



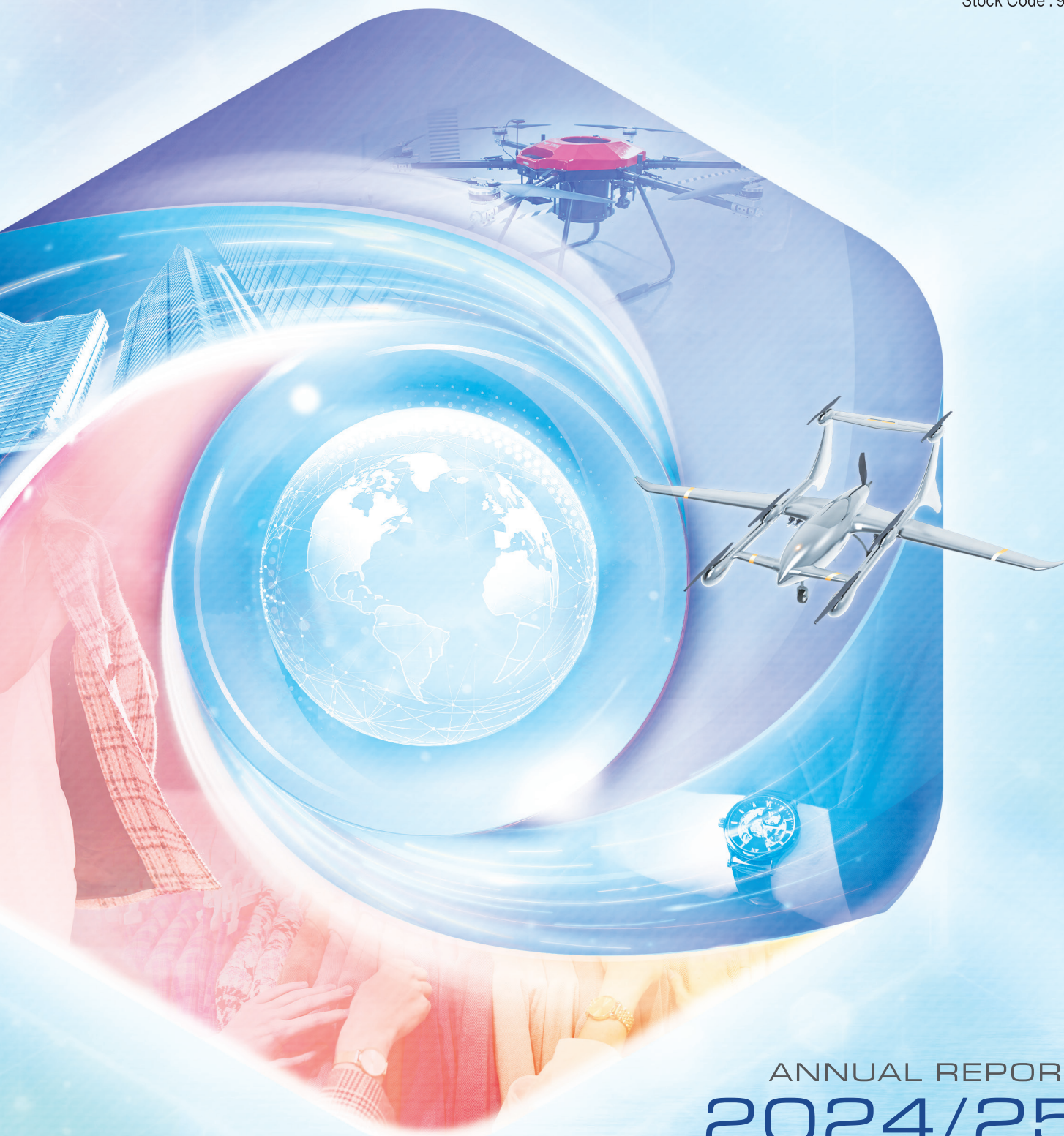
# 龍翼航空科技控股有限公司

## MAJESTIC DRAGON AEROTECH HOLDINGS LIMITED

(formerly known as State Energy Group International Assets Holdings Limited)

(Incorporated in Bermuda with limited liability)

Stock Code : 918



ANNUAL REPORT  
2024/25



# CONTENTS

2	Corporate Information
3	Chairman's Statement
5	Biographical Details of Directors
8	Management Discussion and Analysis
19	Report of The Directors
32	Corporate Governance Report
45	Independent Auditor's Report
52	Consolidated Statement of Profit or Loss and Other Comprehensive Income
54	Consolidated Statement of Financial Position
56	Consolidated Statement of Changes In Equity
58	Consolidated Statement of Cash Flows
60	Notes to the Consolidated Financial Statements
153	Five-Year Financial Summary
154	Investment Properties





# CORPORATE INFORMATION

## DIRECTORS

### *Executive Directors:*

Mr. Zhang Jinbing (*Chairman*)

Mr. Yang Zeyun

Mr. Wang Yuelai

Mr. Wang Jian (appointed on 29 April 2024)

Mr. Zhang Che (appointed on 20 January 2025  
and resigned on 3 June 2025)

### *Independent Non-executive Directors:*

Ms. Choi Ka Ying

Ms. He Xiaodong

Mr. Jie Yinghan (appointed on 29 April 2024)

## COMPANY SECRETARY

Ms. Lee Eva

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## PRINCIPAL OFFICE

Unit 13, 5/F, Tower 1

Harbour Centre

1 Hok Cheung Street

Hung Hom, Kowloon

Hong Kong

## AUDITOR

Global Link CPA Limited

*Certified Public Accountants*

*Registered Public Interest Entity Auditors*

## PRINCIPAL BANKER

Bank of Communications (Hong Kong) Limited

## SOLICITORS

### *Bermuda:*

Conyers Dill & Pearman

### *Hong Kong:*

WE Lawyers

## SHARE REGISTRARS AND TRANSFER OFFICES

### *Bermuda:*

Conyers Corporate Services (Bermuda) Limited

Clarendon House,

2 Church Street,

Hamilton HM11

Bermuda

### *Hong Kong:*

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## STOCK CODE

00918

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Majestic Dragon AeroTech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am delighted to present the annual report of the Group for the year ended 31 March 2025 (the “**Year**”).

The Group was continuing its principal business of the wholesale of consumer products including timepieces and accessories and garment and sportswear products (the “**Wholesale Business**”), the sale of unmanned aerial vehicles and related parts (the “**Unmanned Aerial Vehicles Business**”) and property investment (the “**Property Investment Business**”).

The Group recorded a revenue of approximately HK\$118.8 million, representing a decrease of 52% as compared to that of approximately HK\$246.0 million for the year ended 31 March 2024 (the “**Previous Year**”). The decrease in revenue was mainly attributable from decrease in revenue from Wholesale Business and Unmanned Aerial Vehicles Business. The overall gross profit decreased by approximately HK\$29.8 million from gross profit of approximately HK\$55.3 million for the Previous Year to the gross profit of approximately HK\$25.5 million for the Year.

The Group recorded the loss attributable to the owners of the Company of approximately HK\$21.3 million for the Year, representing an decrease of approximately HK\$37.1 million as compared with the loss attributable to the owners of the Company of approximately HK\$58.4 million for the Previous Year. The improvement of the financial results was mainly attributable to decrease in impairment losses on trade and other receivables by HK\$73.2 million, and offset with decrease in gross profit by HK\$29.8 million and decrease in non-recurring one-off profit from discontinued operation in the Previous Year amounted to HK\$8.2 million.

Over the Year, the global economy was challenging with a confluence of adverse factors, including natural disasters with extreme weather and floods, grappling with the issue of local government debts in the Mainland China, continued weakness in real estate market in the Mainland China and Hong Kong, tighter monetary policy in the United States and Europe and global hyperinflation. The Wholesale Business and Property Investment of the Group experienced a significant downturn, driven by the said adverse global economic factors, that have dampened consumer sentiment and reduced purchase orders. Further, the implementation of low-attitude economy policies by local governments in Mainland China has experienced some delays due to insufficient hardware and infrastructure supply, this has inevitably impacted the revenue of the Group's Unmanned Aerial Vehicles Business.



## CHAIRMAN'S STATEMENT

To mitigate ongoing market challenges, the Group had established a nationwide sales network to increase the market share, strengthened its research and development to upgrade its core products and package and will continue to exercise cost control.

On behalf of the Board, I would like to express our utmost sincere gratitude towards our respectable business partners, clients and shareholders for their continuous support and trust and to thank our management team and all staff members for their hard work. Moving forward, the Group will be united as one and put our best foot forward in the face of future opportunities and challenges, and endeavor to optimise the return to our shareholders.

**Zhang Jinbing**

*Chairman*

Hong Kong, 26 June 2025

# BIOGRAPHICAL DETAILS OF DIRECTORS

## DIRECTORS

### EXECUTIVE DIRECTORS

#### Mr. Zhang Jinbing (“Mr. Zhang”)

Mr. Zhang, aged 53, is the chairman and executive Director and was appointed as the chairman of remuneration committee and nomination committee of the Company since October 2018. He is also the controlling shareholder (as defined in the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company. Mr. Zhang graduated with a Bachelor of Arts degree from Guangzhou Foreign Language Institute in 1994. Mr. Zhang has extensive experience in corporate management. He has served as co-chairman of the board of directors and non-executive director of Apollo Future Mobility Group Limited (“**Apollo FMG**”), a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 860) for the period from 24 November 2017 to 19 March 2021. Prior to that, he was an executive director of Apollo FMG for the period from January 2015 to 23 November 2017 and also appointed as chairman in June 2015 until 23 November 2017. Mr. Zhang has also served as Chairman and Executive Director of Chong Kin Group Holdings Limited, (delisted in April 2024) since 2018. Mr. Zhang was an executive director of Synertone Communication Corporation, a company listed on the Stock Exchange (stock code: 1613), for the period from August 2012 to April 2014.

#### Mr. Yang Zeyun (“Mr. Yang”)

Mr. Yang, aged 43, has been the chief executive officer and executive Director since 22 August 2023. He graduated from Shandong Gymnastic Sports School in 2005, and was awarded the title of Sports Master by the State General Administration of Sports in the PRC. Mr. Yang is the legal representative and chief executive officer of Shangdong Longyi. Mr. Yang has over 20 years of UAVs and related areas including research and development, production and marketing. Mr. Yang possesses strong leadership and execution power. He possesses advanced industrial-grade UAV knowledge and manufacture technology and has developed and completed the first multi-rotor UAV in China. In May 2006, Mr. Yang was hired as the production supervisor of 佛山市安爾康姆航空科技有限公司, Foshan Anercom Aviation Technology Co., Ltd.\*, and served until 2013. During his tenure, Mr. Yang received training in UAV system development and production in Germany. In 2015, Mr. Yang co-founded Shangdong Longyi which was located in Jining National High-tech Zone, Shandong Province, the PRC. Mr. Yang led the research & development team of Shangdong Longyi in the research and development of industrial-grade drones, and has obtained 98 patents including but not limited to 13 invention patents, six registered computer software copyrights, with two published papers, and was awarded with more than ten provincial and municipal scientific and technological projects. Mr. Yang is also a part-time tutor of master student at 中國礦業大學(北京) China University of Mining & Technology, Beijing\*, a member of 中國航空運動協會會員 (China Aviation Sports Association\*), a national athlete, a leading talent in Jining City, a grassroots scientific and technological talent in the western uplift belt of Shandong Province, the PRC, Dean of the Low-Altitude Economy College at Tonghua Normal University, Visiting Professor at Shandong Polytechnic College, and Member of the Aviation Vocational Education Teaching Instruction Committee.

\* for identification purpose only



## BIOGRAPHICAL DETAILS OF DIRECTORS

### DIRECTORS (CONTINUED)

#### EXECUTIVE DIRECTORS (CONTINUED)

##### Mr. Wang Yuelai (“Mr. Wang Yuelai”)

Mr. Wang Yuelai aged 54, has been the executive Director since 22 August 2023. He obtained the professional qualification of corporate finance in Jining Finance School, the People's Republic of China (the “PRC”) in 1992. Mr. Wang Yuelai is the managing director of 山東龍翼航空科技有限公司 Shandong Longyi Aviation Technology Co., Ltd. (“**Shangdong Longyi**”), an indirect wholly-owned subsidiary of the Company. Mr. Wang Yuelai has over 20 years of business development and management experiences in the industry of unarmed aerial vehicles (“**UAVs**”). In June 2020, Mr. Wang Yuelai founded 山東頂峰航空科技有限公司 Shandong Dingfeng Aviation Technology Co., Ltd (“**Shandong Dingfeng**”) in Jining High-tech Zone of the PRC and served as its director and chief executive officer. Total investment of Shandong Dingfeng was RMB250 million and had an annual output of 400 sets of flying robots. Mr. Wang Yuelai joined Shandong Longyi in November 2016 and serving as its managing director since then. He participated in the strategic development and reform of Shangdong Longyi, leading it to a new milestone. Mr. Wang Yuelai is vice president of 香港山東商會聯合總會 Hong Kong Federation of Shandong Chambers of Commerce, commissioner for business environment monitoring of 中國國際貿易促進委員會山東省委員會 Shandong Provincial Committee of China Council for the Promotion of International Trade and a researcher of academic committee of 中國管理科學研究院 Chinese Academy of Management Sciences.

##### Mr. Wang Jian (“Mr. Wang J”)

Mr. Wang J, aged 50, has been appointed as an executive Director since 29 April 2024. He graduated from the department of fine art of Beijing Normal University. Mr. Wang J worked at a renowned automobile company (Dongfang Motor Corporation) in the PRC from 1997 to 2002. From 2010 to 2012, he served as China President of China Primary Energy Holdings Limited, a company incorporated under the law of Cayman Islands and listed on the GEM of The Stock Exchange of Hong Kong Limited (stock code: 8117). From October 2014 to January 2017, Mr. Wang J served as an executive director at China Best Group Holdings Limited, a company incorporated under the law of Bermuda and listed on the Stock Exchange (stock code: 370). From 2017 to 2020, he worked as a chief consultant at China Ludao Technology Company Limited, a company incorporated under the law of Cayman Islands and listed on The Stock Exchange (stock code: 2023). Mr. Wang J has extensive experience in finance, investment activities and corporate strategy and business management.

\* for identification purpose only

## DIRECTORS (CONTINUED)

### INDEPENDENT NON-EXECUTIVE DIRECTORS (“INEDS”)

#### Ms. Choi Ka Ying (“Ms. Choi”)

Ms. Choi, aged 40, joined the Group on 15 December 2021, is an independent non-executive Director. She is also the chairman of audit committee and member of remuneration committee of the Company. Ms. Choi obtained a bachelor of business in Hong Kong in 2006. Ms. Choi is the chief financial officer and the company secretary of Sino Golf Holdings Limited, a company listed on The Stock Exchange (stock code: 361). Ms. Choi was an independent non-executive director, chairman of audit committee, member of nomination and remuneration committee of Alco Holdings Limited, from June to September 2022, a company listed on The Stock Exchange (stock code: 328). Ms. Choi is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Prior to joining the Company, she worked for international audit firm and has over 19 years of experience in accounting, auditing and financial management.

#### Ms. He Xiaodong (“Ms. He”)

Ms. He, aged 41, joined the Group on 15 March 2022, is an independent non-executive Director. She is also a member of audit committee, remuneration committee and nomination committee of the Company. Ms. He obtained a bachelor degree in Accountancy from South China Normal University in the PRC in January 2012. For the period from March 2017 to May 2019, Ms. He worked as an accountant at Guangzhou Big-Want Foods Ltd., a wholly-owned subsidiary of Want Want China Holdings Limited, a company listed on The Stock Exchange (stock code: 151). From July 2019 onwards, Ms. He worked as an accountant at 廣州市祥景陵園有限公司 (Guangzhou Xiangjing Cemetery Company Limited\*).

#### Mr. Jie Yinghan (“Mr. Jie”)

Mr. Jie, aged 50, has been appointed as an independent non-executive Director, member of audit committee and nomination committee of the Company since 29 April 2024. He obtained a bachelor of laws degree from Shanghai University, the PRC in 1997, a master of laws degree from Nankai University in 2006. Mr. Jie was a doctorate degree candidate at China University of Political Science and Law for the period from July 2007 to May 2009. Mr. Jie has been a qualified lawyer in the PRC since 2000. Mr. Jie is specialised in merger and acquisition, winding up and restructuring and investments. Mr. Jie worked as a partner at Guangdong Haijiming Law Firm (廣東海際明律師事務所) for the period from January 2000 to March 2010; Beijing Zhonglun (Guangzhou) Law Firm (北京中倫 (廣州) 律師事務所) for the period from March 2010 to June 2016; Beijing Dacheng (Guangzhou) Law Firm for the period from August 2019 to March 2022; as partner/consultant at Beijing King & Wood Mallesons (Guangzhou) Law Firm (北京金杜 (廣州) 律師事務所) for the period from March 2022 to April 2023 and he is now serving as a senior partner at Beijing Haotian (Guangzhou) Law Firm (北京浩天 (廣州) 律師事務所) since June 2023 and as the head of the Distressed Investment Committee of the Guangdong Bankruptcy Administrators Association (廣東省破產管理人協會困境投資委員會主任).

\* for identification purpose only



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

During the year ended 31 March 2025 (the “**Year**”, “**Reporting Period**”), the Group is principally engaged in the Wholesale Business, the Unmanned Aerial Vehicles Business and the Property Investment Business.

### WHOLESALE BUSINESS

#### *WATCH PRODUCTS*

The Group commenced the wholesale of timepieces and accessories (“**Watch Products**”) through Sinoforce Group Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (“**Sinoforce Group**”) since June 2022. During the Reporting Period, the exclusive distribution right of the Watch Products bearing certain trademarks of Girard-Perregaux and JEANRICHARD in territories of the Mainland China, Hong Kong and Taiwan was terminated in accordance with a settlement for termination of bilateral agreement between Sinoforce Group and a supplier. As a consequence, the sales of the Watch Products decreased during the Year even Sinoforce Group continued the wholesale of Watch Products in other brands such as Franck Muller, Roger Dubuis, Christophe Claret, and HYT in Hong Kong and the Mainland China.

#### *GARMENT AND SPORTSWEAR PRODUCTS*

The Group carries on the business of wholesale and trading of garment and sportswear products in the Mainland China which are then exported to overseas market and to Africa.

The economy of the PRC, the world’s second-largest economy, grew by 5.0% GDP in 2024, aligning with Beijing’s 2024 target of around 5% but slightly down from the 5.4% growth recorded in 2023. On a quarter-on-quarter basis, the first quarter of 2025 maintained the same pace as in the forth quarter, expended by 5.4%. On the trade front, exports recorded their strongest growth since October 2024 as firms accelerated shipments ahead of looming tariffs, while a drop in imports narrowed. The statistics bureau said the Chinese economy was “off to a good and steady start” and highlighted the growing role of innovation. However, intensifying trade tensions with the U.S. have quickly darkened the outlook, increasing pressure on Beijing to roll out additional support measures. Ongoing property downturn, record high unemployment rates among young adults, and the possibility of disinflation, the temporary retardation of economic growth in the PRC. In addition, tighter monetary policy in the US and Europe and global hyperinflation, have not only dampened consumer sentiment but also hampered the pace of the economic recovery of the world.

## MANAGEMENT DISCUSSION AND ANALYSIS

Retail sales in Hong Kong dropped by 4.8% year-on-year in March 2025, following a 15.1% drop in January 2025 marking the thirteenth straight month of falling retail activity. This was mainly driven by the decrease in consumer goods by 17.9% year-on-year in March 2025; clothing & footwear by 9.7% year-on-year in March 2025; jewellery, watches and clocks & valuable gifts by 6% year-on-year in March 2025. On a monthly basis, retail sales rose by 2.1% in March 2025, reversing the sharp 17.3% drop in February 2025. A government spokesman noted that the growing uncertainty in the global economic outlook, along with the ongoing shift in consumption patterns, will continue to pose challenges for the sector.

During the Reporting Period, the Wholesale Business had shown a decrease in revenue due to the economic retardation over the world and significant downturn of retail sales in Hong Kong.

### UNMANNED AERIAL VEHICLES BUSINESS

Since August 2023, the Group commenced the Unmanned Aerial Vehicles Business through Shandong Longyi Aviation Technology Co., Ltd, a wholly owned subsidiary of the Group, and its subsidiaries (“**Longyi Group**”).

Longyi Group is based at High-tech Zone, Jining City, Shandong Province, Shandong, the PRC. The Longyi Group is also recognised as a High and New Technology Enterprise (高新技術企業) (“**HNTE**”) in the PRC, Specialized and Sophisticated Small and Medium-sized Enterprise (“**SME**”) in Shandong Province (山東省專精特新企業) and National Technology-based SME (科技型中小企業). Longyi Group has a wide range of product types and applications, and has developed a series of drone products with load capacities ranging from 20 kilograms to 600 kilograms, all of which have been applied in practice. Multiple models have demonstrated outstanding performance in industry applications, with superior performance, safety, and reliability, making important contributions to the development of industrial drones. The product application covers multiple fields such as emergency rescue, forest fire prevention, geographic information surveying, geological survey, disaster monitoring, meteorological detection, air traffic control, communication relay, power construction wiring, inspection, aerial photography, urban public safety, smart agriculture, and has received unanimous recognition and praise from customers.

During the Reporting Period, the Unmanned Aerial Vehicles Business had also shown a decrease in revenue, it was mainly due to limitation in development in international markets and delays in implementation of low-attitude economy policies by local governments in Mainland China. In September 2023, the Ministry of Commerce of China, together with relevant departments, issued an announcement on drone export control, deciding to implement export controls on specific unmanned aerial vehicles and related items. The implementation of this measure has limited the development of the Group in the international market and the Group had to focus on the market within Mainland China. However, in 2024, the implementation of low-attitude economy policies by local governments in Mainland China has experienced some delays due to insignificant hardware and infrastructure supply, this has inevitably impacted the revenue of the Group’s Unmanned Aerial Vehicles Business.



## MANAGEMENT DISCUSSION AND ANALYSIS

Despite the Unmanned Aerial Vehicles Business had shown underperformed results in the Reporting Period, upon the introduction and the implementation of the low-altitude economy in the PRC, National Development and Reform Commission (NDRC) recently released a report saying that the low-altitude economy is expected to become a trillion-dollar new economic race track, and predicted that the shortage of drone pilots will reach one million. As such, the Group believed that there will be more opportunities with the high technology business in Unmanned Aerial Vehicles in order to capture the prospective return on investment.

In December 2024, Longyi Group established two low-altitude economic education and training centres in Tonghua City and Jining City to provide drone technology education training, drone pilot license training services and also drone talent training and industry education for talents and youth. The centres are large-scale education and training centres providing training services to government departments, major universities and other enterprises with comprehensive solutions for education and training, and also work with partners to connect education chain, talent chain, industrial chain, and innovation chain around the low-altitude economy, and to cultivate an ecology of low-altitude economy and to increase the Group's revenue in coming years.

### PROPERTY INVESTMENT BUSINESS

As at 31 March 2025, the Group held six investment properties located in the Mainland China and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the “**Investment Properties**”). As at 31 March 2025, four investment properties were leased out (2024: ten), and the remaining two investment properties were vacant.

The value of the Investment Properties amounted to approximately HK\$91.8 million based on the independent valuation of the Investment Properties as at 31 March 2025 (2024: approximately HK\$95.9 million).

## FINANCIAL REVIEW

### REVENUE

The Group recorded a revenue of approximately HK\$118.8 million for the Year, representing a decrease of 52% as compared to that of approximately HK\$246.0 million for the year ended 31 March 2024 (the “Previous Year”).

Revenue derived from the Wholesale Business decreased by approximately 16% from approximately HK\$107.9 million for the Previous Year to approximately HK\$90.9 million for the Year.

Revenue derived from Unmanned Aerial Vehicles Business decreased by approximately 80% from approximately HK\$134.5 million for the Previous Year to approximately HK\$26.9 million for the Year.

Revenue derived from Property Investment Business was dropped by approximately 72% from approximately HK\$3.6 million the Previous Year to approximately HK\$1.0 million for the Year.

### GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK\$25.5 million, representing a decrease of approximately 54% as compared to approximately HK\$55.3 million for the Previous Year. The gross profit margin for the Year was approximately 21.5%, as compared to the gross profit margin of 22.5% for the Previous Year. The decrease in gross profit margin was mainly attributable from decrease in revenue of high gross profit margin products in Unmanned Aerial Vehicles Business.

The Group recorded a gross profit and gross profit margin of approximately HK\$11.0 million and 12.1% respectively in the Wholesale Business for the Year, representing an increase of approximately 290% as compared to gross loss of approximately HK\$5.8 million for the Previous Year. The increase was mainly attributable from the increase in revenue driven from certain aged inventories, which were fully impaired in Previous Year, no impairment provision of inventories was provided in the Year.

The Group recorded a gross profit and gross profit margin of approximately HK\$13.5 million and 50.4% respectively of the Unmanned Aerial Vehicles Business for the Year, representing a decrease of approximately 77% as compared to approximately HK\$57.5 million for the Previous Year. The decrease in gross profit was in line with the decrease in revenue.

The Group recorded a gross profit of approximately HK\$1.0 million in respect of the property investment business for the Year, representing a decrease of approximately 72% as compared to gross profit of approximately HK\$3.6 million for the Previous Year. The decrease was in line with the decrease in revenue and occupancy of the investment properties.





## MANAGEMENT DISCUSSION AND ANALYSIS

### SELLING, DISTRIBUTION AND MARKETING EXPENSES

Selling, distribution and marketing expenses decreased by approximately 15% from approximately HK\$16.2 million for the Previous Year to approximately HK\$13.8 million for the Year. The decrease was in line with decrease in the Group's revenue.

### ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 4% from approximately HK\$31.0 million for the Previous Year to approximately HK\$32.3 million for the Year. The increase was mainly attributable from newly acquired Unmanned Aerial Vehicles Business since August 2023.

### IMPAIRMENT LOSSES ON ASSETS

#### *Goodwill and other intangible assets*

During the Year, the exclusive distribution right of the Watch Products bearing certain trademarks in territories of the PRC, Hong Kong and Taiwan was terminated in accordance with a settlement for termination of bilateral agreement entered between a subsidiary of the Company and supplier. The management of the Group considered the sales of the Watch Products would decrease and determined impairment of the related goodwill and distribution rights under other intangible assets amounting to HK\$0.7 million and HK\$1.6 million respectively.

#### *Trade and other receivables*

Impairment losses under expected credit loss ("ECL") model, net of reversal represented the net impairment losses on trade and other receivables, which decreased by 105% from approximately HK\$69.6 million for the Previous Year to reverse of approximately HK\$3.6 million for the Year.

## MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of trade and lease receivables and allowance for credit losses at 31 March 2025:

Exposure to credit risk by business segments	As at 31 March 2025		
	Trade receivable, gross HK\$'000	Allowance for credit losses HK\$'000	Trade receivable, net HK\$'000
<u>Low risk</u>			
Wholesale Business	58,790	(1,208)	57,582
Property Investment	113	—	113
Unmanned Aerial Vehicles Business	6,490	(3,287)	3,203
	65,393	(4,495)	60,898
<u>Loss</u>			
Wholesale Business	76,750	(76,750)	—
Property Investment	6,197	(6,197)	—
Unmanned Aerial Vehicles Business	—	—	—
	82,947	(82,947)	—
Total	148,340	(87,442)	60,898

In assessing the ECL of the Group's trade and lease receivables, a credit rating analysis of the underlying debtors was adopted by reviewing the historical observed default rates, external information published by external credit rating agency and subsequent settlement of the grouped debtors and are adjusted for the forward-looking information.

Trade and lease receivables under loss credit risk exposure were fully provided with impairment losses.

Trade receivables under low credit risk exposure, impairment losses of approximately HK\$4.5 million were provided, representing 7% of gross balance at 31 March 2025. Subsequently up to the date of this report, the Group received settlement approximately HK\$14 million, representing 21% of the gross balance as at 31 March 2025.

Based on the above assessment, the management considered the impairment losses on trade and lease receivables provided were sufficient.



## MANAGEMENT DISCUSSION AND ANALYSIS

### CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

The net loss on fair value change of investment properties of approximately HK\$3.8 million (Previous Year: net loss of approximately HK\$3.1 million) represented fair value adjustment of the Group's properties located in Hong Kong and the Mainland China as at 31 March 2025.

These properties were revalued based on their open market value as at 31 March 2025 by Vincorn Consulting and Appraisal Limited, an independent qualified professional valuer.

### FINANCE COSTS

Finance costs decreased by approximately 35% from approximately HK\$3.0 million for the Previous Year to approximately HK\$2.0 million for the Year. The finance costs in the Year was predominantly contributed by bank and other borrowings in the Mainland China and in Hong Kong, the bank and certain other borrowings were fully repaid during the Year resulted in decrease in the finance costs.

## LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

During the Year, the Group financed its operations and investments mainly by internally generated funds and debt financing.

### CASH POSITION

The Group had total cash and bank balances of approximately HK\$33.1 million as of 31 March 2025 (31 March 2024: approximately HK\$29.4 million).

### BANK AND OTHER BORROWINGS

As of 31 March 2025, the Group has HK\$600,000 of the other borrowings (31 March 2024: approximately HK\$42.0 million).

## LEVERAGE

The ratio of current assets to current liabilities of the Group was approximately 2.3 as at 31 March 2025, which was steady as compared to approximately 1.8 as at 31 March 2024. The Group's gearing ratio as at 31 March 2025 was approximately 0.2% (31 March 2024: approximately 14.8%), which is calculated based on the Group's bank and other borrowings of approximately HK\$0.6 million (31 March 2024: approximately HK\$42.0 million) and the Group's total equity approximately HK\$261.7 million (31 March 2024: approximately HK\$284.2 million). The gearing ratio was decreased as compared with the Previous Year due to decrease in bank and other borrowings.

The cash and bank balances can provide adequate liquidity and capital resources for the ongoing operation needs of the Group.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal financial instruments include trade receivables, deposits and other receivables, cash and cash equivalents, trade and other payables, bank borrowings and lease liabilities. The Group also has various financial assets and financial liabilities arising from our business operations. The Group's financial instruments are mainly subject to foreign currency risk, credit risk and liquidity risk. The Group aims to minimise these risks and hence maximise investment returns.

### FOREIGN CURRENCY RISK

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars ("HK\$"), Renminbi ("RMB") and United States dollars ("US\$"). In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the Year. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group mitigates the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the years ended 31 March 2025 and 2024, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

### CREDIT RISK

The Group's credit exposure generally arises from counterparty risk in the course of engaging in the Wholesale Business, the Unmanned Aerial Vehicles Business and the Property Investment Business. As at 31 March 2025, trade receivables and trade payables of the Group were approximately HK\$60.9 million and approximately HK\$49.6 million (31 March 2024: approximately HK\$115.0 million and approximately HK\$38.3 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

### LIQUIDITY RISK

Liquidity risk is the risk that funds will not meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. The objectives of the Group's liquidity risk management are: (1) maintaining the stability of the Group's principal business, timely monitoring cash and bank balances position; (2) projecting cash flows; and (3) evaluating the level of current assets to maintain sufficient liquidity of the Group.





## MANAGEMENT DISCUSSION AND ANALYSIS

### **TREASURY POLICIES**

As at 31 March 2025, bank and other borrowings of approximately HK\$0.6 million. (31 March 2024: approximately HK\$35.0 million, HK\$7.0 million and HK\$Nil were denominated in HK\$, RMB and US\$ respectively). The Group's bank borrowings at 31 March 2024 were subject to floating interest rates and the other borrowing was subject to fixed interest rate.

Cash and cash equivalents held by the Group were mainly denominated in HK\$, US\$ and RMB. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

### **SIGNIFICANT INVESTMENT**

The Group had no significant investment during the Year.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES**

The Group had no material acquisition and disposal of subsidiaries or associated companies during the Year.

### **OPERATING SEGMENT INFORMATION**

Details of the operating segment information of the Group in the Year are set out in note 6 to the consolidated financial statements attached to this annual report.

### **CAPITAL COMMITMENTS**

Capital expenditure contracted for but not yet provided by the Group as at 31 March 2025 was approximately HK\$2,023,000 (31 March 2024: nil), which was mainly related to the acquisition of property, plant and equipment.

## CONTINGENT LIABILITIES AND LITIGATION

The Company has no executed guarantees for the banking facilities made by its subsidiaries as at 31 March 2025 (31 March 2024: has). As at 31 March 2024, the utilised facilities amounted to approximately HK\$35.0 million.

Except for the foregoing, as at 31 March 2025, the Group had no other significant contingent liabilities or pending litigation.

## EVENTS AFTER THE REPORTING PERIOD

As from 31 March 2025 to the date of this Annual Report, save as disclosed in this Annual Report, the Board is not aware of any significant events requiring disclosure that have occurred.

## STAFF AND REMUNERATION POLICIES

As of 31 March 2025, the Group had a total of 125 employees (2024: 106 employees). Total staff costs (including directors' emoluments) for the Year amounted to approximately HK\$12.5 million (Previous Year: approximately HK\$10.2 million). Primary means of remuneration include competitive wages, contributory provident funds, insurance and standard medical benefits. The emoluments of the directors are decided by the remuneration committee of the Company (the "**Remuneration Committee**") based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As of 31 March 2025, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

## AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "**Audit Committee**") include reviewing and supervising of the Group's financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2025 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards.

The Audit Committee currently comprises of three independent non-executive directors, namely Ms. Choi Ka Ying, Mr. Jie Yinghan and Ms. He Xiaodong.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

Reference is made to the announcement of the Company dated 14 August 2023, 15 August 2023 and 4 September 2023 relating to the placing of new ordinary shares of HK\$0.01 each (the “Share”) of the Company, the Company and the placing agent (the “**Placing Agent**”) entered into the placing agreement (the “**Placing Agreement**”), pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, placees (the “**Placees**”) for, or failing which on a best effort basis, a maximum of 185,678,193 placing shares (the “**Placing Share(s)**”) to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the placing price of HK\$0.180 per Placing Share (the “**Placing**”), all conditions set out in the Placing Agreement have been fulfilled and completion of the Placing took place on 4 September 2023.

The net proceeds after deducted from professional fees and other related expenses (“**Net Proceeds**”) from the Placing were approximately HK\$32.60 million, on such basis, the net price of each Share under the Placing is approximately HK\$0.176.

The net proceeds applied by the Group during the period from the completion date up to 31 March 2025 are as follows:

	Planned use of proceeds HK\$'000	Actual use of proceeds HK\$'000	Unused amount HK\$'000	Expected timeline for utilising the remaining net proceeds (Note)
Existing operations	22,820	(22,820)	—	
Potential investment	6,520	—	6,520	End of 2025
General working capital	3,260	(3,260)	—	
Total	32,600	(26,080)	6,520	

*Note:* The expected timeline for utilising the remaining net proceeds is based on the best estimation of the Company taking into accounts, among others, prevailing and future market conditions and business development and needs, and therefore is subject to change.

Any net proceeds that were not applied immediately have been placed at the short-term deposits with licensed banks in order to generate higher returns.

# REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 March 2025.

## PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the Wholesale Business, the Unmanned Aerial Vehicles Business and Property Investment Business.

An analysis of the Group's results, assets and liabilities by business and geographical segments is set out in note 6 to the consolidated financial statements.

## PRINCIPAL RISKS AND UNCERTAINTIES

The description of principal risks and uncertainties facing the Group are set out in the "Management Discussion and Analysis" on pages 8 to 18.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 March 2025 attributable to the Group's major customers and suppliers are as follows:

	2025 %	2024 %
Sales		
— The largest customer	28	34
— Five largest customers combined	74	71
Purchases		
— The largest supplier	34	26
— Five largest suppliers combined	82	87

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers as mentioned above.





# REPORT OF THE DIRECTORS

## ANALYSIS OF THE GROUP'S PERFORMANCE

An analysis of the Group's performance is shown in the "Management Discussions and Analysis" on pages 8 to 18.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 52 to 53.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2025 (2024: HK\$Nil).

## DIVIDEND POLICY

The Company aims to provide a set of standard procedures/guidelines to be followed by the Board in deciding/recommending the amount of dividend (interim or final) per share. The objective of the dividend policy of the Company is to reward its shareholders by sharing a portion of the profits/earnings, while also ensures that enough funds are retained for future growth and operation of the Company. In proposing any dividend payout, the Company would consider various factors including but not limited to the Group's overall results of operation, financial condition, working capital requirements, capital expenditure requirements, liquidity position, future expansion plans, general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group. Any declaration and payment as well as the amount of the dividends will be subject to any restrictions under the applicable laws and regulations and the Company's constitutional documents. The Company does not have any predetermined dividend distribution proportion or distribution ratio. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and the dividend policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

## RESERVES

Movements in the reserves of the Group and those of the Company during the year ended 31 March 2025 are set out in page 56 and note 37 to the consolidated financial statements respectively.

### **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

The consolidated statement of changes in equity of the Group during the year ended 31 March 2025 is shown on page 56.

### **DONATIONS**

The Group did not make any donations during the year ended 31 March 2025 (2024: HK\$Nil).

### **PROPERTY, PLANT AND EQUIPMENT**

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

### **INVESTMENT PROPERTIES**

Details of the investment properties held by the Group are set out in note 15 to the consolidated financial statements.

### **SHARE CAPITAL**

Details of the movements in the share capital of the Company are set out in note 29 to the consolidated financial statements.

### **DISTRIBUTABLE RESERVES**

The Company had no distributable reserves as at 31 March 2025 (2024: HK\$Nil).

### **FIVE-YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five years ended 31 March 2025 is set out on page 153.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares during the year ended 31 March 2025.

# REPORT OF THE DIRECTORS

## PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2025 are set out in note 38 to the consolidated financial statements.

## ANALYSIS OF BANK AND OTHER BORROWINGS

The Group's bank and other borrowings (disregarding the effect of any repayment on demand clause) as at 31 March 2025 were repayable over the following periods:

	Bank borrowings HK\$'000	Other borrowings HK\$'000	Total HK\$'000
Within one year or on demand	—	600	600

## DIRECTORS

The Directors during the year ended 31 March 2025 and up to the date of this report are as follows:

### Executive Directors

Mr. Zhang Jinbing (*Chairman*) ("Mr. Zhang")

Mr. Yang Zeyun (*Chief Executive Officer*) ("Mr. Yang")

Mr. Wang Yuelai ("Mr. Wang Yuelai")

Mr. Wang Jian ("Mr. Wang J")

### Independent non-Executive Directors

Ms. Choi Ka Ying ("Ms. Choi")

Ms. He Xiaodong ("Ms. He")

Mr. Jie Yinghan ("Mr. Jie")

At least one-third of the Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with Bye-law 86(2), 87(1) and 87(2) (as the case may be) of the Company's Bye-laws (the "**Bye-laws**").

### **DIRECTORS' SERVICE CONTRACTS**

Mr. Zhang has entered into a service agreement with the Company on 12 September 2018, pursuant to which he has been appointed for a term of two years as an executive Director with effect from 12 September 2018 and renewable automatically for a successive terms of one year, subject to rotation, removal, vacation and termination in accordance with the Bye-laws. Mr. Yang, Mr. Wang Yuelai and Mr. Wang J entered into a service agreement with the Company on 22 August 2023, 22 August 2023 and 29 April 2024 respectively, pursuant to which Mr. Yang, Mr. Wang Yuelai and Mr. Wang J been appointed for a term of two years as an executive Director with effect from 22 August 2023, 22 August 2023 and 29 April 2024 respectively, subject to rotation, removal, vacation and termination in accordance with the Bye-laws.

Each of the independent non-executive Directors (the “INEDs”), Ms. Choi, Ms. He and Mr. Jie has entered into a service agreement with the Company with effect from 15 December 2021, 15 December 2021, and 29 April 2024. respectively, pursuant to which each of the INEDs has been appointed for a term of three years, three years and two years as an INED with effect from the date of their appointment, and renewable automatically for a successive term of one year, subject to rotation, removal, vacation and termination in accordance with the Bye-laws.

None of the Directors who are 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.

Details of the Directors' emoluments are set out in note 10(A) to the consolidated financial statements.

### **CONTRACT OF SIGNIFICANCE**

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year nor had there been any contract of significance which had been entered into between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries during the year.

### **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE**

Except for the Directors' service contracts as mentioned above, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its subsidiaries, its holding companies or its fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2025.



## REPORT OF THE DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 March 2025, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to section 352 of Part XV of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

#### (I) LONG POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of Director or chief executive	Nature of interest	Number of issued shares held	Percentage of the issued share capital
Mr. Zhang	Interest in controlled corporation ( <i>Note 1</i> )	527,238,938 ( <i>Note 1</i> )	47.32%
Mr. Yang	Interest in controlled corporated ( <i>Note 2</i> )	154,731,827 ( <i>Note 2</i> )	13.88%
Mr. Wang Yuelai	Interest in controlled corporated ( <i>Note 2</i> )	154,731,827 ( <i>Note 2</i> )	13.88%

*Note:*

- 1 These shares were held by Always Profit Development Limited (“**Always Profit**”). Always Profit was wholly-owned by Mr. Zhang. Hence Mr. Zhang was deemed to be interested in the 527,238,938 Shares in the Company held by Always Profit pursuant to the SFO.
- 2 154,731,827 shares were held by Golden Bold Holdings Limited. (“**Golden Bold**”). Mr. Wang beneficially owns 53.7% of issued share capital of Golden Bold and was deemed to be interested in the 154,731,827 Shares in the Company held by Golden Bold pursuant to the SFO. Mr. Yang beneficially owns 26.10% of issued share capital of Golden Bold and is interested in approximately 3.62% of the Shares.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS (CONTINUED)

### (II) LONG POSITIONS IN THE SHARES OF THE COMPANY'S ASSOCIATED CORPORATIONS

Name of Director or chief executive	Name of associated corporation	Nature of interest	Number of issued shares held	Approximate percentage of the issued share capital of the associated corporation
Mr. Zhang	Always Profit	Beneficial owner (Note 1)	1	100%
Mr. Wang Yuelai	Golden Bold	Beneficial owner (Note 2)	26,853	53.70%
Mr. Yang	Golden Bold	Beneficial owner (Note 2)	13,064	26.10%

*Note:*

- (1) Always Profit is a company incorporated in British Virgin Islands with limited liability which owned 527,238,938 Shares of the Company (representing 47.32% of the issued share capital of the Company), and thus was the direct holding company of the Company.
- (2) Golden Bold is a company incorporated in British Virgin Island with limited liability which owned 154,731,827 Shares of the Company (representing 13.88% of the issued share capital of the Company), and thus was the direct shareholder of the Company.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2025.

Save as disclosed above, as at 31 March 2025, none of the Directors or chief executives was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company in which disclosure to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO is required.

# REPORT OF THE DIRECTORS

## ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company to acquire benefits by means of an acquisition of Shares, or debentures of the Company or any other body corporate, and neither the Directors nor the chief executives of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for securities of the Company or had exercised such right during the year ended 31 March 2025.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors and the chief executives of the Company, as at 31 March 2025, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

## LONG POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Nature of interest	Number of issued shares of the Company held	Approximate
			percentage of the issued share capital of the Company
Always Profit	Beneficial owner	527,238,938	47.32%
Golden Bold	Beneficial owner	154,731,827	13.88%

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 March 2025.

## REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 10(A) and note 10(B) to the consolidated financial statements attached to this annual report.

### SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved and adopted by resolutions of the shareholders at the annual general meeting held on 28 September, 2016.

(1) Who may join?

(i) Any executive or non-executive director including independent non-executive director or any employee (whether full-time or part-time) of each member of the Group; (ii) any discretionary object of a discretionary trust established by any substantial shareholder of the Company or any employees, executive or non-executive director of each member of the Group; (iii) any consultant, professional and other adviser to each member of the Group; (iv) any chief executive or substantial shareholder of each member of the Group; (v) any associate of director, chief executive or substantial shareholder of each member of the Group; (vi) any employee (whether full-time or part-time) of any substantial shareholder of each member of the Group; (vii) any supplier of goods or services to any member of the Group; and (viii) any customer of any member of the Group, provided that the Board shall have absolute discretion to determine whether one falls within the aforesaid categories (collectively, the **"Participants"**).

(2) Purpose

The purpose of the Share Option Scheme is for the Company to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

(3) Maximum number of shares subject to the share options

The shares which may be issued upon exercise of all right to subscribe for Shares (the **"Options"**) to be granted under the Share Option Scheme and other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 77,540,600 Shares (representing 10% of the aggregate of the Shares in issue as at the date of approval of the Share Option Scheme on 28 September 2016 (the **"Scheme Mandate Limit"**)).

The overall limit on the number of shares which shall be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme, and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable), shall not exceed 30% of the Shares in issue from time to time (**"Scheme Limit"**).

# REPORT OF THE DIRECTORS

## SHARE OPTION SCHEME (CONTINUED)

(4) Maximum entitlement of each Participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Any further grant of Options to any Participant must be separately approved by the shareholders in general meeting with such Participant and his associates abstaining from voting.

(5) Option period

The period within which the shares shall be taken up under an Option shall be a period to be notified by the Board to each grantee of the Option at the time of making an offer, which shall be determined by the Board in its absolute discretion at the date of grant of the relevant Option, but such period shall not expire later than 10 years from the date of grant of the relevant Option.

(6) Minimum period for which an option must be held before it can be exercised

The minimum period, if any, for which an Option must be held before it can be exercised shall be determined by the Board at its absolute discretion and notified by the Board to each grantee of the Option at the time of making an offer.

(7) Payment on acceptance of Option offer

An Option shall remain open for acceptance by the Participant concerned for a period of 28 days exclusive of the date on which the offer is made to the Participant. HK\$1.00 is payable by the grantee of the Option to the Company on acceptance of the offer of the Option.

(8) Subscription price

The subscription price shall be such price determined by the Board at its absolute discretion and notified to the Participant in the offer at the time of the offer, and shall be no less than the highest of:

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of the relevant Option, which shall be a business day;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the relevant Option; and
- (c) the nominal value of a Share on the date of grant of the relevant Option.

(9) Remaining life of the Share Option Scheme

Ten years from 28 September 2016, that is, up to 27 September 2026.

### SHARE OPTION SCHEME (CONTINUED)

The number of options available to be granted under the Share Option Scheme were 77,540,600 as of both 1 April 2024 and 31 March 2025.

77,540,600 Shares are available for issue under the Share Option Scheme representing approximately 6.96% out of 1,114,069,159, being the total number of issued Shares as at 26 June 2025.

No Options under the above scheme were granted nor exercised during the year ended 31 March 2025 and no Options were outstanding as at 31 March 2025.

At no time during the year ended 31 March 2025 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of an acquisition of Shares in, or debentures of, the Company or any other body corporate.

### AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Directors and the Company’s auditor in matters coming within the scope of audit of the Group. It also reviews the effectiveness of the external audit, the internal controls and risk evaluation.

The Audit Committee currently comprises of three INEDs, namely Ms. Choi, Mr. Jie Yinghan and Ms. He. Two meetings were held during the year ended 31 March 2025.

### AUDITORS

Global Link CPA Limited (“**Global Link**”) was appointed as auditor of the Company on 11 March 2024 following the resignation of CL Partners resigned as auditor of the Company on 8 March 2024. For details, please refer to the announcements of the Company dated 8 March 2024 and 11 March 2024. Save as disclosed above, there was no change in auditor during the past three years.

The consolidated financial statements for the Year have been audited by Global Link who will retire at the conclusion of the 2025 annual general meeting and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the shareholders at the forthcoming annual general meeting to re-appoint Global Link as the independent auditor.





## REPORT OF THE DIRECTORS

### **ENVIRONMENTAL, SOCIAL AND GOVERNMENT REPORT**

A separate environmental, social and governance report will be published on the respective websites of the Stock Exchange and the Company at the same time of this annual report.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Bye-laws and the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

### **KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS**

The Group understands the importance of maintaining a good relationship with its suppliers and customers in order to meet its immediate and long term goals. During the year ended 31 March 2025, there is no material or significant dispute between the Group and its supplier and customers.

### **PERMITTED INDEMNITY PROVISION**

Under the Bye-laws, every Director or other officer of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of their duty in their respective offices.

### **MANAGEMENT CONTRACTS**

No contracts, other than contracts of service with person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2025.

### **CONNECTED TRANSACTIONS**

During the year under review, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of related party transactions undertaken in the usual course of business are set out in Note 39 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

### **COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS**

As far as the Directors are aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operations of the Group during the year under review.

### **CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of the INEDs, namely Ms. Choi, Ms. He, and Mr. Jie, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

### **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 March 2025.

### **AUDITOR**

The consolidated financial statements for the year ended 31 March 2025 have been audited by Global Link CPA Limited who will retire at the conclusion of the 2025 annual general meeting and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the shareholders at the forthcoming annual general meeting to re-appoint Global Link CPA Limited as the independent auditor.

For and on behalf of the Board

**Zhang Jinbing**

*Chairman & Executive Director*

Hong Kong, 26 June 2025



# CORPORATE GOVERNANCE REPORT

## CORPORATE CULTURE AND VALUE

The Company embeds with a strong corporate culture for compliance, corporate governance and corporate social responsibilities, and at the same time, strives to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Company acts as an investment holding company and the principal activities of its subsidiaries (together with the Company, “**Group**”) include the Wholesale Business, the Unmanned Aerial Vehicles Business and the Property Investment Business. As a group with diversified businesses, it is the role of the board of directors of the Company (“**Board**” and “**Directors**”, respectively) to foster a corporate culture with the following principles to guide the conduct and behaviours of its employees, and ensure that the Company’s vision, mission, policies and business strategies are aligned to it:

- (i) preserve and enhance the values of the Group’s investments;
- (ii) preserve and enhance the Group’s reputation;
- (iii) deliver high quality products and services in a timely manner to the market;
- (iv) control and optimize all cost elements; and
- (v) meet the Company’s financial targets.

Please refer to the Chairman’s Statement and the Management Discussion and Analysis of this annual report for more details in relation to the Group’s performance.

## CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. It believes that a high standard of corporate governance provides a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the shareholders and other stakeholders.

The Company has applied the principles and complied with the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 March 2025 (the “**Year**”).

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year ended 31 March 2025, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the year ended 31 March 2025.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the restriction on dealing of securities of the Company under the above code and guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

### BOARD OF DIRECTORS

The Board currently consists of a total of six Directors, comprising three executive Directors and three INEDs. The composition of the Board during the Year and up to the date of this report are:

#### EXECUTIVE DIRECTORS

Mr. Zhang Jinbing (*Chairman*)

Mr. Yang Zeyun

Mr. Wang Yuelai

Mr. Wang Jian (*appointed on 29 April 2024*)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Choi Ka Ying

Ms. He Xiaodong

Mr. Jie Yinghan (*appointed on 29 April 2024*)

None of the existing Directors have any personal relationship (including financial, business, family or other material/relevant relationship), with any other existing Director.

## DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

In compliance with code provision A.6.5 of the CG Code, the Company encourages the Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains relevant. All the Directors have confirmed with the Company that they have participated in appropriate continuous professional development activities, which relate to financial and general management, regulatory and compliance requirement and corporate governance, either by attending seminars or by reading materials relevant to the Group's business or Directors' duties and responsibilities during the year ended 31 March 2025.

The individual training records of each existing Director for the year ended 31 March 2025 are set out below:

Name of Directors	Attending seminars/ conferences/forums	Reading newspapers, journals and updates relating to the economy, general business, accounting, laws, rules and regulations, etc.
<b>Executive Directors</b>		
Mr. Zhang Jinbing ( <i>Chairman</i> )	√	√
Mr. Yang Zeyun	√	√
Mr. Wang Yuelai	√	√
Mr. Wang Jian ( <i>appointed on 29 April 2024</i> )	√	√
<b>INEDs</b>		
Ms. Choi Ka Ying	√	√
Ms. He Xiaodong	√	√
Mr. Jie Yinghan ( <i>appointed on 29 April 2024</i> )	√	√

## INEDS

Throughout the year ended 31 March 2025, the Company has complied with the requirements under Rules 3.10A, 3.10(1) and (2) of the Listing Rules that require every board of directors of a listed issuer to include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. One INED is a qualified accountant.

The INEDs actively participated in board meetings of the Company. The members of Audit Committee, the Remuneration Committee, Nomination Committee of the Company comprise a majority of INEDs.

## **INEDS (CONTINUED)**

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of directors. The Company has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers that all INEDs are independent.

## **RESPONSIBILITIES OF DIRECTORS AND MANAGEMENT**

The Board is responsible for ensuring continuity of leadership, development of sound business strategies, availability of adequate capital and managerial resources to implement the adopted business strategies, adequacy of systems of financial and internal controls and conduct of business in conformity with applicable laws and regulations. All Directors have made full and active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group.

All newly appointed Directors will receive a formal and tailored induction on the first occasion of their appointment in order to ensure that they will have a proper understanding of the operations and business of the Company and that they will be fully aware of their responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements, and the Company's business and governance policies.

The executive Directors and the senior management are delegated with respective levels of authorities with regard to key corporate strategies and policy and contractual commitments. Senior management is responsible for the day-to-day operations of the Group with divisional heads responsible for different aspects of the Group's business.

The Board is also responsible for the preparation of the consolidated financial statements. The Company has adopted the generally accepted accounting standards in Hong Kong in preparing the consolidated financial statements, appropriate accounting policies have been adopted and applied consistently, and reasonable and prudent judgment and estimates have been made.



## CORPORATE GOVERNANCE FUNCTION

According to Code Provision D.3.1 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

1. to develop and review the Group's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of the Directors and senior management of the Group;
3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
5. to review the Group's compliance with the Code and disclosure in the corporate governance report and in the annual report of the Company.

## BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

## SUMMARY OF THE BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having diversity which will enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard as to whether it will benefit the Board's diversity. The implementation and effectiveness of the Board Diversity Policy is reviewed annually by the Board.

## MEASURABLE OBJECTIVES

Selection of candidates for Board membership will be based on a range of perspectives to maintain the Board's diversity, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

## MONITORING AND REPORTING

The Nomination Committee will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skills and experiences appropriate for the business of the Company.

## BOARD MEETING

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. During the year ended 31 March 2025, six meetings have been held by the Board and the attendance of each of the Directors is as follows:

Name of Directors	Attendance/number of meetings held during the year ended 31 March 2025				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Annual General Meetings
<b>Executive Directors</b>					
Mr. Zhang Jinbing ( <i>Chairman</i> )	6/6	n/a	3/3	3/3	1/1
Mr. Yang Zeyun	6/6	n/a	n/a	n/a	1/1
Mr. Wang Yuelai	6/6	n/a	n/a	n/a	1/1
Mr. Wang Jian ( <i>appointed on 29 April 2024</i> )	0/6	n/a	n/a	n/a	1/1
<b>INEDs</b>					
Ms. Choi Ka Ying	6/6	2/2	3/3	n/a	1/1
Ms. He Xiaodong	6/6	2/2	3/3	3/3	1/1
Mr. Jie Yinghan ( <i>appointed on 29 April 2024</i> )	5/6	2/2	n/a	2/3	1/1

## AUDIT COMMITTEE

The Audit Committee currently comprises three INEDs:

Ms. Choi Ka Ying (*Chairman*)

Ms. He Xiaodong

Mr. Jie Yinghan (*appointed on 29 April 2024*)

The Audit Committee was responsible for, amongst other things, overseeing the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of the system of internal control and risk management of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determines is necessary and to perform investigations. The terms of reference of the Audit Committee, which described its authority and duties, are available on the Company's website.

During the year ended 31 March 2025, there was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor. The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements.

During the year ended 31 March 2025, the Audit Committee held two meetings. Matters considered at the meetings included review of the Group's interim results for the six months ended 30 September 2024 and the annual results for the year ended 31 March 2025, the fees for engaging the external auditors to provide the audit for the relevant years, the independence of the external auditors, and the Company's financial control, internal control and risk management system. The attendance of each member at the Audit Committee meetings held during the year has been disclosed earlier in this report.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises two INEDs and one executive Director:

Mr. Zhang Jinbing (*Chairman*)

Ms. Choi Ka Ying

Ms. He Xiaodong

The objectives of the Remuneration Committee are to determine and maintain an appropriate and competitive level of remuneration to attract, retain and motivate Directors and key executives to operate the Company successfully. The Remuneration Committee also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies. The Remuneration Committee is provided with other resources to enable it to fully discharge its duties. The terms of reference of the Remuneration Committee, which describe its authority and duties, are available on the Company's website.

During the year ended 31 March 2025, three Remuneration Committee meetings were held and the attendance of each of the members of the Remuneration Committee has been disclosed earlier in this report. The Remuneration Committee has considered the remuneration of the executive Directors and senior management and made recommendations to the Board. The Board has no disagreement with the Remuneration Committee on remuneration or compensation arrangements with regard to executive Directors and senior management.

Directors' emoluments comprise payments to the Directors by the Group in connection with the management of the affairs of the Group and other benefits. Further particulars regarding Directors' remuneration and the five highest paid employees are shown in note 10 to the consolidated financial statements.

Remuneration payable to senior managements who are not Directors for the year ended 31 March 2025 is set out below:

	Number of employees
Nil to HK\$1,000,000	—
HK\$1,000,001 to HK\$1,500,000	—
	—

## **NOMINATION COMMITTEE**

The Nomination Committee comprises two INEDs and one executive Director:

Mr. Zhang Jinbing (*Chairman*)

Ms. He Xiaodong

Mr. Jie Yinghan (*appointed on 29 April 2024*)

The objectives of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experiences) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. The Nomination Committee should identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals eligible for nomination of directorships, assess the independence of the INEDs, and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The Board has adopted the following policies for the nomination of directors.

### **Nomination Policy**

In determining the suitability of a candidate, the Nomination Committee and the Board shall consider the potential contributions that a candidate can bring to the Board and/or the Group.

The Nomination Committee would consider a candidate in terms of qualifications, skills, experiences, independence and other factors. The following shows a non-exhaustive list of selection criteria:

- the candidate's race, reputation, character and integrity;
- the candidate's qualifications, skills, knowledge, business judgment and experiences which are relevant to the operations of the Group; and
- the relevant factors set out in the Board Diversity Policy (as amended from time to time).

During the year ended 31 March 2025, three Nomination Committee meetings were held and the attendance of each of the members of the Nomination Committee has been disclosed earlier in this report.

## NOMINATION COMMITTEE (CONTINUED)

### Nomination Procedures

The evaluation, recommendation, nomination, selection and appointment or re-appointment of each proposed director shall be assessed and considered by the Nomination Committee and the Board against the selection criteria and the Board Diversity Policy.

In the context of appointment of any proposed candidate to the Board:

- the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of candidates, including referrals from the Directors, shareholders, management, advisers of the Company;
- the Nomination Committee shall identify and ascertain the character, qualification, knowledge and experience of the candidate and perform adequate due diligence in respect of such candidate; and
- the Nomination Committee shall make recommendations by submitting the candidate's personal profile to the Board for its consideration.

A new director will be informed of the role of the Board and his/her duties and obligation of being a director of a listed company. The terms of reference of the Nomination Committee, which describe its authority and duties, are available on the Company's website.

During the year ended 31 March 2025, the Nomination Committee held three meetings to consider the revision of the structure, size and composition of the Board, qualifications of all Directors and senior management of the Group and independence of the INEDs. The attendance of each of the members of the Nomination Committee has been disclosed earlier in this report.

## COMPANY SECRETARY

Ms. Lee Eva ("**Ms. Lee**") was appointed as the Company Secretary of the Company (the "**Company Secretary**") on 5 September 2019. The role of the Company Secretary is to ensure that the Directors have access to all necessary information and that all Board procedures are followed. She also advises the Board on corporate governance matters and facilitates induction and professional development of the Directors. Ms. Lee reports directly to the chairman and the senior management of the Company, and all Directors have access to the advice and services of the Company Secretary at any time in relation to their duties and operation of the Board. Ms. Lee has confirmed that she has fulfilled the requirement of taking no less than 15 hours of relevant professional training during the year ended 31 March 2025.



### AUDITOR'S REMUNERATION

The fees paid to the external auditor of the Company, for audit services for the year ended 31 March 2025 amounted to approximately HK\$650,000.

In considering the re-appointment of the external auditor, the Audit Committee has taken into consideration their relationship with the Company and their independence in the provision of non-audit services. Based on the results of the review and after taking into account the opinion of the management of the Group, the Audit Committee recommended the Board to re-appoint Global Link CPA Limited as the external auditor of the Company for the year ending 31 March 2025, subject to approval by the shareholders of the Company at the forthcoming annual general meeting. There is no external auditor of the Company acting as a member of the Audit Committee within one year commencing on the date of his cessation of being a partner of the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

### ACCOUNTABILITY

Being accountable for the proper stewardship of the Group's affairs, the Directors acknowledge their responsibility for ensuring that proper accounting records are kept and relevant consolidated financial statements, as in the annual report and the interim report of the Company, are prepared to give a true and fair view of the state of affairs of the Group for each of the financial periods.

In preparing the consolidated financial statements for the year ended 31 March 2025, the Directors have:

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants
- selected and applied consistently the appropriate accounting policies
- made judgments and estimates that are prudent and reasonable
- prepared the consolidated financial statements on the going concern basis

The management provides the Board with such information and explanations necessary to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The statement by the auditor of the Company about their reporting responsibilities are set out on pages 45 to 51 of this report.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board has, through the Audit Committee, conducted interim and annual reviews of the adequacy and effectiveness of the Group's internal control system covering the financial, operational, compliance and risk management functions. The Group's internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievements of the Group's objectives.

While the Audit Committee conducts continuous review on the adequacy and effectiveness of existing internal controls and risk management systems of the Company on behalf of the Board, the day-to-day responsibility for the conduct of these control procedures, the on-going monitoring of risks and the effectiveness of the corresponding internal controls rest with the management of each business unit.

The Company has engaged Silver Wand Business Consultancy Company Limited ("Silver Wand") to perform a review of the procedures, systems, controls, potential risk areas for the Group. Silver Wand has submitted its internal control review and risk assessment reports for the Group to the Audit Committee and the Board in June 2024. Findings and recommendations concerning improvements to the Group's internal controls have been reviewed by the Audit Committee and the Board. The Board considered the Group's internal control system to be effective and adequate, and to further enhance the effectiveness of the internal control and risk management, the Company has implemented an ongoing internal control and risk management review measure suggested by Silver Wand. The Board has conducted an annual review, which included consideration on the changes, since the last annual review, in the nature and extent of significant risks (including environmental, social and governance risks), and the Company's ability to respond to changes in its business and the external environment.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board has established a shareholders' communication policy (the "**Policy**") to maintain an on-going dialogue with its shareholders and investors in a timely and transparent manner. The implementation and effectiveness of the Policy is reviewed annually with the latest review made in March 2025. It emphasises the Company's commitment to enhance communication with shareholders and the investment community and specifies various communication platforms and channels through which its shareholders and investors can communicate their views with the Company, the Company considered that the policy was effective.

The Board communicates with its shareholders and investors through various channels. The Board members meet and communicate with shareholders and investors at annual general meetings and other general meetings. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are sent to shareholders in a timely manner and are available on the websites of the Company and the Stock Exchange.

### **SHAREHOLDERS' RIGHTS**

#### **PROCEDURES FOR NOMINATION OF A DIRECTOR**

A notice in writing of the intention to propose a person for election as a director of the Company and a notice in writing by that person of his/her willingness to be elected together with his/her personal particulars and information required to be disclosed under Rule 13.51(2) of the Listing Rules shall be lodged at the Company's principal place of business (Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong) or at its branch share registrar in Hong Kong, Tricor Investor Services Limited (17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong). The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting, and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

#### **RIGHT AND PROCEDURES FOR SHAREHOLDERS TO CONVENE A GENERAL MEETING**

Special general meetings shall be convened on the written requisition of one or more shareholders of the Company holding, at the date of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board of Directors or the Company Secretary (Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong) for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Such meeting shall be held within two months after the deposit of such requisition.

# INDEPENDENT AUDITOR'S REPORT



**Global Link**  
**CPA Limited**

Unit 21A, 15/F, Star House,  
3 Salisbury Road, TST, Kowloon, Hong Kong  
General Line: (852) 3580 0885  
Fax: (852) 3580 0772  
Email: [info@globallinkcpa.com](mailto:info@globallinkcpa.com)

## **TO THE SHAREHOLDERS OF MAJESTIC DRAGON AEROTECH HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of Majestic Dragon Aerotech Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 52 to 152, 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 Hong Kong Companies Ordinance.

### **BASIS FOR OPINION**

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

# INDEPENDENT AUDITOR'S REPORT

## 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.

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### Key audit matter

### How our audit addressed the key audit matter

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*Valuations of land and building included in property, plant and equipment and investment properties*

Refer to notes 14 and 15 to the consolidated financial statements

As at 31 March 2025, the fair value of land and buildings included in property, plant and equipment of the Group was approximately HK\$29,530,000. Decrease in fair value of land and buildings included in property, plant and equipment of approximately HK\$81,000 was recognised in other comprehensive income for the year ended 31 March 2025.

As at 31 March 2025, the fair value of investment properties of the Group was approximately HK\$91,807,000. Decrease in fair value of investment properties of approximately HK\$3,782,000 were recognised in profit or loss for the year ended 31 March 2025.

To support management's determination of the fair value, the Group engaged an independent external valuer to perform valuations on the land and building and investment properties at the end of the reporting period.

Given that the valuations are significant to the Group and significant estimation and judgement are required by management to determine the fair value of the land and building and investment properties, we have identified the valuations of land and building included in property, plant and equipment and investment properties as key audit matter.

We have performed the following procedures to address this key audit matter:

- Evaluating the competence, capabilities and objectivity of the independent external valuer;
- Evaluating the valuation techniques and assessing the reasonableness of the key inputs used in the valuations based on available market data;
- Assessing the integrity of information provided by the management to the independent external valuer by comparing the details of rentals on a sample basis to the respective underlying existing lease agreements; and
- Checking, on a sample basis, the market transactions and market rents of similar properties and locations, and assessing the appropriateness of specific assumptions made on adjustments of the properties by reference to size and other individual factors which affect the valuations of land and building and investment properties.

## KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of trade receivables and lease receivables</i></p> <p>Refer to notes 20 and 33(B)(d) to the consolidated financial statements</p> <p>As at 31 March 2025, the Group had trade receivables and lease receivables of approximately HK\$60,898,000 (net of loss allowance of HK\$87,442,000).</p> <p>Management recognises a loss allowance for lifetime expected credit losses (“ECL”) on the trade receivables and lease receivables individually or collectively. Except for significant balances or credit-impaired amounts which are assessed for impairment individually, the remaining trade receivables and lease receivables are grouped under a collective assessment after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables and lease receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for supportable forward-looking information that is reasonable and supportable available without due costs or effort.</p> <p>We identified the impairment assessment of trade receivables and lease receivables as a key audit matter due to the involvement of significant management judgement and estimates in evaluating the ECL of the Group’s trade receivables and lease receivables.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>• Understanding key controls on how the management estimates the loss allowance for trade receivables and lease receivables;</li> <li>• Testing the accuracy of information used by the management in determining loss allowance including trade receivables and lease receivables ageing analysis as at 31 March 2025 on a sample basis, by comparing individual items in the analysis with the relevant sales invoices and other supporting documents;</li> <li>• Inquiring management for the status of each of the material trade receivables and lease receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and</li> <li>• Discussing with the management and evaluating the basis in determining loss allowance on trade receivables and lease receivables as at 31 March 2025 including the reasonableness of the management’s basis of estimated loss rates applied (with reference to historical observed default rates and forward-looking information).</li> </ul>



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Key audit matter

### How our audit addressed the key audit matter

#### *Impairment assessment on goodwill*

We identified the impairment assessment on goodwill as a key audit matter due to the involvement of significant judgements and assumptions in estimating the recoverable amount of the cash-generating unit to which goodwill has been allocated.

At 31 March 2025, the Group has goodwill with cost of HK\$13,339,000 and HK\$696,000 relating to cash-generating units of unmanned aerial vehicles business and wholesale business – watch respectively.

Based on the assessment made by management of the Group, an impairment of HK\$ 696,000 was recognised relating to a cash-generating unit of wholesale business – watch during the year ended 31 March 2025. Details are disclosed in note 17 to the consolidated financial statements.

The recoverable amounts of the cash-generating units were determined based on the value in use calculations which require the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

Our procedures in relation to the impairment assessment on goodwill included:

- Obtaining an understanding of the management's process and basis adopted in preparing the cash flow forecasts, including significant assumptions;
- Assessing the reasonableness of the key assumptions made by the management, including long-term growth rate and gross profit margin by comparing the prior year cash flow projections with the current year actual cash flows;
- Testing the appropriateness of key inputs applied by the management in preparing the cash flow forecasts against historical performance, including revenue, cost of sales and operating expenses;
- Assessing the key factors in determining the discount rates, including the Group's debt and equity ratio, return on investments and other risk factors, and comparing to discount rates adopted in the industries for reasonableness; and
- Evaluating the sensitivity analysis performed by the management in respect of the growth rates and discount rates to assess the extent of impact on the value in use.

### **OTHER INFORMATION**

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

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

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

### **RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by 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.



## INDEPENDENT AUDITOR'S REPORT

### **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 Section 90 of Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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.

The engagement partner on the audit resulting in the independent auditor's report is Cheng Tsz Chin.

**Global Link CPA Limited**

*Certified Public Accountants*

**Cheng Tsz Chin**

*Practising Certificate Number: P08403*

Hong Kong

26 June 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CONTINUING OPERATIONS</b>			
Revenue	6	118,791	245,978
Cost of sales		(93,283)	(190,629)
Gross profit		25,508	55,349
Other gains and losses	7	630	(2,290)
Other income	7	1,709	2,550
Selling and distribution expenses		(13,819)	(16,166)
Administrative expenses		(32,343)	(30,956)
Impairment losses under expected credit loss model, net of reversal		3,591	(69,596)
Impairment loss on intangible assets		(1,551)	—
Impairment loss on goodwill		(696)	—
Fair value loss on investment properties		(3,782)	(3,115)
Finance costs	8	(1,967)	(3,022)
Loss before taxation	9	(22,720)	(67,246)
Taxation	11	1,424	669
Loss for the year from continuing operations		(21,296)	(66,577)
<b>DISCONTINUED OPERATION</b>			
Profit for the year from discontinued operation	26	—	8,213
<b>Loss for the year attributable to owners of the Company</b>		<b>(21,296)</b>	<b>(58,364)</b>
<b>Other comprehensive (expense) income for the year</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		(1,150)	(3,583)
Release of exchange reserve upon disposal of subsidiaries		—	(938)
<b>Item that will not be reclassified to profit or loss:</b>			
(Loss) gain on revaluation of land and building held for own use		(81)	353
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<b>(22,527)</b>	<b>(62,532)</b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Loss for the year attributable to owners of the Company</b>			
Loss from continuing operations		(21,296)	(66,577)
Profit from discontinued operation		—	8,213
<b>Loss for the year</b>		<b>(21,296)</b>	<b>(58,364)</b>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>			
Total comprehensive expense from continuing operations		(22,527)	(70,116)
Total comprehensive income from discontinued operation		—	7,584
<b>Total comprehensive expense for the year</b>		<b>(22,527)</b>	<b>(62,532)</b>
<b>Loss per share attributable to owners of the Company</b>			
From continuing and discontinued operations			
— Basic and diluted (HK cents)	13	(1.91)	(5.94)
From continuing operations			
— Basic and diluted (HK cents)	13	(1.91)	(6.77)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	33,001	32,288
Investment properties	15	91,807	95,858
Right-of-use assets	16	126	232
Goodwill	17	13,193	14,035
Other intangible assets	18	24,603	32,309
Prepayment for property, plant and equipment		2,285	—
Other receivables	20	—	20,156
		<b>165,015</b>	<b>194,878</b>
<b>Current assets</b>			
Inventories	19	67,564	56,107
Trade and other receivables	20	80,937	126,751
Tax recoverables		108	420
Financial assets at fair value through profit or loss		262	350
Bank balances and cash	21	33,065	29,393
		<b>181,936</b>	<b>213,021</b>
<b>Total assets</b>		<b>346,951</b>	<b>407,899</b>
<b>Current liabilities</b>			
Trade and other payables	22	68,156	56,858
Contract liabilities	23	1,383	10,758
Amount due to a director	22	10,534	7,800
Bank and other borrowings	25	600	41,954
Lease liabilities	24	128	236
		<b>80,801</b>	<b>117,606</b>
<b>Net current assets</b>		<b>101,135</b>	<b>95,415</b>
<b>Total assets less current liabilities</b>		<b>266,150</b>	<b>290,293</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current liabilities</b>			
Rental deposits received	22	—	174
Deferred tax liabilities	28	4,446	5,888
		4,446	6,062
<b>Net assets</b>		<b>261,704</b>	<b>284,231</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	29	11,141	11,141
Reserves		250,563	273,090
<b>Total equity</b>		<b>261,704</b>	<b>284,231</b>

The consolidated financial statements on pages 52 to 152 were approved and authorised for issue by the board of directors on 26 June 2025 and are signed on its behalf by:

**Zhang Jinbing**  
Chairman

**Yang Zeyun**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company										Total HK\$'000
	Share capital	Share premium	Revaluation reserve	Consolidation reserve	PRC statutory reserve	Translation reserve	Capital reserve	Contributed surplus reserve	Other reserve	Accumulated losses	
	Note (a)	Note (b)	Note (c)	Note (d)	Note (e)	Note (f)	Note (g)	Note (h)			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31 March 2023	7,737	195,691	9,301	2,214	638	411	10,254	93,718	(8,858)	(34,901)	276,205
Loss for the year	—	—	—	—	—	—	—	—	—	(58,364)	(58,364)
Other comprehensive income (expense) for the year	—	—	353	—	—	(4,521)	—	—	—	—	(4,168)
Total comprehensive income (expense) for the year	—	—	353	—	—	(4,521)	—	—	—	(58,364)	(62,532)
Issue of shares upon acquisition of a subsidiary	1,547	35,589	—	—	—	—	—	—	—	—	37,136
Issue of shares under placing of shares	1,857	31,565	—	—	—	—	—	—	—	—	33,422
Adjustment upon disposal of a subsidiary	—	—	—	—	(638)	—	—	—	8,858	(8,220)	—
At 31 March 2024	11,141	262,845	9,654	2,214	—	(4,110)	10,254	93,718	—	(101,485)	284,231
Loss for the year	—	—	—	—	—	—	—	—	—	(21,296)	(21,296)
Other comprehensive expense for the year	—	—	(81)	—	—	(1,150)	—	—	—	—	(1,231)
Total comprehensive expense for the year	—	—	(81)	—	—	(1,150)	—	—	—	(21,296)	(22,527)
At 31 March 2025	11,141	262,845	9,573	2,214	—	(5,260)	10,254	93,718	—	(122,781)	261,704

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

Notes:

**a) Share premium**

The application of the share premium is governed by section 40 of the Companies Act 1981 of Bermuda.

**b) Revaluation reserve**

It represented gains/losses arising on the revaluation of the Group's land and buildings (other than investment properties). The balance on this reserve was wholly non-distributable.

**c) Consolidation reserve**

It represented the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the exchange of shares on group reorganisation.

**d) PRC statutory reserve**

According to the relevant requirements in the Articles of Association of the Group's subsidiaries in the People's Republic of China ("PRC"), a portion of their profits after taxation is transferred to PRC statutory reserve. The transfer must be made before the distribution of a dividend to equity owners. The PRC statutory reserve can be used to make up the prior year losses, if any. The PRC statutory reserve is non-distributable other than upon liquidation.

**e) Translation reserve**

It represented all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve was dealt with in accordance with the accounting policies set out in note 4.

**f) Capital reserve**

It represented the differences between the loans nominal amount of approximately HK\$183,162,000 and the fair value of approximately HK\$172,908,000 of loans granted by a shareholder in between the year ended 31 March 2018 and year ended 31 March 2020. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loans nominal amount and present value of approximately HK\$10,254,000 was treated as equity contribution from the shareholder and credited to the capital reserve account.

**g) Contributed surplus reserve**

It represented as a result of the Capital Reduction, a credit of approximately HK\$93,718,000 deducted from the share capital arose, and was transferred to the contributed surplus account of the Company, together with the amount arising from the reduction of share premium account and any credit which arose as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, was applied in full by the Board to set off the accumulated losses of the Company.

**h) Other reserve**

The other reserve represented the difference between the fair value of consideration paid to increase the shareholding in a subsidiary GBR (HK) Limited ("GBR (HK)") and the proportionate share of the carrying amount of its net assets.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>Operating activities</b>			
Loss before taxation from continuing operations		(22,720)	(67,246)
Profit before taxation from discontinued operation	26	—	8,213
Adjustments for:			
Impairment losses under expected credit loss model, net of reversal		(3,591)	69,596
Amortisation of other intangible assets		5,970	4,802
Depreciation of property, plant and equipment		2,154	1,662
Depreciation of right-of-use assets		869	760
Provision of inventories		—	26,114
Decrease in fair value of financial assets at fair value through profit or loss		48	174
Fair value loss on investment properties		3,782	3,115
Bank interest income		(63)	(194)
Interest income from a loan to a third party		(1,093)	(928)
Interest on bank and other borrowings		1,919	2,995
Interest on lease liabilities		48	27
Gain on lease termination		(12)	—
Impairment loss on intangible assets		1,551	—
Impairment loss on goodwill		696	—
Gain on disposal of subsidiaries		—	(8,279)
Operating cash flows before movements in working capital		(10,442)	40,811
(Increase) decrease in inventories		(11,457)	30,433
Decrease (increase) in trade and other receivables		54,789	(29,832)
Increase (decrease) in trade and other payables		11,417	(79,523)
(Decrease) increase in contract liabilities		(9,375)	2,628
Cash generated from (used in) operations		34,932	(35,483)
Hong Kong Profits Tax refund		317	1,396
Other Income Tax paid		(8)	(680)
<b>Net cash flows generated from (used in) operating activities</b>		<b>35,241</b>	<b>(34,767)</b>
<b>Investing activities</b>			
Net cash inflow on acquisition of subsidiaries	27	—	25,419
Net cash inflow from disposal of subsidiaries	26	—	666
Additions of property, plant and equipment		(3,073)	(1,084)
Interest income received from loans to third parties		975	661
Bank interest received		63	194
Loan to a third party		—	(15,000)
Repayment from a loan to a third party		15,000	5,000
Deposit paid for acquisition of property, plant and equipment		(2,367)	—
Proceeds from disposal of financial assets at FVTPL		40	—
Proceed from disposal of property, plant and equipment		34	1
<b>Net cash flows from investing activities</b>		<b>10,672</b>	<b>15,857</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
<b>Financing activities</b>		
New bank and other borrowings raised	35,600	62,329
Repayment of bank borrowings	(77,123)	(66,510)
Interest paid	(2,260)	(2,745)
Repayment of lease liabilities	(858)	(763)
Net proceeds from placement of shares	—	33,422
Repayment to a director	(7,800)	—
Advance from a director	10,534	7,800
<b>Net cash flow(used in) from financing activities</b>	<b>(41,907)</b>	<b>33,533</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,006</b>	<b>14,623</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>29,393</b>	<b>15,495</b>
<b>Effects of exchange rate changes, net</b>	<b>(334)</b>	<b>(725)</b>
<b>Cash and cash equivalents at the end of the year, representing bank balances and cash</b>	<b>33,065</b>	<b>29,393</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 1. GENERAL INFORMATION

Majestic Dragon Aerotech Holdings Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its shares (the “**Share**”) are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Always Profit Development Limited, a company incorporated in British Virgin Islands. Its ultimate controlling party is Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company. The address of its principal place of business is Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the “**Group**”) are the wholesale of consumer products including timepieces and accessories and garment and sportswear products, the sale of unmanned aerial vehicles and related parts for fire-fighting, logistics transportation, communication and agricultural use and property investment.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### AMENDMENTS TO HKFRS ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 2. APPLICATION OF 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 <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 4. MATERIAL ACCOUNTING POLICIES

### BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### BASIS OF CONSOLIDATION (CONTINUED)

#### *CHANGES IN THE GROUP'S INTERESTS IN EXISTING SUBSIDIARIES*

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

### BUSINESS COMBINATIONS

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

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

For business combinations in which the acquisition date is on or after 1 April 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### BUSINESS COMBINATIONS (CONTINUED)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

### GOODWILL

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### GOODWILL (CONTINUED)

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

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

### 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.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## **4. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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

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.

### FOREIGN CURRENCIES

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FOREIGN CURRENCIES (CONTINUED)

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

### BORROWING COSTS

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

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

### 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. Land and buildings comprise mainly office premises. Land and buildings are carried at fair values, based on periodic valuations by an independent external valuer, less subsequent depreciation and impairment losses, if any. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase in credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to related profits.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Depreciation rates	Method
– Land and building	over the lease terms	straight-line
– Leasehold improvements	15-20% or over the lease terms, whichever is shorter	straight-line
– Furniture and fixtures	15-20%	reducing balance
– Motor vehicles	15-25%	reducing balance
– Office and computer equipment	15-33%	reducing balance

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### INVESTMENT PROPERTIES

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

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### INTANGIBLE ASSETS

#### *INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION*

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs 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, on the same basis as intangible assets that are acquired separately.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## **4. MATERIAL ACCOUNTING POLICIES (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 with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS OTHER THAN GOODWILL (CONTINUED)

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 reversal of the impairment loss is treated as revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit or the 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.

### CASH AND CASH EQUIVALENTS

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

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### CASH AND CASH EQUIVALENTS (CONTINUED)

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

### INVENTORIES

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

### 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 a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (A) FINANCIAL ASSETS

##### *CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS*

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

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

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

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

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (A) FINANCIAL ASSETS (CONTINUED)

##### *CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS (CONTINUED)*

##### *(i) 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.

##### *(ii) FINANCIAL ASSETS AT FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (A) FINANCIAL ASSETS (CONTINUED)

##### *IMPAIRMENT OF FINANCIAL ASSETS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9*

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. 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 and lease receivables.

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

#### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (A) FINANCIAL ASSETS (CONTINUED)

##### *IMPAIRMENT OF FINANCIAL ASSETS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9 (CONTINUED)*

##### (i) Significant increase in credit risk (continued)

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

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (A) FINANCIAL ASSETS (CONTINUED)

##### *IMPAIRMENT OF FINANCIAL ASSETS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9 (CONTINUED)*

##### (ii) Definition of default

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

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

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

##### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (A) FINANCIAL ASSETS (CONTINUED)

##### *IMPAIRMENT OF FINANCIAL ASSETS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9 (CONTINUED)*

##### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data 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 the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (A) FINANCIAL ASSETS (CONTINUED)

##### *IMPAIRMENT OF FINANCIAL ASSETS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9 (CONTINUED)*

##### *DERECOGNITION OF FINANCIAL ASSETS*

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

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

#### (B) FINANCIAL LIABILITIES AND EQUITY

##### *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.

##### *(i) Equity instruments*

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

##### *(ii) Financial liabilities*

##### *Financial liabilities at amortised cost*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (B) FINANCIAL LIABILITIES AND EQUITY (CONTINUED)

##### (ii) Financial liabilities (continued)

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is 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, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (B) FINANCIAL LIABILITIES AND EQUITY (CONTINUED)

##### (ii) Financial liabilities (continued)

##### *Financial liabilities at FVTPL (continued)*

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

##### *DERECOGNITION/MODIFICATION OF FINANCIAL LIABILITIES*

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### (B) FINANCIAL LIABILITIES AND EQUITY (CONTINUED)

##### *DERECOGNITION/MODIFICATION OF FINANCIAL LIABILITIES (CONTINUED)*

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

### LEASES

#### (A) DEFINITION OF A LEASE

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

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

#### (B) THE GROUP AS A LESSEE

##### *ALLOCATION OF CONSIDERATION TO COMPONENTS OF A CONTRACT*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### *SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS*

The Group applies the short-term lease recognition exemption to leases of offices and shops 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### LEASES (CONTINUED)

#### (B) THE GROUP AS A LESSEE (CONTINUED)

##### *RIGHT-OF-USE ASSETS*

The cost of right-of-use asset includes:

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

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

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

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

##### *REFUNDABLE RENTAL DEPOSITS*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### LEASES (CONTINUED)

#### (B) THE GROUP AS A LESSEE (CONTINUED)

##### LEASE LIABILITIES

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

The lease payments include:

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### LEASES (CONTINUED)

#### (C) THE GROUP AS A LESSOR

##### *CLASSIFICATION AND MEASUREMENT OF LEASES*

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

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

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

##### *REFUNDABLE RENTAL DEPOSITS*

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

### TAXATION

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## **4. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **TAXATION (CONTINUED)**

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### TAXATION (CONTINUED)

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

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

### EMPLOYEE BENEFITS

#### (A) RETIREMENT BENEFIT COSTS

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

#### (B) SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

#### (C) EMPLOYEE LEAVE ENTITLEMENTS

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## **4. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### PROVISIONS

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

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

### CONTINGENT LIABILITIES

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### RELATED PARTIES

A related party is a person or entity that is related to the Group in these consolidated financial statements, as follows:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third entity.
  - (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 (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### (A) CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

#### *DEFERRED TAXATION ON INVESTMENT PROPERTIES*

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the management has reviewed the Group's investment properties portfolios and concluded that while the Group's investment properties located in Hong Kong are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation arising from these investment properties located in Hong Kong, the management determined that the presumption that the carrying amounts of these investment properties measured using the fair value model are recovered through sale is not rebutted.

For the Group's investment properties located in the Mainland China, the management concluded that they are depreciable and are being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation arising from investment properties located in the Mainland China, the management determined that the presumption that the carrying amounts of these investment properties measured using the fair value model are recovered through sale is rebutted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### (B) KEY SOURCES OF ESTIMATION UNCERTAINTY

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

#### *FAIR VALUE OF LAND AND BUILDING INCLUDED IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES*

Land and building included in property, plant and equipment, and investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in notes 14 and 15.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, travel restrictions implemented by many countries, increased complexity in international trade tensions geopolitics, changes in policy direction and/or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Group's land and building and investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The directors of the Company have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's land and building and investment properties.

As at 31 March 2025, the carrying amount of the Group's land and building and investment properties are approximately HK\$29,530,000 (2024: HK\$30,930,000) and HK\$91,807,000 (2024: HK\$95,858,000) respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### (B) KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### *IMPAIRMENT ASSESSMENT OF TRADE RECEIVABLES AND LEASE RECEIVABLES*

The Group calculates ECL for the trade receivables and lease receivables individually or collectively. Except for significant balances or credit-impaired amounts which are assessed for impairment individually, the remaining trade receivables and lease receivables are grouped under a collective assessment after considering internal credit ratings of debtors, ageing, repayment history and/or past due status of respective trade receivables and lease receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for supportable forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and lease receivables are disclosed in notes 20 and 33(B) (d).

#### *ESTIMATED IMPAIRMENT OF GOODWILL*

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or a group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. The estimated uncertainty mainly includes gross margin, discount rate and growth rate. Where the actual future cash flows are less than expected, or change in facts and circumstances of which results in downward revision of future cash or upward revision of discount rate, a material impairment loss or a further impairment loss may arise.

As at 31 March 2025, the carrying amount of goodwill is HK\$13,193,000 (2024: HK\$14,035,000). Details of the recoverable amount calculation are disclosed in note 17.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 6. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the wholesale of consumer products including timepieces and accessories (“**Watch products**”) and garment and sportswear products, sales of unmanned aerial vehicles and related parts for fire-fighting, logistics transportation, communication and agricultural use and property investment. Revenue mainly represents the consideration of goods sold, rental income received. An analysis of revenue is as follows:

### (i) Analysis of revenue

	2025 HK\$'000	2024 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15 – at point in time basis</b>		
Sales of garment and sportswear products	67,130	31,642
Sales of Watch products	23,794	76,210
Sales of unmanned aerial vehicles and related parts	26,850	134,508
	<b>117,774</b>	242,360
<b>Revenue from other sources</b>		
Rental income	1,017	3,618
	<b>118,791</b>	245,978

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (ii) Performance obligations for contracts with customers

Revenue from sales of Watch products and export sales and local sales of garment and sales of unmanned aerial vehicles and related parts and sportswear products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for sale of Watch products, export and local sales of garment and sales of unmanned aerial vehicles and related parts and sportswear products and marketing services income such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts for sale of Watch products, export sales and local sales of garments and sales of unmanned aerial vehicles and related parts and sportswear products and marketing services income that had an original expected duration of one year or less.

#### i) Wholesale business

The Group satisfies its performance obligation upon delivery of the goods sold to the customers;

#### ii) Property investment: Investing and letting of properties; and

#### iii) Unmanned aerial vehicles business: Sales of unmanned aerial vehicles and related parts.

Segment profit or loss represents the profit or loss from each segment without allocation of corporate income, central administrative costs, finance costs and professional expenses which are for corporate use purpose.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, goodwill, other intangible assets, inventories, financial assets at FVTPL, bank balances and cash, trade receivables, deposits, prepayments and other receivables. They exclude assets used for corporate functions.

Segment liabilities consist primarily of trade payables, other payables and accrued charges, contract liabilities, bank and other borrowings, rental deposit received and lease liabilities. They exclude tax payable, deferred tax liabilities and liabilities used for corporate functions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

	2025			Total HK\$'000
	Wholesale business HK\$'000	Property investment HK\$'000	Unmanned aerial vehicles business HK\$'000	
Revenue	90,924	1,017	26,850	118,791
Segment operating loss	(541)	(3,466)	(11,247)	(15,254)
Unallocated corporate income				1,709
Unallocated corporate expenses				(7,208)
Operating loss				(20,753)
Finance costs				(1,967)
Loss before taxation				(22,720)
Income tax credit				1,424
Loss from continuing operations				(21,296)
Segment assets	122,142	91,962	79,015	293,119
Unallocated assets				53,832
Total				346,951
Segment liabilities	19,467	269	46,526	66,262
Unallocated liabilities				14,539
Deferred tax liabilities				4,446
Total				85,247



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS (CONTINUED)

	2025				
	Continuing operations				Total HK\$'000
	Wholesale business HK\$'000	Property investment HK\$'000	Unmanned aerial vehicles business HK\$'000	Corporate HK\$'000	
Amortisation of other intangible assets	2,326	—	3,644	—	5,970
Decrease in fair value of financial assets at FVTPL	48	—	—	—	48
Depreciation of property, plant and equipment	27	—	808	1,319	2,154
Depreciation of right-of-use assets	607	—	262	—	869
Fair value loss on investment properties	—	3,782	—	—	3,782
Impairment losses under ECL model, net of reversal	(4,934)	(167)	1,510	—	(3,591)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS (CONTINUED)

	2024			
	Continuing operations			Total HK\$'000
	Wholesale business HK\$'000	Property investment HK\$'000	Unmanned	
			aerial vehicles business HK\$'000	
Revenue	107,852	3,618	134,508	245,978
Segment operating profit (loss)	(86,926)	(6,438)	35,377	(57,987)
Unallocated corporate income				2,550
Unallocated corporate expenses				(8,920)
Operating loss				(64,357)
Gain on disposal of subsidiaries				133
Finance costs				(3,022)
Loss before taxation				(67,246)
Income tax credit				669
Loss from continuing operations				(66,577)
Segment assets	151,259	96,392	106,680	354,331
Unallocated assets				53,568
Total				407,899
Segment liabilities	80,071	371	25,624	106,066
Unallocated liabilities				11,714
Deferred tax liabilities				5,888
Total				123,668

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS (CONTINUED)

	2024				
	Continuing operations				
	Wholesale	Property	Unmanned		
	business	investment	aerial vehicles	Corporate	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of other intangible assets	2,326	—	2,476	—	4,802
Decrease in fair value of financial assets at FVTPL	174	—	—	—	174
Depreciation of property, plant and equipment	21	—	328	1,313	1,662
Depreciation of right-of-use assets	627	—	133	—	760
Fair value loss on investment properties	—	3,115	—	—	3,115
Impairment losses under					
ECL model, net of reversal	62,209	5,615	1,772	—	69,596
Provision of inventories	26,114	—	—	—	26,114

### SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

	2025	
	Revenue from	Non-current
	continuing	assets
	operations	
	HK\$'000	HK\$'000
Africa	56,996	—
Hong Kong	17,575	95,000
Mainland China	39,578	70,015
Taiwan	4,642	—
	<b>118,791</b>	<b>165,015</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS (CONTINUED)

	2024	
	Revenue from continuing operations HK\$'000	Non-current assets HK\$'000
Africa	31,642	—
Hong Kong	32,889	103,850
Mainland China	108,836	70,794
Taiwan	14,200	78
Middle East	58,411	—
	245,978	174,722

Revenue is allocated based on the country in which the customers are located. Non-current assets, excluding non-current other receivables, are allocated based on where the assets are located.

### INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers in the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
Customer A <sup>1</sup> from the Wholesale business	N/A	29,322
Customer B <sup>2</sup> from the Wholesale business	33,526	N/A
Customer C <sup>2</sup> from the Wholesale business	23,470	N/A
Customer D from the unmanned aerial vehicles business	14,172	83,705
Customer E <sup>1</sup> from the unmanned aerial vehicles business	N/A	27,277

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2025.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 7. OTHER GAINS AND LOSSES/OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
<b>Other gains and losses</b>		
Decrease in fair value of financial assets at FVTPL	(48)	(174)
Gain on disposal of a subsidiary	—	133
Gain on lease termination	12	—
Net exchange gain (loss)	666	(2,249)
	<b>630</b>	<b>(2,290)</b>
<b>Continuing operations</b>		
<b>Other income</b>		
Interest income from loans to third parties	1,093	928
Bank interest income	63	194
Government grants	264	1,356
Sundry income	289	72
	<b>1,709</b>	<b>2,550</b>

During the year ended 31 March 2025, government subsidies of HK\$264,000 (2024: HK\$1,356,000) represent incentives received and recognised upon completion of related research activities and development projects.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
Interest on bank and other borrowings	1,919	2,995
Interest on lease liabilities	48	27
	<b>1,967</b>	<b>3,022</b>

## 9. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
Cost of inventories recognised as an expense (including provision of inventories amounting to nil (2024: HK\$26,114,000))	93,283	190,498
Auditor's remuneration	650	650
Amortisation of other intangible assets	5,970	4,802
Depreciation of property, plant and equipment	2,154	1,662
Depreciation of right-of-use assets	869	760
Legal and professional fees	951	2,093
Staff costs, including directors' emoluments		
— Salaries, bonus and allowance	10,531	9,460
— Retirement benefits scheme contributions	2,014	711
Total staff costs	<b>12,545</b>	<b>10,171</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 10. DIRECTORS' AND SENIOR MANagements' EMOLUMENTS

### (A) DIRECTORS' EMOLUMENTS

The remuneration of each director of the Company for the year ended 31 March 2025 is set out below:

	Fee HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors:</b>					
Zhang Jinbing	—	—	—	—	—
Yang Zeyun	630	—	—	18	648
Wang Yuelai	600	—	—	18	618
Wu Tingjun (note (iii))	29	—	—	—	29
Zhang Che (note (i))	24	—	—	—	24
Wang Jian (note (ii))	111	—	—	5	116
<b>Independent non-executive directors:</b>					
Chen Chonghu (note (iii))	10	—	—	—	10
Choi Ka Ying	120	—	—	—	120
He Xiaodong	120	—	—	—	120
Jie Yinghan (note (ii))	111	—	—	—	111
<b>Total</b>	<b>1,755</b>	<b>—</b>	<b>—</b>	<b>41</b>	<b>1,796</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 10. DIRECTORS' AND SENIOR MANAGERMENTS' EMOLUMENTS (CONTINUED)

### (A) DIRECTORS' EMOLUMENTS (CONTINUED)

The remuneration of each director of the Company for the year ended 31 March 2024 was set out below:

	Fee HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors:</b>					
Zhang Jinbing	—	—	—	—	—
Yang Zeyun	258	—	—	11	269
Wang Yuelai	288	—	—	11	299
Wu Tingjun	—	—	—	—	—
Wang Jian	N/A	N/A	N/A	N/A	N/A
Zhang Che	N/A	N/A	N/A	N/A	N/A
<b>Independent non-executive directors:</b>					
Chen Chonghu	120	—	—	—	120
Choi Ka Ying	120	—	—	—	120
He Xiaodong	120	—	—	—	120
Jie Yinghan	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>906</b>	<b>—</b>	<b>—</b>	<b>22</b>	<b>928</b>

- Mr. Zhang Che was appointed as an executive director on 20 January 2025 and resigned as an executive director on 3 June 2025
- Mr. Wang Jian was appointed as an executive Director of the Company and Mr. Jie Yinghan was appointed as an independent non-executive Director of the Company, both with effect from 29 April 2024
- Mr. Wu Tingjun resigned as an executive director of the Company and Mr. Chen Chonghu resigned as an independent non-executive director of the Company with effect from 29 April 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 10. DIRECTORS' AND SENIOR MANAGERMENTS' EMOLUMENTS (CONTINUED)

### (A) DIRECTORS' EMOLUMENTS (CONTINUED)

The executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

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

No waiver of emoluments, corporation loss and inducement to join or upon joining the Group nor paid to directors of the Company or the five highest paid individuals during both years.

### (B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include two (2024: one) of the directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the three (2024: four) individuals during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
Salaries and other benefits	1,558	3,178
Retirement benefits scheme contributions	49	54
	<b>1,607</b>	<b>3,232</b>

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
<b>Emolument bands</b>		
Nil to HK\$1,000,000	3	3
HK\$1,000,001 – HK\$1,500,000	–	1

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 11. TAXATION

The amount of taxation credited to the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
Current tax		
Mainland China Enterprise Income tax (the "EIT")	—	15
	—	15
Under (over) provision in prior years:		
Hong Kong Profits Tax	—	(130)
Taiwan profit-seeking enterprise income tax	—	664
EIT	4	(734)
Deferred tax		
Current year (note 28)	(1,428)	(484)
Income tax credit	(1,424)	(669)

Under the two-tiered profits tax rates regime, 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%. No Hong Kong Profits Tax was provided for the year ended 31 March 2025 as there was no chargeable profits under Hong Kong Profits Tax.

Under the Law of the Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% for both years.

Under the applicable corporate tax law in Taiwan, income tax is charged at 20% of the estimated assessable profits. No provision for Taiwan profit-seeking enterprise income tax has been made in the consolidated financial statements as the subsidiary operating in Taiwan has no assessable profits for both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 11. TAXATION (CONTINUED)

The tax on the Group's loss before taxation differs from the theoretical amount that would arise using applicable tax rates as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
Loss before taxation	(22,720)	(67,246)
Tax credit at the domestic income tax rate of 16.5% (2022: 16.5%)	(3,749)	(11,096)
Effect of different tax rates of subsidiaries operating in other jurisdictions	54	40
Tax effect of income not taxable for tax purpose	(854)	(2,525)
Tax effect of expenses not deductible for tax purpose	1,462	1,664
Tax effect of tax losses not recognised	3,854	15,528
Utilisation of tax losses previously not recognised	(2,113)	(3,621)
Tax effect of temporary differences not recognised	—	31
Under (over) provision in prior years	4	(200)
Others	(82)	(490)
Income tax credit for the year	(1,424)	(669)

## 12. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the years ended 31 March 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (A) FROM CONTINUING AND DISCONTINUED OPERATIONS

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

	2025 HK\$'000	2024 HK\$'000
Loss attributable to owners of the Company	(21,296)	(58,364)
	Number of shares '000	
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,114,069	983,350

### (B) FROM CONTINUING OPERATIONS

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

	2025 HK\$'000	2024 HK\$'000
Loss attributable to owners of the Company	(21,296)	(66,577)
	Number of shares '000	
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,114,069	983,350

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Other property plant and equipment HK\$'000	Total HK\$'000
<b>Year ended 31 March 2025</b>					
Opening net book amount	30,930	5	840	513	32,288
Additions	—	—	2,395	678	3,073
Disposals	—	—	(9)	(25)	(34)
Depreciation	(1,319)	(5)	(520)	(310)	(2,154)
Gain upon revaluation	(81)	—	—	—	(81)
Exchange adjustment	—	—	(73)	(18)	(91)
Closing net book amount	29,530	—	2,633	838	33,001
<b>At 31 March 2025</b>					
Cost or valuation	29,530	601	3,327	2,101	35,559
Accumulated depreciation and impairment	—	(601)	(694)	(1,263)	(2,558)
Net book amount	29,530	—	2,633	838	33,001
Analysis of cost or valuation:					
At cost	—	—	2,633	838	3,471
At valuation	29,530	—	—	—	29,530
	29,530	—	2,633	838	33,001

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and building HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Other property plant and equipment HK\$'000	Total HK\$'000
<b>Year ended 31 March 2024</b>					
Opening net book amount	31,880	—	24	53	31,957
Additions	—	30	478	576	1,084
Acquisition of a subsidiary (note 27)	—	5	578	18	601
Disposals	—	—	—	(1)	(1)
Depreciation	(1,303)	(30)	(218)	(111)	(1,662)
Gain upon revaluation	353	—	—	—	353
Exchange adjustment	—	—	(22)	(22)	(44)
Closing net book amount	30,930	5	840	513	32,288
<b>At 31 March 2024</b>					
Cost or valuation	30,930	601	1,232	1,671	34,434
Accumulated depreciation and impairment	—	(596)	(392)	(1,158)	(2,146)
Net book amount	30,930	5	840	513	32,288
Analysis of cost or valuation:					
At cost	—	5	840	513	1,358
At valuation	30,930	—	—	—	30,930
	30,930	5	840	513	32,288



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's land and building were revalued on 31 March 2025 and 2024 by independent qualified professional valuers on the basis of market comparable approach. Valuations were carried out by Vincorn Consulting and Appraisal Limited (2024: Vincorn Consulting and Appraisal Limited), independent firms of The Hong Kong Institute of Surveyors. If the buildings were stated under the cost model, the amounts would be as follows:

	2025 HK\$'000	2024 HK\$'000
Cost	37,700	37,700
Accumulated depreciation and impairment loss	(7,272)	(5,969)
	30,428	31,731

Please refer to note 15 for details of fair value measurement of the land and buildings.

## 15. INVESTMENT PROPERTIES

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The Group leases out properties under operating leases with rentals payable monthly. The leases typically run for an initial period of 3 months to 5 years (2024: 2 to 3 years).

The Group is exposed to foreign currency risk as a result of the lease arrangements, as certain leases are denominated in the currency other than functional currency of the group entity. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term. The financial risk management objectives and policies of the Group in managing the currency risk are set out in note 33 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 15. INVESTMENT PROPERTIES (CONTINUED)

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	95,858	100,527
Changes in fair value included in profit or loss	(3,782)	(3,115)
Exchange adjustment	(269)	(1,554)
At the end of the year	91,807	95,858

Notes:

- (a) The fair value of the Group's investment properties as at 31 March 2025 and 2024 has been arrived at on the basis of a valuation carried out on the respective dates by Vincorn Consulting and Appraisal Limited (2024: Vincorn Consulting and Appraisal Limited), independent qualified professional valuers not connected to the Group. The management works closely with the quality external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the board of directors of the Company every half-year to explain the cause of fluctuations in the fair value of the properties.
- (b) Certain investment properties were pledged to secure banking facilities granted to the Group as at 31 March 2024. Details are set out in note 32.

### FAIR VALUE MEASUREMENT OF PROPERTIES

#### (i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 15. INVESTMENT PROPERTIES (CONTINUED)

### FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(i) Fair value hierarchy (continued)

	Fair value measurements as at 31 March 2025 categorised into			
	Fair value at 31 March 2025 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Recurring fair value measurement</b>				
Investment properties:				
– Industrial – Hong Kong	60,040	–	–	60,040
– Commercial – PRC	26,357	–	–	26,357
– Car parking spaces – Hong Kong	5,410	–	–	5,410
	91,807	–	–	91,807
<b>Property held for own use:</b>				
– Land and building – Hong Kong (note 14)	29,530	–	–	29,530

Fair value measurements as at 31 March 2024 categorised into				
	Fair value at 31 March 2024 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Recurring fair value measurement</b>				
Investment properties:				
– Industrial – Hong Kong	62,660	–	–	62,660
– Commercial – PRC	27,558	–	–	27,558
– Car parking spaces – Hong Kong	5,640	–	–	5,640
	95,858	–	–	95,858
<b>Property held for own use:</b>				
– Land and building – Hong Kong (note 14)	30,930	–	–	30,930

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 15. INVESTMENT PROPERTIES (CONTINUED)

### FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

#### (i) Fair value hierarchy (continued)

In estimating the fair value of the property, the highest and best use of the property is the current use.

There were no transfer into or out of Level 3 during the years ended 31 March 2025 and 2024.

#### (ii) Information about Level 3 fair value measurements

Investment properties	2025 HK\$'000	2024 HK\$'000	Valuation techniques	Unobservable input	Relationship of unobservable inputs to fair value
— Industrial — Hong Kong	60,040	62,660	Income approach	Taking into account the term yield ranged of 3.0% (2024: 2.9%), reversionary yield of 3.3% (2024: 3.25%), monthly term rental rate ranged from HK\$14.4 to HK\$17.6 (2024: HK\$12.2 to HK\$17.2) per square feet ("sqf"), and reversionary market unit rate ranged from HK\$5,708 to HK\$5,745 (2024: HK\$5,953 to HK\$6,034) per sqf.	The higher the term yield, the lower the fair value;  The higher the reversionary yield, the lower the fair value;  The higher the monthly term rental rate, the higher the fair value;  The higher the reversionary market unit rate, the higher the fair value.
— Car parking spaces — Hong Kong	5,410	5,640	Sales comparison approach	Taking into account the recent transaction prices of similar properties, which ranged from HK\$1,102,000 to HK\$2,525,000 (HK\$1,510,000 to HK\$2,620,000) per unit.	The higher the price per car parking space, the higher the fair value.
— Commercial — PRC	26,357	27,558	Income approach	Taking into account the term yield ranged of 3.0% (2024: 4.2%), reversionary yield of 4.55% (2024: 4.5%) monthly term rental rate of RMB138.7 (2024: RMB136.5) per square meter ("sqm"), and an average reversionary market unit rate of RMB24,121 (2024: RMB25,410) per sqm.	The higher the term yield, the lower the fair value;  The higher the reversionary yield, the lower the fair value;  The higher the monthly term rental rate, the higher the fair value;  The higher the reversionary market unit rate, the higher the fair value.
	91,807	95,858			

Land and building	2025 HK\$'000	2024 HK\$'000	Valuation techniques	Unobservable input	Relationship of unobservable inputs to fair value
— Industrial — Hong Kong	29,530	30,930	Sales comparison approach	Taking into account the market unit rate of similar properties, which is HK\$5,854 (2024: HK\$6,019) per sqf.	An increase in market unit rate used would result in an increase in the fair value of the properties, and vice versa.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 15. INVESTMENT PROPERTIES (CONTINUED)

### ANALYSIS OF NET BOOK VALUE OF PROPERTIES

	2025 HK\$'000	2024 HK\$'000
In Hong Kong		
— medium-term leases	94,980	99,230
In the PRC		
— medium-term leases	26,357	27,558
	121,337	126,788

## 16. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000
<b>Cost</b>	
As at 1 April 2023	5,897
Additions	914
As at 31 March 2024	6,811
Additions	1,377
Lease termination	(2,215)
<b>As at 31 March 2025</b>	<b>5,973</b>
<b>Accumulated depreciation and impairment</b>	
As at 1 April 2023	5,811
Depreciation charge	760
Exchange adjustment	8
As at 31 March 2024	6,579
Depreciation charge	869
Lease termination	(1,605)
Exchange adjustment	4
<b>As at 31 March 2025</b>	<b>5,847</b>
<b>Carrying value</b>	
<b>At 31 March 2025</b>	<b>126</b>
At 31 March 2024	232

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 16. RIGHT-OF-USE ASSETS (CONTINUED)

	2025 HK\$'000	2024 HK\$'000
Expense relating to short-term leases	—	136
Total cash outflows for leases	906	926

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased properties Over the lease term of 3 years

The Group entered into a lease arrangement for the use of retail store in Hong Kong and office premises in PRC for two to three years. The Group is required to make fixed monthly payments during the contract period. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## 17. GOODWILL

	Acquisition of Sinoforce Group Limited ("Sinoforce") HK\$'000	Acquisition of Longyi HK\$'000	Total HK\$'000
<b>Cost</b>			
At 1 April 2023	696	—	696
Arising on acquisition of a subsidiary (note 27)	—	13,544	13,544
Exchange adjustment	—	(205)	(205)
At 31 March 2024	696	13,339	14,035
Exchange adjustment	—	(146)	(146)
At 31 March 2025	696	13,193	13,889
<b>Impairment</b>			
At 1 April 2023 and 31 March 2024	—	—	—
Impairment loss recognised in profit or loss	(696)	—	(696)
At 31 March 2025	(696)	—	(696)
<b>Carrying value</b>			
At 31 March 2025	—	13,193	13,193
At 31 March 2024	696	13,339	14,035

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 17. GOODWILL (CONTINUED)

### IMPAIRMENT TESTING ON GOODWILL

	Goodwill	
	2025 HK\$'000	2024 HK\$'000
Wholesale business - Watch (Unit A)	—	696
Unmanned aerial vehicles business (Unit B)	13,193	13,339
	13,193	14,035

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

#### UNIT A

During the year ended 31 March 2025, the exclusive distribution right of the watch products bearing certain trademarks in territories of the Mainland China, Hong Kong and Taiwan was terminated in accordance with a settlement for termination of bilateral agreement entered between a subsidiary of the Company and a supplier. The directors of the Company consider the sales of the products would decrease significantly and have revised Unit A's cash flow projection and have consequently determined impairment of goodwill directly related to Unit A amounting to HK\$ 696,000. Goodwill related to Unit A amounting to HK\$ 696,000 been fully impaired and impairment amounting to HK\$1,551,000 have been allocated to intangible assets to the extent the carrying amount of the asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero.

#### UNIT B

The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 22.3% (2024: 18.3%). The unit's cash flows beyond the five-year period are extrapolated using a 3% (2024: 3%) growth rate based on industry growth forecasts.

Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows include budgeted sales with average growth rate of 3% (2024:3%), such estimation is based on the unit's past performance and management's expectations for the market development.

During the years ended 31 March 2025, management of the Group determines that there is no impairment on the unit. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the unit to exceed its recoverable amount.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 18. OTHER INTANGIBLE ASSETS

	Distribution right HK\$'000	Technical know-how HK\$'000	Total HK\$'000
<b>Cost</b>			
At 1 April 2023	8,142	—	8,142
Acquired on acquisition of a subsidiary (note 27)	—	31,264	31,264
Exchange adjustment	—	(461)	(461)
At 31 March 2024	8,142	30,803	38,945
Exchange adjustment	—	(337)	(337)
At 31 March 2024	8,142	30,466	38,608
<b>Amortisation and impairment</b>			
At 1 April 2023	1,939	—	1,939
Charge for the year	2,326	2,476	4,802
Exchange adjustment	—	(105)	(105)
At 31 March 2023	4,265	2,371	6,636
Charge for the year	2,326	3,644	5,970
Impairment loss recognised in profit or loss (note 17)	1,551	—	1,551
Exchange adjustment	—	(152)	(152)
At 31 March 2025	8,142	5,863	14,005
<b>Carrying value</b>			
At 31 March 2025	—	24,603	24,603
At 31 March 2024	3,877	28,432	32,309

The intangible assets represent distribution right and technical know-how with finite useful lives which were purchased as a part of a business combination during the year or in prior years. Such intangible assets are amortised on a straight-line basis over the periods ranging from 3.5 to 8.6 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 19. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	12,520	3,508
Finished goods	55,044	52,599
	67,564	56,107

## 20. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
– Contracts with customers	142,030	199,568
– Lease receivables	6,310	6,472
Less: Allowance for credit losses	(87,442)	(91,015)
Trade receivables, net	60,898	115,025
Deposits paid to suppliers (note i)	9,772	4,950
Other receivables, net (note ii)	7,153	22,716
Prepayments	2,428	3,443
Rental, utility and sundry deposits	686	773
	20,039	31,882
Total trade and other receivables	80,937	146,907
Less: current portion	80,937	126,751
Non-current portion	—	20,156

Notes:

- (i) As at 31 March 2025, included in deposits paid to suppliers of approximately HK\$9,772,000 (2024: HK\$4,950,000) is deposits paid to suppliers for unmanned aerial vehicles business.
- (ii) As at 31 March 2025, other receivables comprised of a loan to a third party amounting to approximately HK\$ 5,905,000 (2024: HK\$ 5,184,000), net of loss allowance with repayment date within one year and interest bearing at 6% per annum (2024: with repayment date after one year and interest bearing at 6% per annum). As at 31 March 2024, other receivables also comprised of a loan to another third party amounting to approximately HK\$14,972,000, net of loss allowance with repayment date after one year, interest bearing at 1% per month with personal guarantee by shareholders of the borrower.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 20. TRADE AND OTHER RECEIVABLES (CONTINUED)

At the end of the reporting period, the ageing analysis of trade receivables and lease receivables based on the invoice date and net of allowance for credit losses, is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	17,177	5,770
31-60 days	6,162	11,481
61-180 days	32,365	57,711
181-365 days	3,419	27,413
Over 1 year	1,775	12,650
	60,898	115,025

The trade receivables and lease receivables were denominated in United States dollars ("US\$"), HK\$, Renminbi ("RMB") and Taiwan New dollars ("TWD").

The majority of the Group's customers for overseas sales are generally on open account from 120 to 150 days (2024: 120 to 150 days) from the date of invoice. The credit period granted to local customers is 30 to 90 days (2024: 30 to 90 days).

Details of impairment assessment are set out in note 33(B)(d).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 21. BANK BALANCES AND CASH

Cash and cash equivalents are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
US\$	10,004	15,748
RMB	7,840	3,879
HK\$	11,339	4,414
Others	3,882	5,352
	33,065	29,393

At 31 March 2025 and 2024, bank balances carry interests at prevailing market rates.

The conversion of bank balances and cash of the Group denominated in RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC.

Details of impairment assessment are set out in note 33(B)(d).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 22. TRADE AND OTHER PAYABLES AND AMOUNT DUE TO A DIRECTOR

	2025 HK\$'000	2024 HK\$'000
Trade payables	49,562	38,314
Deposits received	269	372
Accrued expenses	4,425	5,794
Other tax payables	11	60
Other payables	13,889	12,492
Total trade and other payables	68,156	57,032
Less: Current portion	68,156	56,858
Non-current portion	—	174

At the end of the reporting period, the ageing analysis of trade and bills payables based on the invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0 - 30 days	11,710	2,471
31 - 90 days	3,335	2,353
91 - 180 days	14,459	167
Over 180 days	20,058	33,323
	49,562	38,314

The trade payables were mainly denominated in HK\$, US\$ and RMB.

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (2024: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (2024: 30 days).

The amount due to a director is unsecured, interest-free and repayable on demand.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 23. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Sales of wholesale-business	358	7,980
Sales of unmanned aerial vehicles	1,025	2,778
	1,383	10,758

As at 1 April 2023, contract liabilities amounted to HK\$10,297,000.

The Group receives a designated amount of the contract value from customers in advance. The advances result in contract liabilities being recognised as revenue until the customer obtains control of a promised products and the entity satisfies a performance obligation.

## 24. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	128	236
Less: Amount due for settlement within 12 months shown under current liabilities	(128)	(236)
Amount due for settlement after 12 months shown under non-current liabilities	—	—

The weighted average incremental borrowing rate applied to lease liabilities ranged from 5.1% to 5.4% (2024: 5.4% to 6.0%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 25. BANK AND OTHERS BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Fixed rate and unsecured other borrowings, repayable within one year	600	6,954
Variable rate and secured bank borrowings, repayable within one year	—	35,000
	600	41,954

At 31 March 2025, the other borrowings denominated in HK\$ (2024: RMB) carry interest at 5.25% (2024: 5%) per annum.

At 31 March 2024, variable-rate bank borrowings are denominated in HK\$ amounting to HK\$35,000,000 and carry interests at Hong Kong Interbank Offered Rate ("HIBOR") + 2%.

At 31 March 2024, the bank borrowings are secured and guaranteed by:

- (a) first legal charge over the Group's investment properties and a land and building in Hong Kong with an aggregate carrying value of approximately HK\$99,230,000 (2023: HK\$101,910,000);
- (b) corporate guarantees from the Company and certain of its subsidiaries; and
- (c) personal guarantee from the ultimate controlling party Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company.

## 26. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

On 17 May 2023, the Group entered into a sale and purchase agreement with an independent third party (the "Purchaser"), pursuant to which the Group has agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of GBR (HK) Limited ("GBR (HK)"), an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$1,000,000. The disposal is completed on 31 May 2023 ("Date of Disposal"), the date on which the control of GBR (HK) was passed to the Purchaser. The Group's discontinued operation for both years represented the business of the provision of marketing services operated by GBR (HK) and its subsidiary ("Disposal Group").



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 26. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

On 5 December 2023, the Group entered into a sale and purchase agreement with two independent third parties (the "Buyers"), pursuant to which the Group has agreed to sell and the Buyer has agreed to purchase the entire issued share capital of Shandong Fengyi Intelligent Technology Co., Ltd. (山東豐翼智能科技有限責任公司) ("Fengyi"), an indirectly wholly-owned subsidiary of the Company, the at the consideration of RMB 2 (approximately HK\$2). The disposal is completed on 27 December 2023, the date on which the control of Fengyi was passed to the Buyers.

- (a) The net liabilities of the Disposal Group and Fengyi and gain on disposal as the date of disposal were as follows:

### Consideration received:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Cash received	—	1,000

### Analysis of assets and liabilities over which control was lost:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Inventories	282	2
Trade and other receivables	129	49,538
Trade and other payables	(554)	(46,991)
Contract liabilities	—	(2,167)
Tax payable	—	(6,914)
Cash and cash equivalents	10	324
Net liabilities disposed of	(133)	(6,208)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 26. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (a) The net liabilities of the Disposal Group and Fengyi and gain on disposal as the date of disposal were as follows: (continued)

### Gain on disposal of a subsidiary:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Consideration received	—	1,000
Net liabilities disposed of	133	6,208
Release of exchange reserve upon disposal	—	938
Gain on disposal	133	8,146

### Net cash inflow arising on disposal:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Cash consideration received	—	1,000
Less: cash and cash equivalents disposed of	(10)	(324)
	(10)	676

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 26. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (b) The results of the discontinued operation of the Disposal Group for the period from 1 April 2023 to the Date of Disposal, which have been included in the consolidated profit or loss, are as follows:

	2024 HK\$'000
Revenue	—
Cost of sales	—
Gross profit	—
Other income	138
Selling and distribution expenses	(65)
Administrative expenses	(6)
Impairment losses under expected credit loss model, net of reversal	—
Gain on disposal of subsidiaries	8,146
Profit before taxation from discontinued operation	8,213
Income tax expense	—
Profit for the period from discontinued operation	8,213

No tax charge or credit arose on gain on disposal of the discontinued operation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 26. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY (CONTINUED)

- (c) The results of the discontinued operation of the Disposal Group for the period from 1 April 2023 to the Date of Disposal and for the year ended 31 March 2024, which have been included in the condensed consolidated profit or loss, are as follows:

Cash flows from discontinued operation:

	2024 HK\$'000
Net cash used in operating activities	(341)
Net cash outflow from investing activities	—
Net cash outflow from financing activities	—

## 27. ACQUISITION OF A SUBSIDIARY

On 29 March 2023, the Group entered into a sale and purchase agreement with several independent third parties to acquire the entire issued shares of Shandong Longyi Aviation Technology Co., Ltd ("**Longyi**") at a total consideration of approximately HK\$30,946,000, which shall be satisfied by the allotment and issue of 154,731,827 ordinary shares of the Company ("**Consideration Shares**") at the issue price of HK\$0.2 per Consideration Shares. The Acquisition was completed on 1 August 2023, the date on which the control of Longyi was passed to the Group. This consolidated financial statements include the results of Longyi and its subsidiaries ("**Longyi Group**") for the period from 1 August 2023 to 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 27. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The fair values of the identifiable assets and liabilities of Longyi Group as at the date of acquisition were:

	Longyi Group HK\$'000
<b>Assets</b>	
Property, plant and equipment	601
Other intangible assets	31,264
Right-of-use assets	—
Financial assets at FVTPL	—
Inventories	4,545
Trade and other receivables	1,176
Tax recoverable	—
Bank balances and cash	25,419
	63,005
<b>Liabilities</b>	
Trade and other payables	(29,731)
Bank borrowings	(5,024)
Deferred tax liabilities	(4,658)
Lease liabilities	—
	(39,413)
<b>Total identifiable net assets at fair value</b>	23,592
Goodwill arising on acquisition	13,544
Purchase consideration transferred	37,136
<b>Analysis of cash flows on acquisition:</b>	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	25,419
Cash paid	—
Net cash flows on acquisition	25,419

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 27. ACQUISITION OF A SUBSIDIARY (CONTINUED)

### IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP

Included in the loss for the year HK\$21,640,000 of profit attributable to the additional business generated by Longyi and its subsidiaries. Revenue for the year include HK\$76,703,000 generated from Longyi and its subsidiaries.

Had the acquisition of Longyi been completed on 1 April 2023, revenue for the year of the Group from continuing operations would have been HK\$251,967,000 and loss for the year from continuing operations would have been HK\$67,975,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2023, nor is it intended to be a projection of future results.

In determining the “pro-forma” revenue and loss of the Group had Longyi been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

## 28. DEFERRED TAX (ASSETS) LIABILITIES

The following are the major deferred tax (assets) liabilities recognised by the Group:

	Depreciation allowance in excess of the related depreciation HK\$'000	Revaluation of properties HK\$'000	Fair value adjustment arising from acquisition of subsidiaries HK\$'000	Unused tax losses HK\$'000	Total HK\$'000
At 31 March 2023	(184)	2,654	—	(688)	1,782
Acquisition of a subsidiary (note 27)	—	—	4,658	—	4,658
Exchange adjustment	—	—	(68)	—	(68)
Charge (credit) to profit or loss	147	(262)	(369)	—	(484)
At 31 March 2024	(37)	2,392	4,221	(688)	5,888
Exchange adjustment	—	—	(14)	—	(14)
Charge (credit) to profit or loss	37	(120)	(547)	(798)	(1,428)
At 31 March 2025	—	2,272	3,660	(1,486)	4,446

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 28. DEFERRED TAX (ASSETS) LIABILITIES (CONTINUED)

The following is the analysis of the deferred tax liabilities for financial reporting purpose:

	2025 HK\$'000	2024 HK\$'000
Deferred tax liabilities	4,446	5,888

At the end of the reporting period, the Group has unused tax losses of approximately HK\$323,025,000 (2024: HK\$286,236,000) available for offset against future profits. No deferred tax assets have been recognised for the tax losses of HK\$314,019,000 (2024: HK\$282,066,000) due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of approximately HK\$21,355,000 (2024: HK\$14,832,000) that will expire in 5 years. Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

As at 31 March 2025, deferred taxation had not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB11,880,000 (equivalent to HK\$12,570,000) (2024: RMB13,104,000, equivalent to HK\$14,020,000) as the Group was able to control the timing of the reversal of the temporary differences and it was probable that the temporary differences would not reverse in the foreseeable future.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 29. SHARE CAPITAL

### AUTHORISED AND ISSUED SHARE CAPITAL

	Number of shares	Ordinary shares HK\$'000
<b>Authorised:</b>		
At 1 April 2022, 31 March 2023 and 31 March 2024		
Ordinary shares of HK\$0.01 each	30,000,000,000	300,000
<b>Issued and fully paid:</b>		
At 1 April 2022 and 31 March 2023	773,659,139	7,737
Issue of shares		
– issue of shares pursuant to acquisition of a subsidiary (note 27)	154,731,827	1,547
– issue of shares pursuant to placing of shares (note (i))	185,678,193	1,857
At 31 March 2024 and 31 March 2025	1,114,069,159	11,141

Notes:

- (i) On 14 August 2023 and 15 August 2023, the Company entered into a placing agreement and supplemental agreement ("**Placing Agreements**") with a placing agent ("**Placing Agent**"), pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, placees for, or failing which on a best effort basis, a maximum of 185,678,193 shares of the Company to be placed under the Placing Agreements ("**Placing Shares**") to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$0.180 per Placing Share. On 4 September 2023, all the conditions set out in the Placing Agreements have been fulfilled and completion of the Placing took place, a total of 185,678,193 Placing Shares have been successfully placed by the Placing Agent.
- (ii) The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2025*

## 30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, equity attributable to equity holders of the Company comprising share capital and reserves.

The Board of the Company reviews the capital structure periodically. As part of the review, the Board assesses the annual budget prepared by the finance department taking into account the provision of funding.

The Group is not subject to any externally imposed capital requirements.

## 31. SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) which became effective on 28 September 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares in respect of which options may be granted must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The offer of a grant may be accepted upon payment of a nominal consideration of HK\$1 per acceptance. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price will be determined by the Board, but shall not be less than the highest of (i) the closing prices of the Company’s shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing prices of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share.

No share options were granted nor exercised during both years. No share options were outstanding as at 31 March 2025 and 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 32. BANKING FACILITIES

At 31 March 2024, the Group's banking facilities amounted to approximately HK\$75,000,000 were secured by the following:

- (a) first legal charge over the Group's investment properties and a land and building in Hong Kong with an aggregate carrying value of approximately HK\$99,230,000;
- (b) corporate guarantees from the Company and certain of its subsidiaries; and
- (c) personal guarantee from the ultimate controlling party Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company.

The Company has executed guarantees with respect to certain banking facilities of its subsidiaries. Such facilities utilised at 31 March 2024 amounted to approximately HK\$35,000,000.

## 33. FINANCIAL INSTRUMENTS

### (A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
— At amortised cost	111,574	168,257
— At fair value through profit or loss	262	350
<b>Financial liabilities</b>		
— At amortised cost	74,713	100,796

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT

The Group's activities expose to a variety of financial risks including foreign currency risk, liquidity risk, cash flow and fair value interest rate risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

#### (a) FOREIGN CURRENCY RISK

Foreign currency risk arises from transactions, recognised assets and liabilities that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate, primarily with respect to the US\$, RMB, HK\$, TWD and Euro Dollars. Any changes in the exchange rates will impact the Group's operating results.

As HK\$ is pegged to US\$, foreign currency exposure on US\$ denominated transactions, assets or liabilities is considered as minimal. The volume of RMB, TWD and Euro Dollars denominated transactions and recognised assets and liabilities is not significant, therefore, the foreign currency risk is still considered as minimal. The Group currently does not undertake any foreign currency hedging.

#### (b) LIQUIDITY RISK

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) LIQUIDITY RISK (CONTINUED)

The Group relies on amount due to a director and bank and other borrowings as significant sources of liquidity. As at 31 March 2024, the Group has available unutilised banking facilities of approximately HK\$40,000,000. Details of which are set out in note 32. The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	2025					
	Contractual undiscounted cash outflow					Carrying amount at 31 March
	Within 1	More than	More than			
	year or on	1 year but	2 years but	More than		
	demand	less than	less than	5 years	Total	
HK\$'000	2 years	5 years	5 years	HK\$'000	HK\$'000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	49,562	—	—	—	49,562	49,562
Other payables	13,889	—	—	—	13,889	13,889
Amount due to a director	10,534	—	—	—	10,534	10,534
Bank and other borrowings	631	—	—	—	631	600
Lease liabilities	130	—	—	—	130	128
	74,746	—	—	—	74,746	74,713

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) LIQUIDITY RISK (CONTINUED)

	2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total HK\$'000	Carrying amount at 31 March HK\$'000
Trade payables	38,314	—	—	—	38,314	38,314
Other payables	12,492	—	—	—	12,492	12,492
Amount due to a director	7,800	—	—	—	7,800	7,800
Bank and other borrowings	43,493	—	—	—	43,493	41,954
Lease liabilities	278	—	—	—	278	236
	102,377	—	—	—	102,377	100,796

#### (c) INTEREST RATE RISK

The Group's primary cash flow interest rate risk relates to its variable rate bank borrowings with details set out in note 25. The Group is also exposed to fair value interest rate risk in relation to bank balances, lease liabilities and fixed rate other borrowings. The Group has not used any derivative contracts to hedge its exposure to such interest rate risk, however, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from variable rate bank borrowings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) *INTEREST RATE RISK (CONTINUED)*

##### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis points increase or decrease is used when reporting interest risk internally to key management personnel and represents the management's assessment of the reasonably possible change in the interest rates. If interest rate had been 100 basis points higher or lower and all other variables were held constant, the Group's loss for the year ended 31 March 2024 would increase or decrease by HK\$350,000.

The bank balances are excluded from the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is not significant.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

No sensitivity analysis was presented for the year ended 31 March 2025 as the management of the Group considers that the interest rate risk is immaterial.

#### (d) *CREDIT RISK AND IMPAIRMENT ASSESSMENT*

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

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. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed every year. Other monitoring procedures to ensure that follow-up action, not limited to agreeing repayment schedules or legal action, is taken to recover overdue debts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on trade receivables and lease receivables based on collective assessment or individually for significant balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) CREDIT RISK AND IMPAIRMENT ASSESSMENT (CONTINUED)

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

Internal credit rating	Description	Trade receivables and lease 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	12m ECL
Watch list	Debtors frequently repay after due dates but usually settle in full. The counterparty has low default risk considering the business relationship and repayment history or other supportive information.	Lifetime ECL – not credit-impaired	12m 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

#### Trade receivables arising from contracts with customers and lease receivables

To assess impairment losses on trade and lease receivables, the Group aggregates all outstanding balances not subject to individual assessment into portfolios that share common risk characteristics. These characteristics are initially determined by business segment and further categorized based on the number of past-due days. The expected credit loss (ECL) is calculated using the methodology prescribed under HKFRS 9, as detailed in Note 4: Impairment of Financial Assets Subject to Impairment Assessment under HKFRS 9.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) CREDIT RISK AND IMPAIRMENT ASSESSMENT (CONTINUED)

##### Trade receivables arising from contracts with customers and lease receivables (continued)

Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of HK\$82,947,000 (2024:HK\$83,394,000) with loss allowances of HK\$82,947,000 (2024: HK\$83,344,000) were assessed individually.

The estimated default rates for trade and lease receivables are estimated based on historical observed default rates over the expected life of the trade and lease receivables, external information published by external credit rating agency and subsequent settlement and are adjusted for forward-looking information that is available without undue cost or effort, including macroeconomic data such as Hong Kong and Mainland China Gross Domestic growth rate. The identification of internal credit rating for debtors is regularly reviewed by management to ensure relevant information about specific debtor is updated.

The following table provides information about the exposure to credit risk for trade receivables and lease receivables by business segment

Internal credit rating		31 March 2025		31 March 2024	
		Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Property investment</b>					
Low risk	Lifetime ECL (collective assessment)	113	—	58	—
Loss	Credit - impaired	6,197	(6,197)	6,414	(6,364)
<b>Wholesales business</b>					
Low risk	Lifetime ECL (collective assessment)	58,790	(1,208)	41,021	(1,037)
Watch List	Lifetime ECL (collective assessment)	—	—	39,015	(3,871)
Loss	Credit - impaired	76,750	(76,750)	76,980	(76,980)
<b>Unmanned Aerial Vehicles Business</b>					
Low risk	Lifetime ECL (collective assessment)	6,490	(3,287)	8,850	(993)
Watch List	Lifetime ECL (collective assessment)	—	—	33,702	(1,770)
Total		148,340	(87,442)	206,037	(91,015)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) CREDIT RISK AND IMPAIRMENT ASSESSMENT (CONTINUED)

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

	Lifetime ECL (not credit impaired)	Lifetime ECL (credit- impaired)	Total
<b>As at 31 March 2023</b>	24,918	—	24,918
Changes due to financial instruments recognised as at 1 April 2023:			
– Impairment losses recognised, net of reversal	(8,810)	72,114	63,304
– Transfer to credit-impaired	(11,230)	11,230	—
New financial assets	6,344	—	6,344
Disposal of a subsidiary	(3,359)	—	(3,359)
Currency realignment	(192)	—	(192)
<b>As at 31 March 2024</b>	<b>7,671</b>	<b>83,344</b>	<b>91,015</b>
Change due to financial instruments recognised as at 1 April 2024:			
Reversal of impairment losses recognised	(5,083)	(397)	(5,480)
New financial assets	1,907	—	1,907
<b>As at 31 March 2025</b>	<b>4,495</b>	<b>82,947</b>	<b>87,442</b>

During the year ended 31 March 2025, the Group had commenced legal proceedings against a debtor with the gross carrying amount of approximately HK\$6,197,000 (2024: HK\$6,414,000), on which provision for impairment of approximately HK\$6,197,000 (2024: HK\$6,364,000) was made. Approximately HK\$217,000 was recovered from the debtor, resulting in a reversal of impairment. As at the reporting date, the legal proceedings are still in progress.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) CREDIT RISK AND IMPAIRMENT ASSESSMENT (CONTINUED)

The Group is exposed to concentration of credit risk. At 31 March 2025, the Group had a concentration of credit risk as 45% (2024: 65%) of the Group's trade receivables and lease receivables were due from three (2024: six) major customers. As at 31 March 2025, included in the Group's trade receivables and lease receivables are debtors with aggregate carrying amount of approximately HK\$108,281,000 (2024: HK\$102,172,000) which are past due as at the reporting date. In view of their historical repayment pattern, long term relationships with the Group and taking into consideration of forward-looking information or other supportive information, the directors of the Company consider that the Group's credit risk is not material.

Management continues to focus on recovering long-aged receivables. Specific actions undertaken or planned include the initiation of legal proceedings and direct negotiation with debtors regarding settlement plans. In addition, enhanced collection follow-up procedures and strengthened receivables monitoring have been implemented to support timely collections and dispute resolution. These recovery activities are monitored closely and directly influence the level of impairment provisions recognized in the financial statements. Management is confident that these ongoing efforts will enhance the aging profile and overall quality of the receivable's portfolio.

During the year ended 31 March 2025, the Group reversed (2024 recognised) approximately HK\$3,573,000 (2024: HK\$69,648,000) loss allowance for trade receivables and lease receivables.

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

	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
			2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost				
Other receivables and deposits	Low risk	Lifetime ECL – not credit-impaired	7,312	21,575
	Watch list	Lifetime ECL – not credit-impaired	—	1,318
			7,312	22,893
Bank balances	Low risk	12m ECL	33,065	29,393

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### (B) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) CREDIT RISK AND IMPAIRMENT ASSESSMENT (CONTINUED)

Movement in the loss allowance account in respect of other receivables and deposits during the year is as follows:

	2025 Total and 12m ECL HK\$'000	2024 Total and 12m ECL HK\$'000
Balance at 1 April	177	268
– Impairment losses reversed recognised, net	(18)	(52)
Disposal of a subsidiary	–	(39)
Balance at 31 March	159	177

#### *Other receivables and deposits*

The management made periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management of the Group believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. Reversal of impairment loss of approximately HK\$18,000(2024: HK\$52,000) was recognised during the year ended 31 March 2025.

#### *Bank balances*

The credit risk of bank balances is limited because the majority of the counterparties are international banks and state-owned banks with good reputation. Majority of the bank balances are placed in banks with credit ratings of AA and A. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value 2025 HK\$'000	Fair value 2024 HK\$'000	Fair value hierarchy	Valuation technique and key inputs
Financial assets at FVTPL — Listed equity securities	262	350	Level 1	Quoted bid price in an active market

### FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS

The carrying amounts of the Group's financial instruments at amortised cost are not materially different from their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to a director HK\$'000	Bank and other borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
<b>Changes from financing cash flow:</b>				
At 1 April 2023	—	40,966	94	41,060
New bank and other borrowings raised	—	62,329	—	62,329
Repayment of bank borrowings	—	(66,510)	—	(66,510)
Repayment of lease liabilities	—	—	(763)	(763)
Advance from a director	7,800	—	—	7,800
Interest paid	—	(2,995)	(27)	(3,022)
Total changes from financing cash flows	7,800	(7,176)	(790)	(166)
<b>Other changes</b>				
Interest expenses	—	2,995	27	3,022
Acquisition of a subsidiary (note 27)	—	5,024	—	5,024
New leases entered	—	—	914	914
Exchange adjustment	—	145	(9)	136
<b>At 31 March 2024</b>	<b>7,800</b>	<b>41,954</b>	<b>236</b>	<b>49,990</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Amount due to a director HK\$'000	Bank and other borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
<b>Changes from financing cash flow:</b>				
At 1 April 2024	7,800	41,954	236	49,990
New bank and other borrowings raised	—	35,600	—	35,600
Repayment of bank borrowings	—	(77,123)	—	(77,123)
Repayment of lease liabilities	—	—	(858)	(858)
Repayment to a director	(7,800)	—	—	(7,800)
Advance from a director	10,534	—	—	10,534
Interest paid	—	(1,919)	(48)	(1,967)
<b>Total changes from financing cash flows</b>	<b>2,734</b>	<b>(43,442)</b>	<b>(906)</b>	<b>(41,614)</b>
<b>Other changes</b>				
Interest expenses	—	1,919	48	1,967
Lease termination	—	—	(622)	(622)
New leases entered	—	—	1,377	1,377
Exchange adjustment	—	169	(5)	164
<b>At 31 March 2025</b>	<b>10,534</b>	<b>600</b>	<b>128</b>	<b>11,262</b>

## 36. COMMITMENTS UNDER OPERATING LEASES

### THE GROUP AS LESSOR

All of the properties held for rental purposes have committed lessees for the next three years. Certain of the Group's properties held for rental purposes.

Minimum lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	901	819
In the second year	756	18
In the third year	756	—
	<b>2,413</b>	<b>837</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 37. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	118,496	118,496
<b>Current assets</b>		
Other receivables	289	289
Amounts due from subsidiaries	186,436	206,726
Bank balances and cash	2,719	1,134
	189,444	208,149
<b>Total assets</b>	<b>307,940</b>	<b>326,645</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS</b>		
Share capital	11,141	11,141
Reserves (note)	279,857	290,840
<b>Total equity</b>	<b>290,998</b>	<b>301,981</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables	1,501	2,012
Amount due to a director	—	7,800
Amounts due to subsidiaries	14,841	14,852
Bank and other borrowings	600	—
	16,942	24,664
<b>Total liabilities</b>	<b>16,942</b>	<b>24,664</b>
<b>Total equity and liabilities</b>	<b>307,940</b>	<b>326,645</b>
<b>Net current assets</b>	<b>172,502</b>	<b>183,485</b>
<b>Total assets less current liabilities</b>	<b>290,998</b>	<b>301,981</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 37. SUMMARY FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Note: The Company's reserves movement is as follows:

	Share premium	Contributed Surplus reserve (Note a)	Capital reserve (Note b)	Accumulated losses (Note c)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 March 2023 and 1 April 2023</b>	<b>195,691</b>	<b>161,710</b>	<b>10,254</b>	<b>(92,682)</b>	<b>274,973</b>
Total comprehensive expense for the year	—	—	—	(51,287)	(51,287)
Issue of share pursuant to acquisition of a subsidiary	35,589	—	—	—	35,589
Issue of share pursuant to placing of shares	31,565	—	—	—	31,565
<b>At 31 March 2024</b>	<b>262,845</b>	<b>161,710</b>	<b>10,254</b>	<b>(143,969)</b>	<b>290,840</b>
Total comprehensive expense for the year	—	—	—	(10,983)	(10,983)
<b>At 31 March 2025</b>	<b>262,845</b>	<b>161,710</b>	<b>10,254</b>	<b>(154,952)</b>	<b>279,857</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 37. SUMMARY FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Notes: (continued)

### **a. Contributed surplus reserve**

It represented the excess of the consolidated net assets value of Takson (B.V.I.) Limited upon its merger with the Company over the nominal value of the Company's shares issued in the exchange thereof approximately HK\$67,992,000. Under the Companies Act 1981 of Bermuda (as amended) and the By-laws of the Company, the contributed surplus is distributable to the equity holders, unless there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

It also represented as a result of the Capital Reduction, a credit of approximately HK\$93,718,000 deducted from the share capital arose, and was transferred to the contributed surplus account of the Company, together with the amount arising from the reduction of share premium account and any credit which arose as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, was applied in full by the Board to set off the accumulated losses of the Company.

### **b. Capital reserve**

It represented the differences between the loans nominal amount of approximately HK\$183,162,000 and the fair value of approximately HK\$172,908,000 of loans granted by a shareholder in between the year ended 31 March 2018 and year ended 31 March 2020. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and present value of approximately HK\$10,254,000 was treated as equity contribution from the shareholder and credited to the capital reserve account.

### **c. Accumulated losses**

At 31 March 2025, the Company had no reserves available for distribution to shareholders (2024: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group:

Name of subsidiary	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Issued share capital/ registered capital	Attributable equity interest held by the Company	
				2025	2024
Interest held directly					
Takson (B.V.I.) Limited	BVI	Investment holding	US\$1,000	100%	100%
Sinoforce Group Limited	BVI	Investment holding	US\$10,000	100%	100%
Interest held indirectly					
Takson Garment Manufacturing Company, Limited	Hong Kong	Property investment in the PRC	HK\$200,000	100%	100%
Gold Wealth Holdings Limited	Hong Kong	Property investment in Hong Kong	HK\$1	100%	100%
King Crest Limited	Hong Kong	Property investment in Hong Kong	HK\$1	100%	100%
Gold Pine International Holdings Limited	Hong Kong	Sales of sportswear products and unmanned aerial vehicles and related parts	HK\$1	100%	100%
Swiss Mechanical Time (Hong Kong) Limited	Hong Kong	Wholesale of timepieces and accessories	HK\$10,000	100%	100%
Takson Sportswear Limited	BVI	Property investment in Hong Kong	US\$50,000 (Paid up US\$1)	100%	100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities and place of operation		Issued share capital/ registered capital	Attributable equity interest held by the Company	
	Place of incorporation/ establishment	(if different from place of incorporation/ establishment)			
Unite Smart Limited	Hong Kong	Sales of garments	HK\$500,000	100%	100%
Shandong Longyi Aviation Technology Co., Ltd 山東龍翼航空科技有限公司 ("Longyi") <sup>1</sup>	PRC	Sales of unmanned aerial vehicles and related parts	RMB50,000,000	100%	100%
Shanghai Mechanical Time (Shanghai) Limited 上海柏時鐘錶有限公司	PRC	Wholesale of timepieces and accessories	RMB1,000,000	100%	100%

1: Subsidiaries which were acquired during the year ended 31 March 2024.

## 39. RELATED PARTY TRANSACTIONS

### COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel is deemed to be the members of the board of directors of the Company which has responsibility for planning, directing and controlling the activities of the Group. Remuneration paid for key management personnel is disclosed in note 10.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

## 40. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in Mainland China participate in retirement and medicare insurances in accordance with the Mainland China laws and related regulations. When an employee joins the Group, he is enrolled with the local retirement plan. Contributions to the retirement insurance, borne by the Group and the employee jointly at the proportions stipulated by the local Municipal Government, are paid to the social insurance institutions monthly. When the employee retires, he receives his retirement funds from the insurance company directly and is also entitled to enjoy medical benefits after retirement provided by the insurance company. Other than the contributions, the Group has no forfeited contribution nor obligation for any related retirement benefits.

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualified employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, with maximum of HK\$1,500 per employee per month, to the MPF Scheme, which contribution is matched by employees.

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income of HK\$2,014,000 (2024: HK\$711,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

## 41. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	2,023	—

# FIVE-YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for each of the last five financial years are as follows:

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>CONTINUING OPERATIONS</b>					
Revenue	<b>118,791</b>	245,978	206,538	207,226	276,890
(Loss) profit attributable to Owners of the Company	<b>(21,296)</b>	(66,577)	(6,745)	(11,716)	7,614
Assets and Liabilities					
Total assets	<b>346,951</b>	407,899	492,630	409,045	364,318
Total liabilities	<b>85,247</b>	(123,668)	(216,425)	(108,779)	(248,056)
Net assets	<b>261,704</b>	284,231	276,205	300,266	116,262

# INVESTMENT PROPERTIES

Particulars of investment properties held by the Group at 31 March 2025 and 31 March 2024 are as follows:

Location	Gross floor area (sq. ft.)	Type	Tenure
Workshop Units Nos. 11 and 12 On 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong	13,665	Industrial	Medium Lease
Car Parking Spaces Nos. P19 and P20 On Basement Floor, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong	N/A	Car parking space	Medium Lease
Car Parking Space No. L14 On Ground Floor, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong	N/A	Car parking space	Medium Lease
中華人民共和國 上海市 延安西路726號 華敏翰尊國際大廈東樓 23層E室, F室, G室, H室, I室及L室	11,116	Commercial	Medium Lease