	13,797
Less: impairment allowance for ECL	**(181)**	(40)
	12,497	13,757

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) As at 31 March 2025, the amount included dividends receivable from an associate of HK$1,197,000 (2024: HK$6,451,000) with interest of 7% per annum. As at 31 March 2024, the remaining amount of approximately HK$1,316,000 (2025: nil) were advance to associates which were unsecured, interest free and repayable on demand.

(c) The amount represented loans to independent third parties at interest of 11% (2024: n/a) per annum, which are unsecured and repayable within one year.

Details of the ECL assessment was set out in Note 37.

22. CASH AND CASH EQUIVALENTS

	2025 **HK$'000**	2024 HK$'000
Cash and cash equivalents	**5,852**	3,863

As at 31 March 2025 and 2024, cash on hand and at bank that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	2025 **HK$'000**	2024 HK$'000
US$	**2,090**	1,091
RMB	**145**	10
AUS	**18**	–
	2,253	1,101

23. TRADE PAYABLES

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

	2025 **HK$'000**	2024 HK$'000
Within 30 days	**1,667**	3,031
31 to 60 days	**774**	1,325
61 to 90 days	**238**	448
91 to 180 days	**32**	216
Over 180 days	**22**	32
	2,733	5,052

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

24. ACCRUALS AND OTHER PAYABLES

	2025 **HK$'000**	2024 HK$'000
Accruals	**4,188**	2,825
Other payables	**617**	209
Other tax payables	**767**	1,312
	5,572	4,346

25. AMOUNT DUE TO A RELATED COMPANY

Name of related company	**2025** **HK$'000**	2024 HK$'000
Mobile Computer Land Limited (Note)	**–**	248

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 of incorporation/ 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			
			2025	2024	2025	2024		
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	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

	2025 **HK$'000**	2024 HK$'000
As at 1 April	**146**	2,494
Add: consideration arising from deposits of delivery of goods (Note)	**293**	146
Less: revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(128)**	(2,494)
As at 31 March	**311**	146

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:

	2025 **HK$'000**	2024 HK$'000
Unsecured:		
— Other borrowings (Note)	**7,637**	2,186
The carrying amount of the above borrowings are repayable:		
— within one year	**7,637**	2,186

Note:

At the end of reporting period, the balance are represented by the followings:

(i) An amount of HK$6,736,000 (2024: HK$1,486,000) represented a loan from a shareholder of the Group's ultimate holding company, which is unsecured, carries fixed interest rate of 11% (2024: 11%) per annum and with maturity dates within one year.

(ii) Amounts of HK$901,000 (2024:HK$700,000) represented loans from independent third parties, which are unsecured, carry fixed interest rate at 11% (2024: N/A) per annum and with maturity dates within one year.

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 2025		As at 31 March 2024	
	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	**2,821**	**2,889**	5,483	5,856
After 1 year but within 2 years	**–**	**–**	2,910	2,977
	2,821	**2,889**	8,393	8,833
Less: total future interest expenses		**(68)**		(440)
Present value of lease obligations		**2,821**		8,393

Analysed for reporting purposes as:

	2025 HK$'000	2024 HK$'000
Current liabilities	**2,821**	5,483
Non-current liabilities	**–**	2,910
	2,821	8,393

The incremental borrowing rates applied to lease liabilities range from 7.0% to 8.3% (2024: range from 4.3% to 8.3%).

30. LEASE LIABILITIES (CONTINUED)

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

	2025 **HK$'000**	2024 HK$'000
RMB	**1,631**	3,569

31. DEFERRED TAXATION

	2025 **HK$'000**	2024 HK$'000
Deferred tax assets	**17**	10

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

	ECL provision HK$'000	**Total** HK$'000
As at 1 April 2023	4	4
Credited to profit or loss	6	6
As at 31 March 2024 and 1 April 2024	10	10
Credited to profit or loss	7	7
As at 31 March 2025	**17**	**17**

At 31 March 2025, the Group has tax losses arising of approximately HK$22,489,000 (2024: HK$15,637,000), including approximately nil (2024: HK$1,776,000) 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.

32. SHARE CAPITAL

	Par value HK$	Number of shares '000	Nominal value HK$'000
Issued and fully paid:			
As at 1 April 2023	0.05	594,860	29,743
Issue of share capital under placing (Note)	0.05	71,563	3,578
As at 31 March 2024, 1 April 2024 and 31 March 2025	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.

Note: 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.

33. PROVISION FOR REINSTATEMENT COSTS

	2025 **HK$'000**	2024 HK$'000
As at 1 April and 31 March	**400**	400
Reversal of provision for reinstatement cost	**(150)**	–
	250	400
Less: Non-current portion	**(250)**	(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.

34. 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.

	Lease liabilities HK$'000	**Other borrowings** HK$'000	**Total** HK$'000
As at 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 and 1 April 2024	8,393	2,186	10,579
Finance cost recognised	**332**	**448**	**780**
Finance cost paid	**(332)**	**(448)**	**(780)**
Repayment of lease liabilities	**(3,800)**	**–**	**(3,800)**
Proceeds from other borrowings	**–**	**5,731**	**5,731**
Repayment of other borrowings	**–**	**(280)**	**(280)**
Non-cash changes:			
Modification of lease	**(819)**	**–**	**(819)**
Early termination of lease	**(912)**	**–**	**(912)**
Exchange alignment	**(41)**	**–**	**(41)**
As at 31 March 2025	**2,821**	**7,637**	**10,458**

35. 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.

(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.

The options outstanding under the share option scheme were expired during the year ended 31 March 2024.

(d) Exchange reserve

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

36. 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:

	2025 **HK$'000**	2024 HK$'000
Debt	**7,637**	2,186
Equity	**49,532**	52,975
Gearing ratio	**15.42%**	4.13%

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 **HK$'000**	2024 HK$'000
Financial assets		
Amortised costs		
— Trade receivables	**5,911**	4,546
— Deposits and other receivables	**8,699**	9,151
— Cash and cash equivalents	**5,852**	3,863
	20,462	17,560
Financial liabilities		
Amortised costs		
— Trade payables	**2,733**	5,052
— Amount due to a related company	**–**	248
— Amount due to a director	**31**	58
— Other payables	**617**	209
— Other borrowings	**7,637**	2,186
	11,018	7,753
Lease liabilities	**2,821**	8,393

(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, 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 2025 and 2024, 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.

37. 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 94.55% (2024: 95.60%) 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

As at 31 March 2025 and 2024, all cash and cash equivalents 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 is considered to be insignificant and therefore no loss allowance was recognised.

Deposits and other receivables

For deposits and other receivables including the amount due from an associate and loans receivable, 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 2025, other receivables with significant outstanding balances or credit-impaired with gross carrying amounts of approximately HK$8,880,000 (2024: approximately HK$9,191,000) and the amount of impairment made was amounted to approximately HK$181,000 (2024: HK$40,000).

37. 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

37. 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	
				2025 **HK$'000**	2024 HK$'000
Trade receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**–**	211
		Watch list	Lifetime ECL (not credit-impaired)	**6,015**	4,382
Deposits and other receivables	N/A	Low risk	12m ECL	**8,880**	9,191
Bank balances	A1-Aa1	N/A	12m ECL	**5,358**	3,510

37. 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$'000	**Total** HK$'000
As at 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 2023 and 1 April 2024	47	47
Change due to financial instruments recognise as at 1 April		
— Impairment losses reversed	(47)	(47)
Impairment loss recognised for new financial assets originated	104	104
As at 31 March 2025	**104**	**104**

37. 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 2023	98
— Impairment losses reversed, net	(58)
As at 31 March 2024 and 1 April 2024	40
— Impairment losses recognised, net	141
As at 31 March 2025	**181**

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.

37. 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 2025

	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	–	2,733	–	–	2,733	2,733
Other payables	–	617	–	–	617	617
Amount due to a director	–	31	–	–	31	31
Lease liabilities	7.5%	2,889	–	–	2,889	2,821
Other borrowings	11%	7,906	–	–	7,906	7,637
		14,176	–	–	14,176	13,839

37. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (continued)

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

(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.

38. 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:

	2025 HK$'000	2024 HK$'000
Non-current asset		
Interest in an associate	**28,979**	29,714
Current assets		
Amounts due from subsidiaries	**40,305**	35,640
Deposits, prepayments and other receivables	**1,197**	6,437
Cash and cash equivalents	**15**	720
	41,517	42,797
Current liabilities		
Amount due to a subsidiary	**935**	935
Amount due to a director	**6**	–
Accruals and other payables	**822**	690
	1,763	1,625
Net current assets	**39,754**	41,172
Total assets less current liabilities	**68,733**	70,886
Net assets	**68,733**	70,886
Capital and reserves		
Share capital	**33,321**	33,321
Reserves (Note)	**35,412**	37,565
Total equity	**68,733**	70,886

Approved by the Board of Directors on 22 August 2025 and signed on its behalf by:

Lo, Yan Yee
Executive Director

Cheng, Yeuk Hung
Executive Director

38. 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$'000	Accumulated losses HK$'000	Total HK$'000
As at 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 and 1 April 2024	139,823	4,836	–	(107,094)	37,565
Total comprehensive expense for the year	–	–	–	(2,153)	(2,153)
As at 31 March 2025	**139,823**	**4,836**	**–**	**(109,247)**	**35,412**

As at 31 March 2025, 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$35,412,000 (2024: HK$37,565,000). 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.

39. 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

	2025 **HK$'000**	2024 HK$'000
Sales to Moson International Limited (Note (i))	**2,989**	2,669
Rental paid to Mobile Computer Land Limited (Note (i))	**372**	372
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.

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".

39. 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:

	2025 **HK$'000**	2024 HK$'000
Amount due from an associate, net of allowance for ECL	**1,197**	7,750
Amount due to a related company	**–**	(248)
Amount due to a director	**(31)**	(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:

	2025 **HK$'000**	2024 HK$'000
Salaries and allowances (including directors' fee)	**4,224**	4,160
Retirement scheme contribution	**54**	54
	4,278	4,214

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 22 August 2025.

Financial Summary

For the year ended 31 March 2025

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				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**61,969**	65,478	55,285	80,338	49,352
Loss before taxation	**(4,275)**	(9,358)	(14,968)	(22,092)	(27,344)
Taxation	**(13)**	(85)	504	240	664
Loss for the year	**(4,288)**	(9,443)	(14,464)	(21,852)	(26,680)
Attributable to:					
Owners of the Company	**(4,288)**	(9,443)	(14,464)	(21,852)	(26,680)

	For the year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**69,055**	73,911	67,907	75,002	73,922
Total liabilities	**(19,523)**	(20,936)	(15,626)	(70,724)	(73,761)
	49,532	52,975	52,281	4,278	161
Total equity	**49,532**	52,975	52,281	4,278	161