In-Tech

中國智能科技有限公司
China In-Tech Limited

(formerly known as China Overseas Nuoxin International Holdings Limited
中國海外諾信國際控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00464

ANNUAL REPORT 2024

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Huijun *(Chairman)*
Ms. Cai Dongyan *(Chief Executive Officer)*
Mr. Zhou Li Yang (appointed on 26 February 2024)
Ms. Pauline Lam (resigned on 30 July 2023)
Mr. Lin Liangyong (resigned on 30 July 2023)

Independent Non-Executive Directors

Mr. Hu Zhigang
Mr. Zhang Jiayou
Mr. Ma Yu-heng (appointed on 20 July 2023)
Mr. Lam Yick Man (resigned on 30 July 2023)

COMPANY SECRETARY

Mr. Ong Kam Chit Vincent (appointed on 1 May 2023)
Mr. Shiu Wing Yan (resigned on 30 April 2023)

AUDIT COMMITTEE

Mr. Ma Yu-heng *(Chairman)* (appointed on 30 July 2023)
Mr. Hu Zhigang
Mr. Zhang Jiayou
Mr. Lam Yick Man (resigned on 30 July 2023)

NOMINATION COMMITTEE

Mr. Hu Zhigang *(Chairman)*
Mr. Zhang Jiayou
Mr. Ma Yu-heng (appointed on 30 July 2023)
Mr. Lam Yick Man (resigned on 30 July 2023)

REMUNERATION COMMITTEE

Mr. Hu Zhigang *(Chairman)*
Mr. Zhang Huijun
Mr. Zhang Jiayou
Mr. Ma Yu-heng (appointed on 30 July 2023)
Mr. Lam Yick Man (resigned on 30 July 2023)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Unit 506, 5/F,
New World Tower 1,
18 Queen's Road Central,
Central, Hong Kong
Telephone: (852) 3756 0012
Facsimile: (852) 3005 8292
Email: Info@co-nuoxin.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISER

Raymond Siu & Lawyers

PRINCIPAL BANKERS

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

CORPORATE WEBSITE

www.chinaintech464.com

STOCK CODE

00464

Financial Highlights

For the year ended 31 March	2024 HK$'000	2023 HK$'000
Operating result		
Revenue	**180,995**	168,700
Gross profit/(loss)	**35,691**	(18,251)
Net loss	**(7,840)**	(44,380)
Per share data	**HK cents**	HK cents
Basic and diluted loss per share	**(3.16)**	(9.96)
Net assets per share	**5.14**	5.83
Financial position	**HK$'000**	HK$'000
Bank and cash balances	**39,942**	8,878
Total assets	**149,179**	72,774
Net assets	**40,078**	25,984
Financial ratio		
Gross profit/(loss) margin	**19.7%**	(10.8%)
Net loss to revenue	**(4.3%)**	(26.3%)
Return on equity	**(19.6%)**	(170.8%)
Net gearing ratio	**3.5%**	N/A
Net cash to equity	**N/A**	0.4%

Chairman's Statement

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the audited consolidated financial results of China In-Tech Limited (formerly known as China Overseas Nuoxin International Holdings Limited) (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2024 (the "**Year**").

BUSINESS OVERVIEW

As part of the Group's strategy to diversify its business and to enhance the long-term growth and shareholder value with different potential partners, on 27 October 2023, Mega Talent Investment Holding Limited, a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Passion Wise Investment Development Limited (the "**Business Partner**"), pursuant to which, the parties agreed to establish a joint venture company, Xiamen Tianyang Digital Technology Company Limited* (廈門天洋數字科技有限公司) ("**Xiamen Tianyang**"). Xiamen Tianyang is indirectly owned as to 51% by the Company.

Xiamen Tianyang is principally engaged in the business of provision of information technology system platform development service in the People's Republic of China (the "**PRC**"). The management of the Business Partner has extensive experience in information technology services and software development and management and has been focusing on big data platform development and provision of digital solutions for customers. We believe that the joint venture will bring the good opportunity for the Group to expand into information technology service segment.

Even though the revenue from the electrical haircare appliance segment decreased by approximately 31.8% from approximately HK$168,700,000 for the last financial year to approximately HK$115,060,000 for the Year due to the slow global economic growth and weak consumer sentiment, with the new revenue stream from the information technology service segment, the revenue of the Group increased by approximately 7.3% from approximately HK$168,700,000 for the last financial year to approximately HK$180,995,000 for the Year.

The Group had recorded a net loss of approximately HK$7,840,000, which decreased by approximately 82.4% from approximately HK$44,380,000 for the last financial year. The management had all along monitored the situation closely and had taken into considerations the necessary short-term measures to maintain the normal operations of the business and to retain the business relationships with our important customers.

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

FUTURE PROSPECTS

Facing the challenges and uncertainties in the economic environment, the Group will focus on maintaining the good relationships with our existing customers and suppliers and explore opportunities in developing in new markets to gain more market share. At the same time, the Group will remain cautious in controlling costs and allocation of resources and improve our operational efficiency.

For the new business of information technology service which was commenced during the Year, the Group aims to provide wider range of information technology services and increase productivity and hence the market share. We expect that this segment will continue to add more value to the Group.

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

APPRECIATION

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

By Order of the Board

Zhang Huijun
Chairman

Hong Kong, 24 July 2024

COMPANY PROFILE

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

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

The Group commenced the business of provision of tailor-made information technology system platform development services in the PRC to the customers during the Year.

FINANCIAL REVIEW

Revenue

	For the year ended 31 March				
	2024		2023		Change
	HK$ million	**% of revenue**	HK$ million	% of revenue	%
Electrical haircare appliance	**115.1**	**63.6%**	168.7	100%	–31.8%
Information technology service	**65.9**	**36.4%**	–	–	+100%
Total	**181.0**	**100%**	168.7	100%	+7.3%

During the Year, the Group recorded a revenue of approximately HK$180,995,000 (2023: HK$168,700,000), representing an increase of approximately 7.3% from the last financial year. The increase in revenue was the combined effect of the increase in the revenue of approximately HK$65,935,000 from the information technology service segment and decrease in the revenue of approximately HK$53,640,000 from the electrical haircare appliance segment.

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

Revenue from the information technology service segment was a new revenue stream of the Group during the Year.

Cost of Sales

	For the year ended 31 March				
	2024		2023		Change
	HK$ million	**% of revenue**	HK$ million	% of revenue	%
Electrical haircare appliance	**103.5**	**57.2%**	187.0	110.8%	–44.6%
Information technology service	**41.8**	**23.1%**	–	–	+100%
Total	**145.3**	**80.3%**	187.0	110.8%	–22.3%

Gross Profit/(Loss)

	For the year ended 31 March			
	2024	2023	Change	Change
	HK$ million	HK$ million	HK$ million	%
Electrical haircare appliance	**11.6**	(18.3)	+29.9	+163.3%
Information technology service	**24.1**	–	+24.1	+100%
Total	**35.7**	(18.3)	+54.0	+295.1%

Gross Profit/(Loss) Margin

	For the year ended 31 March		
	2024	2023	Change
	%	%	
Electrical haircare appliance	**10.0%**	(10.8%)	+20.8%
Information technology service	**36.7%**	–	+36.7%
Total	**19.7%**	(10.8%)	+30.5%

During the Year, the Group reported a gross profit of approximately HK$35,691,000 (2023: gross loss of HK$18,251,000), representing a gross profit margin of approximately 19.7% (2023: gross loss margin of 10.8%). The increase in gross profit was due to the increases in the profits from both of the electrical haircare appliance segment and the information technology service segment.

The increase in gross profit from the electrical haircare appliance segment was mainly caused by the gradual decline of overall prices of raw materials from the peak level, which helped reducing the production cost of the segment and mitigating the pressure on gross profit margin.

The gross profit margin of the new information technology service segment of the Year of approximately 36.7% was as expected.

Net Profit/(Loss)

	For the year ended 31 March			
	2024	2023	Change	Change
	HK$ million	HK$ million	HK$ million	%
Electrical haircare appliance	**(16.3)**	(39.5)	+23.2	+58.7%
Information technology service	**15.6**	–	+15.6	+100%
Unallocated	**(7.1)**	(4.9)	–2.2	–44.9%
Total	**(7.8)**	(44.4)	+36.6	+82.4%

The Group recorded loss for the years ended 31 March 2024 and 2023. The management of the Group concluded that there was impairment indication and conducted a review of the recoverable amounts of the property, plant and equipment, right-of-use assets and prepayments and determined the recoverable amounts of these assets. Based on the result of the assessment, the management of the Group determined that the recoverable amount of prepayments (2023: prepayments) was lower than its carrying amount. An impairment loss of approximately HK$200,000 (2023: HK$641,000) on prepayments had been recognised.

The Group has assessed the net realisable value of the inventories and recognised a provision of approximately of HK$99,000 (2023: HK$5,221,000) for the inventories. It was mainly the slow-moving inventories of aged over 1 year mainly due to customers' discontinued projects.

As a result of the above factors, loss before taxation for the Year was approximately HK$4,054,000 (2023: HK$46,336,000), representing a decrease of 91.3% against the last financial year. The significant decrease in loss for the Year was the combined effect of the decrease in loss from the electrical haircare appliance segment and the increase in profit from the information technology service segment.

Loss for the Year was approximately HK$7,840,000, representing a decrease of approximately HK$36,540,000 when compared to the loss of approximately HK$44,380,000 in the last financial year.

Basic loss per share for the Year amounted to HK3.16 cents, representing a decrease of approximately 68.3% when compared to the loss of HK9.96 cents in the last financial year.

During the Year, no dividend was declared and paid (2023: Nil).

BUSINESS REVIEW

Market Review

Electrical Haircare Appliance

For the Year, the global economic growth was steady but slow with uncertainties. The consumer sentiment remained low and hampered the demand for our products.

In addition, some of our key customers being overstocked resulting from the low market demand was one of the critical issues affecting our performance for the Year. In the past few years, many countries implemented lock-down measures due to the pandemic and supply chains were disrupted. Due to the concern of supply chain ruptures, most brand owners have aggressively increased their inventory level and led to inventory gluts in the post pandemic era which has put brand owners in a tough position, including some major customers of the Group.

During the Year, the Group continued to face strong pressure from customers requesting price reductions for mature products due to the depreciation of Renminbi. The Group will closely communicate with the customers to understand and accommodate their situation and provide different solutions to overcome this challenge.

Most of the Group's customers are renowned global brands. The five major customers of the electrical haircare appliance segment have accounted for approximately 54.8% and 68.0% of the total revenue of the Group during the Year and the last financial year, respectively. The Group believes that the European and Asian markets will remain the major geographic revenue contributors in the coming years even the orders from those markets reduced during the Year.

Information Technology Service

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

In the recent years, the government of the PRC has vigorously promoted digital management of cities and used data to carry out urban governance and provide various services. They require the operations of different industries to carry out information management to improve urban governance standards and the quality of public services and thus speed up economic development. With the publication of new policies for digital city, data elements and big data, the implementation of major projects in the PRC and the need for economic recovery after the pandemic, enterprises are also digitising their operations to meet their needs and providing services by different Platforms that combine data collection and analysis and using the value of data to improve their business performance and to plan, execute, control and optimise their business processes. Therefore, the standard requirements of service Platforms for different enterprises have been raised and there is further demand for data Platform development and related data information collection and analysis services.

The Business Partner, equipped with a development team, has extensive experience in information technology support and system development in the PRC. The Group believes that the information technology service segment has good prospects for development under the current plan in the PRC and the Group is determined to seize the opportunity to enter into this market with a strong partnership in business.

In the Year, the five major customers of the information technology service segment accounted for approximately 60.3% and 22.0% of the revenue of this segment and the Group, respectively.

Operation Review

Electrical Haircare Appliance

Mainland China remains as the Group's major production center. Similar to other manufacturers in Mainland China, the Group has faced a series of operating challenges, such as the slow recovery in the export markets, the difficulties in recruiting skilled production line operators and the increase in other manufacturing expenses. However, the Group's continued efforts to optimise its product mix, focus on high margin products and expansion in economies of scale have mitigated the negative effects of the intensified market competition.

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

Information Technology Service

Xiamen Tianyang provides tailor-made Platform development services to both stated-owned and private enterprises in, among others, sales of motor vehicles, retail and internet media businesses in the PRC. The systems mainly include retail systems, supply chain management systems and digital city systems. An experienced development team bases on the scenario of our customers and our standardised procedures to integrate upstream and downstream work processes and develop the systems and provide supporting services.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had approximately HK$39,942,000 bank and cash balances (2023: HK$8,878,000). The increase in bank and cash balances was mainly attributable to the proceeds from the share subscriptions and increase in borrowings. The net current assets as at 31 March 2024 amounted to approximately HK$30,751,000 (2023: HK$16,684,000). Current ratio of the Group as at 31 March 2024 was approximately 1.3 (2023: 1.4).

As at 31 March 2024, the Group had aggregate banking facilities of HK$72,877,000 (2023: HK$53,400,000), of which approximately HK$35,277,000 (2023: HK$7,352,000) had been utilised. The utilised banking facilities comprised of trade finance facilities of approximately HK$2,700,000 and bank borrowings of HK$32,577,000 (2023: trade finance facilities of HK$3,763,000 and bank overdrafts of HK$3,589,000). The utilised banking facilities due within one year amounted to approximately HK$35,277,000 (2023: HK$7,352,000). The utilised banking facilities carried interest rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (2023: 1.8% to 2.0%) or 1% (2023: 1%) below Prime Rate and 8% (2023: 8%) over Prime Rate, respectively.

As at 31 March 2024, the Group's net gearing ratio was approximately 3.5% (2023: net cash to equity ratio 0.4%). This was calculated by dividing the net amount of debt (including loans from a related party and utilised banking facilities after deduction of cash and cash equivalents) by the total equity of the Group as at 31 March 2024. The increase was mainly due to the increase in borrowings during the Year.

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

CHARGES ON ASSETS

The Group had no charges on its assets as at 31 March 2024 (2023: Nil).

FOREIGN EXCHANGE EXPOSURE

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

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 March 2024, the Group had capital commitments of approximately HK$774,000 (2023: HK$1,142,000).

CONTINGENT LIABILITIES

As at 31 March 2024, the Group had no material contingent liabilities (2023: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2024, the Group had a total workforce of 481 (2023: 560) including 21 employees (2023: 23) in Hong Kong. Employee costs, including directors' emoluments, amounted to approximately HK$43,551,000 for the Year (2023: HK$62,475,000). The Group's remuneration policy is underscored by the principle of awarding equitable packages to employees, incentive-based where applicable, with remunerations being performance-oriented and market-competitive. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, the Group offers other staff benefits including share options, performance-based bonuses, provident fund contributions and medical insurance coverage.

DIVIDENDS

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

SIGNIFICANT INVESTMENTS HELD

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

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

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

On 11 September 2023 (after trading hours of the Stock Exchange), the Company, as the issuer, entered into eight subscription agreements with eight subscribers, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 87,508,000 subscription shares in aggregate at the subscription price of HK$0.275 per subscription share. The subscriptions were completed and 87,508,000 new shares of the Company were issued and allotted to the subscribers on 27 September 2023. The aggregate nominal value of the subscription shares were HK$87,508. The net proceeds from the subscriptions amounted to approximately HK$23.9 million, which were intended to be utilised for future business development and general working capital. The amounts of approximately HK$18.0 million and approximately HK$5.9 million were fully utilised for the respective usage mentioned above during the Year.

For details of the subscriptions, please refer to the announcements of the Company dated 11 September 2023, 14 September 2023 and 27 September 2023.

PROSPECTS

The global economic growth was steady but slow in 2023 and that is expected to be in the same pace in 2024. The economic environment has been facing a multitude of challenges and uncertainties, such as long-term consequences of the COVID-19 pandemic, Russo-Ukrainian conflict, weak growth in productivity, and increasing geo-economic fragmentation for the past years. The economic growth could be weakened if any of those challenges and uncertainties escalate. The consumer sentiment is expected to be weak in 2024. For the electrical haircare appliance segment, the Group will continue to explore the opportunities to reach new customers beyond Europe, including South America and Asia and also implement stringent cost control measures to maintain the profit margin.

Even though the global economic growth was slow, economic growth of the PRC met the target in 2023. Our information technology service segment in the PRC contributes a new revenue stream to the Group. Except for the services currently provided, the Group will target on developing more services in relation to, among others, big data, artificial intelligence and digital city to increase the market share.

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

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

PRINCIPAL ACTIVITIES

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

A fair review of the Group's business and financial performance for the Year is set out in the section "Management Discussion and Analysis" on pages 5 to 10 of this annual report.

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as otherwise disclosed in this annual report, no important events affecting the Company have occurred since 31 March 2024 and up to the date of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

On 21 March 2024, Dongguan Kenford Electrical Appliance Co., Ltd.* (東莞建福電器有限公司) ("**Dongguan Kenford**") (an indirect wholly-owned subsidiary of the Company) and Dongguan Kario Electrical Appliance Co., Ltd.* (東莞家利來電器有限公司) ("**Dongguan Kario**") (a company indirectly wholly-owned by Mr. Lam Wai Ming ("**Mr. Lam**"), a director of certain subsidiaries of the Company, and therefore a connected person of the Company at the subsidiary level) entered into the lease agreement (the "**Lease Agreement**"), pursuant to which Dongguan Kario as the lessor agreed to lease No. 7, Gongye 1st Road, Xiakeng Village Industrial Zone, Changping Town, Dongguan City, Guangdong Province, PRC* (中國廣東省東莞市常平鎮霞坑村工業區工業一路7號) with a total gross floor area of 21,051 sq.m. (the "**Leased Properties**") to Dongguan Kenford as the lessee, for a monthly rent of RMB250,000 from 1 April 2024 to 31 March 2027 (the "**Lease**"). Pursuant to HKFRS 16, the Leased Properties will be treated as right-of-use assets with the aggregate consideration of approximately HK$9.9 million and the transaction contemplated under the Lease Agreement will be recognised as the acquisition of right-of-use assets which will constitute an one-off connected transaction of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. As the Lease Agreement will constitute a connected transaction of the Company at the subsidiary level and the Board has approved the Lease Agreement and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Lease Agreement are fair and reasonable and the Lease is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Lease Agreement is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. The Lease Agreement was in effect from 1 April 2024. The Lease Agreement also constitutes a discloseable transaction of the Company. For the details of the Lease, please refer to the announcement of the Company dated 21 March 2024.

On 25 August 2021, Kenford Industrial and Dongguan Kario entered into the purchase agreement (the "**Purchase Agreement I**"), pursuant to which Dongguan Kario agreed to sell and Kenford Industrial agreed to purchase electrical haircare appliances from 1 January 2022 to 31 March 2024 on market price and normal commercial terms on OEM basis subject to the annual caps of HK$30.50 million, HK$70.25 million and HK$63.25 million for each of the three years ended 31 March 2024, respectively.

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

	2024	
	Actual amount (HK$'000)	Annual Cap (HK$'000)
Purchase Agreement I — Purchasing of electrical haircare appliances	**22,264**	**63,250**

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

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

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

(b) was conducted on normal commercial terms;

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

(d) did not exceed the annual cap of HK$63.25 million for the Year.

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

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

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

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

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

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

On 21 March 2024, Kenford Industrial Company Limited ("**Kenford Industrial**") (an indirect wholly-owned subsidiary of the Company) and Dongguan Kario entered into the purchase agreement (the "**Purchase Agreement II**"), pursuant to which Dongguan Kario agreed to sell and Kenford Industrial agreed to purchase electrical haircare appliances from 1 April 2024 to 31 March 2027 on market price and normal commercial terms on OEM basis subject to the annual caps of HK$48.22 million, HK$53.05 million and HK$55.70 million for each of the three years ended 31 March 2027, respectively. The Purchase Agreement II will constitute a connected transaction of the Company at the subsidiary level and the Board has approved the Purchase Agreement II and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Purchase Agreement II are fair and reasonable and the Purchase Agreement II is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Purchase Agreement II is only subject to the reporting, annual review and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. The Purchase Agreement II was in effect from 1 April 2024. For the details of the Purchase Agreement II, please refer to the announcement of the Company dated 21 March 2024.

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

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 44 of this annual report.

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 15 to the Financial Statements.

SHARE CAPITAL AND SHARE OPTIONS

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

RESERVES

Details of the movements in the reserves of the Group during the Year are set out on page 46 of this annual report.

As at 31 March 2024, the reserves of the Company available for distribution was approximately HK$31,714,000 (2023: HK$25,538,000).

DIRECTORS

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

Executive Directors
Mr. Zhang Huijun *(Chairman)*
Ms. Cai Dongyan *(Chief Executive Officer)*
Mr. Zhou Li Yang (appointed on 26 February 2024)
Ms. Pauline Lam (resigned on 30 July 2023)
Mr. Lin Liangyong (resigned on 30 July 2023)

Independent Non-Executive Directors
Mr. Hu Zhigang
Mr. Zhang Jiayou
Mr. Ma Yu-heng (appointed on 20 July 2023)
Mr. Lam Yick Man (resigned on 30 July 2023)

According to Article 83(3), the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting ("**AGM**") of the Company and shall then be eligible for re-election. Accordingly, Mr. Zhou Li Yang shall retire and, being eligible, offer himself for re-election at the AGM in accordance with Article 83(3). In accordance with Rule 3.09D of the Listing Rules, Mr. Zhou Li Yang has obtained the legal advice on 16 February 2024.

According to Article 84(1), at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. It further stipulates that any Director appointed pursuant to Article 83(3) shall not be taken into amount in determining which particular Directors or the number of Directors who are to retire by rotation. Accordingly, Mr. Zhang Huijun, Mr. Zhang Jiayou and Mr. Ma Yu-heng shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

Biographical details of the existing Directors and the senior management of the Group are set out on pages 22 to 24 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' AND OFFICERS' INDEMNITY

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

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

As at 31 March 2024, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register maintained by the Company under Section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules.

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

As at 31 March 2024, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long position in the shares of the Company

Name of substantial shareholders	Capacity and Nature of Interest	Number of Shares held	Approximate percentage of issued Shares
China Yuen Capital Limited *(Note 1)*	Beneficial owner	252,132,500	47.29%
China Investment International Limited *(Note 1)*	Interest of controlled corporation	252,132,500	47.29%
Asia Glory Management Group Limited *(Note 1)*	Interest of controlled corporation	252,132,500	47.29%
Luckever Holdings Limited *(Note 1)*	Interest of controlled corporation	252,188,500	47.30%
Li Yuelan *(Note 1)*	Interest of controlled corporation	252,188,500	47.30%
Liu Xuezhong *(Note 1)*	Interest of controlled corporation	252,188,500	47.30%
Special Opportunity Private Equity Investment Fund No. 2* (特殊機遇私募投資基金2號)	Beneficial owner	50,575,000	9.49%
Special Opportunity Private Equity Investment Fund No. 3* (特殊機遇私募投資基金3號)	Beneficial owner	44,500,000	8.35%
Donghai International Financial Holdings Company Limited *(Note 2)*	Security interest in Shares	226,332,500	42.45%
東海證券股份有限公司 *(Note 2)*	Security interest in Shares	226,332,500	42.45%
Feng Xinhe	Beneficial owner	46,672,000	8.75%

Note:

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

China Yuen Capital Limited is owned as to 100% by China Investment International Limited, which is owned as to 100% by Asia Glory Management Group Limited, which in turn is owned as to 100% by Luckever Holdings Limited. By virtue of the SFO, each of China Investment International Limited, Asia Glory Management Group Limited, Luckever Holdings Limited, Mr. Liu Xuezhong and Ms. Li Yuelan were taken to be interested in the 252,132,500 Shares held by China Yuen Capital Limited.

China Fund Limited is owned as to 100% by Luckever Holdings Limited. China Fund Limited holds 56,000 Shares. By virtue of the SFO, Luckever Holdings Limited, Mr. Liu Xuezhong and Ms. Li Yuelan were taken to be interested in the 56,000 Shares held by China Fund Limited.

(2) 東海證券股份有限公司 is the 100% immediate holding company of Donghai International Financial Holdings Company Limited. By virtue of the SFO, 東海證券股份有限公司 is taken to be interested in the 226,332,500 Shares held by Donghai International Financial Holdings Company Limited.

Save as disclosed above, as at 31 March 2024, no person (other than Directors and chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 6 August 2015 (the "**Adoption Date**"), the Company has adopted a share option scheme ("**Share Option Scheme**") which will remain in force for a period of ten (10) years.

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

(a) Purpose

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

(b) Who may join

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

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

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

(iii) any consultant or adviser (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary of the Company who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any subsidiary of the Company.

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

(c) Subscription price and acceptance period

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

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

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

(iii) the nominal value of a Share.

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

(d) Maximum number of Shares available for subscription

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

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

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

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

(e) Maximum entitlement of each eligible participant

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

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

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

(f) Conditions of grant

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

(g) Term of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten (10) years commencing from 6 August 2015 (being the date of approval of the Share Option Scheme by the Shareholders), after which no further Options shall be granted but the Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue and the provisions of the Share Option Scheme shall in all other respects remain in full force and effect in respect thereof.

(h) Grant of Share Option

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

There was no option granted, exercised, cancelled, forfeited or lapsed under the Share Option Scheme for the year ended 31 March 2024 and 2023.

As at 1 April 2023 and 31 March 2024, there was no outstanding Options and the number of Options available for grant under the Share Option Scheme was 44,564,600 and 44,564,600 respectively.

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

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, during the Year and up to the latest practicable date prior to the printing of this annual report, the Company has maintained sufficient public float of its issued shares as required under the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the assets and liabilities and the results of the Group for the last five financial years is set out on pages 95 and 96 of this annual report.

RELATED PARTY TRANSACTIONS

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

PRE-EMPTIVE RIGHTS

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

TAXATION OF HOLDERS OF SHARES

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

(a) Hong Kong

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

(b) Cayman Islands

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

(c) Professional tax advice recommended

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

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 65.0% of the total sales for the Year and sales to the largest customer included therein amounted to approximately 16.8%.

Purchases from the Group's five largest suppliers accounted for approximately 52.4% of the total purchases for the Year and purchases from the largest supplier included therein amounted to approximately 29.3%.

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

ENVIRONMENTAL POLICIES

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

COMPLIANCE WITH LAWS AND REGULATION

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

COMPETING INTEREST

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

The Company has published its corporate governance report, details of which are set out on pages 25 to 40 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 29 August 2024 to Tuesday, 3 September 2024 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting. During such period, no transfer of shares of the Company will be registered and no shares of the Company will be allotted and issued. In order to be eligible to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 August 2024.

AUDITORS

Deloitte Touche Tohmatsu has resigned as the auditor of the Company with effect from 8 January 2021 and ZHONGHUI ANDA CPA Limited has been appointed as the auditor of the Company with effect from the same date. Save as disclosed above, there has been no other change of auditors of the Company in any of the preceding three years.

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

On behalf of the Board
CHINA IN-TECH LIMITED

Zhang Huijun
Chairman
Hong Kong, 24 July 2024

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

DIRECTORS

Executive Directors

Mr. Zhang Huijun, aged 43, joined the Group in August 2017. Mr. Zhang is currently an executive Director, chairman of the Board and a member of the remuneration committee of the Company. Mr. Zhang has around 10 years of management experience. From 2006 to 2009, Mr. Zhang served as the trade investment manager of Tsingshan Holding Group Shanghai International Trading Co., Ltd. * (青山控股集團上海國際貿易有限公司). From 2010 to 2012, Mr. Zhang served as the project manager of Pt. Modern Group Indonesia. Mr. Zhang completed three-years studies majoring in Taxation at Hunan Tax College* (湖南稅務高等專科學校) in 2002.

Ms. Cai Dongyan, aged 49, joined the Group in August 2017. Ms. Cai is currently an executive Director and the chief executive officer of the Company. Ms. Cai worked at Shanghai Shenmei Beverage and Food Co., Ltd.* (上海申美飲料食品有限公司) from July 1998 to December 1999, Motorola Paging Products Company* (摩托羅拉尋呼產品公司) from 2000 to 2001, 3M China Limited* (3M中國有限公司) from 2001 to 2006 and Minnesota Mining Production (Shanghai) International Trade Co., Ltd* (明尼蘇達礦業製造(上海)國際貿易有限公司) from 2009 to 2016. Ms. Cai obtained an undergraduate diploma majoring in hotel management at Shanghai Jiao Tong University in 1998. Ms. Cai is the spouse of Mr. Hao Yiming, one of the directors of China Yuen Capital Limited, the controlling Shareholder of the Company.

Mr. Zhou Li Yang, aged 65, joined the Group in February 2024. Mr. Zhou is currently an executive Director. Mr. Zhou has extensive experience in business management, mergers and acquisitions, project investment and fund management. From 2004 to 2011 and 2013 to 2017, Mr. Zhou served as the executive director, managing director and chief operating officer of CHK Oil Limited (中港石油有限公司) (formerly known as Pearl Oriental Oil Limited* 東方明珠石油有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 632). Before 2004, he had held managerial positions in listed companies on the stock exchanges of Hong Kong and the United States, including China CITIC Bank International (中信銀行國際) and Tianjin Development Holdings Limited (天津發展控股有限公司), investment fund and banks involving in the businesses of energy, banking, infrastructure, e-commerce, logistics and pharmaceutics for over ten years. Mr. Zhou also had more than ten years of management experience in government and commerce sectors in the PRC. The Securities and Futures Commission of Hong Kong obtained orders from the High Court of Hong Kong against Mr. Zhou on 25 May 2011 that he should not be or continue to be a director or take part in the management of any listed or unlisted company in Hong Kong for a period of one year. Prior to joining the Company, he was a senior consultant of Asia Glory Capital Limited (亞泰資本有限公司), a company wholly-owned by a substantial shareholder of the Company, China Investment International Limited (中國投資國際有限公司).

DIRECTORS (Continued)

Independent Non-Executive Directors

Mr. Hu Zhigang, aged 75, joined the Group in April 2020. Mr. Hu is currently an independent non-executive Director, the chairman of the remuneration committee and nomination committee of the Company and a member of the audit committee of the Company. Mr. Hu graduated from Nanjing Normal University with a bachelor's degree in economic management. He also obtained a degree of master of public administration from University of Canberra in Australia. He served as the vice president of China Real Estate Association, the deputy director and the director of Nanjing Real Estate Administration, the deputy secretary of Nanjing Real Estate Administration Committee and the deputy director and member of working committee of Nanjing Xianlin University Town Management Committee. He has more than 30 years of extensive experience in real estate market management in the PRC.

Mr. Zhang Jiayou, aged 53, joined the Group in December 2020. Mr. Zhang is currently an independent non-executive Director, a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Zhang obtained his bachelor degree in Oil and Gas Geological Exploration from the China University of Petroleum in July 1997 and obtained a Qualification Certificate of Specialty and Technology issued by the China Petrochemical Corporation in December 2002. He has over 25 years of experience in research, evaluation, and acquisition in oil and gas projects, minerals projects and other asset projects. Between 1997 and 2003, Mr. Zhang worked in a subsidiary of China Petrochemical Corporation. He then worked in Energy Science Service & Consulting Associates from 2005 until 2011 and Pearl Oriental Oil Limited (currently known as CHK Oil Limited, the shares of which are listed on the Stock Exchange) (stock code: 632) between 2011 and 2017.

Mr. Ma Yu-heng, aged 55, joined the Group in July 2023. Mr. Ma is currently an independent non-executive Director, the chairman of the audit a committee and a member of the nomination committee and remuneration committee of the Company. Mr. Ma has experience in financing, banking and corporate finance for over 26 years. Since March 2022, Mr. Ma has been the independent non-executive director of China Anchu Energy Storage Group Limited (中國安儲能源集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2399). Mr. Ma has been the independent non-executive director of Summi (Group) Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0756) since September 2022. Since September 2022, Mr. Ma has been the chief financial officer of Guardforce AI Co., Ltd., a company listed on the NASDAQ in the United States of America (Stock code: GFAI). From 25 May 2022 to 21 April 2023, Mr. Ma acted as an independent non-executive director of China U-Ton Future Space Industrial Group Holdings Ltd. (中國優通未來空間產業集團控股有限公司), a company formerly listed on the Main Board of the Stock Exchange (stock code: 6168). Mr. Ma is currently a member of CPA Australia. Mr. Ma graduated from Soochow University, Taiwan (台灣東吳大學) in June 1993 with a bachelor's degree in business administration in business mathematics. He also obtained a master's degree in business administration from Da-Yeh University, Chung Hua, Taiwan (台灣大葉大學) in June 1995.

* *For Identification purpose only*

SENIOR MANAGEMENT

Mr. Lam Wai Ming, aged 65, joined the Group in January 1989. Mr. Lam is currently the director of the major subsidiaries of the Company. Mr. Lam is responsible for the overall management, planning and development of the major subsidiaries. Mr. Lam has over 42 years of experience in the electrical appliances industry. He holds an Executive Master of Business Administration from City University of Hong Kong. Mr. Lam received the Asia Pacific Entrepreneurship Awards (“**APEA**”) — Outstanding Entrepreneur Awards from Enterprise Asia on 4 July 2011. Mr. Lam was the President of The Hong Kong Electrical Appliance Industries Association (“**HKEAIA**”) from 2016 to 2018.

COMPANY SECRETARY

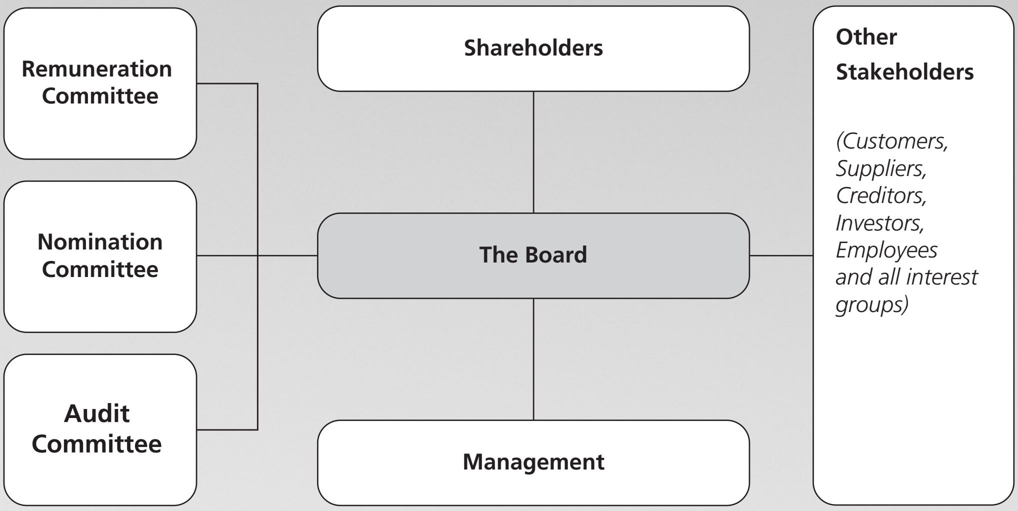
Mr. Shiu Wing Yan resigned as the Company Secretary of the Company (“**Company Secretary**”) on 30 April 2023.

Mr. Ong Kam Chit Vincent, aged 58, was appointed as the Company Secretary with effect from 1 May 2023. Mr. Ong graduated from Lingnan University (formerly known as Lingnan College) with a Diploma in Accountancy with honour. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He has more than 31 years of experience in auditing, financial management and accounting.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the CG Code as set out in Appendix C1 of the Listing Rules throughout the financial year ended 31 March 2024. This corporate governance report contains the detailed explanations on the Company's practices in compliance with the applicable CG Code provisions.

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



DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix C3 of the Listing Rules. Upon specific enquiry by the Company, all the Directors have confirmed that they fully complied with the required standards as set out in the Model Code throughout the financial year ended 31 March 2024.

BOARD OF DIRECTORS

Board functions

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

Board composition

As at the date of this corporate governance report, the Board of Directors of the Company comprised six Directors, of which three were executive Directors, namely, Mr. Zhang Huijun (Chairman), Ms. Cai Dongyan (Chief Executive Officer) and Mr. Zhou Li Yang; and three were independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng. The biographical details of the existing Directors of the Company and the relationships among them are set out in the "Directors' and Senior Management's Profile" section on pages 22 to 24 of this annual report. Save as disclosed in this annual report, none of the Directors has any business, financial, family or material relationship with each other and the Company.

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

During the financial year ended 31 March 2024, the Board complied at all times with the requirements of the Listing Rules including: (i) the number of independent non-executive Directors representing at least one-third of the Board; and (ii) one of the independent non-executive Directors being a professional accountant. Each of the independent non-executive Directors has provided an annual confirmation of independence to the Company pursuant to rule 3.13 of the Listing Rules. The Company considered all of the independent non-executive Directors to be independent.

Board delegation

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

BOARD OF DIRECTORS (Continued)

Board, Board committees and general meetings

The total number of the meetings and the individual attendance of each Director in person at each of the meetings during the financial year ended 31 March 2024 were as follows:

Name of Directors	Board Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Audit Committee Meetings	Annual General Meeting	Extraordinary General Meeting
Executive Directors						
Mr. Zhang Huijun	14/14	3/3	N/A	N/A	1/1	1/1
Ms. Cai Dongyan	14/14	N/A	N/A	N/A	1/1	1/1
Mr. Zhou Li Yang (appointed on 24 February 2024)	1/14	N/A	N/A	N/A	N/A	N/A
Ms. Pauline Lam (resigned on 30 July 2023)	4/14	N/A	N/A	N/A	N/A	N/A
Mr. Lin Liangyong (resigned on 30 July 2023)	4/14	N/A	N/A	N/A	N/A	N/A
Independent Non-Executive Directors						
Mr. Hu Zhigang	14/14	3/3	4/4	2/2	1/1	1/1
Mr. Zhang Jiayou	14/14	3/3	4/4	2/2	1/1	1/1
Mr. Ma Yu-heng (appointed on 20 July 2023)	11/14	2/3	3/4	1/2	1/1	1/1
Mr. Lam Yick Man (resigned on 30 July 2023)	4/14	2/3	2/4	1/2	N/A	N/A

BOARD OF DIRECTORS (Continued)

Board, Board committees and general meetings (Continued)

CG Code A.1.1 stipulates that the Board should meet regularly and board meetings should be held at least 4 times a year at approximately quarterly intervals. In compliance with the CG code, there were in total 14 board meetings held during the financial year ended 31 March 2024. The Board believes that the fairness and effectiveness for the decision making on the business needs are adequately ensured. The relevant Directors' attendance is shown on page 27 of this corporate governance report.

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

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

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

Corporate Governance Functions

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

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

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' TRAINING

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

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A summary of trainings received by Directors from 1 April 2023 to 31 March 2024 according to the records provided by the Directors is as follows:

	Type of trainings		
Directors	**Seminars and/or conferences and/or forums**	**Corporate events or visits**	**Reading**
Executive Directors			
Mr. Zhang Huijun	✓	✓	✓
Ms. Cai Dongyan	✓	✓	✓
Mr. Zhou Li Yang	✓	✓	✓
Independent Non-Executive Directors			
Mr. Hu Zhigang	✓	✓	✓
Mr. Zhang Jiayou	✓	✓	✓
Mr. Ma Yu-heng	✓	✓	✓

REMUNERATION COMMITTEE

Remuneration Committee functions

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

The principal duties of the Remuneration Committee are:

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

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

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

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

Remuneration Committee composition

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

Remuneration Committee Meetings

During the financial year ended 31 March 2024, the Remuneration Committee had met 3 times to discuss the following matters:

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

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

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

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

— to recommend the remuneration packages and approving the terms of service contracts of the executive Directors and senior management of the Group for the financial year ended 31 March 2024 prior to recommending them to the Board for determination; and

— to review the share option scheme of the Company.

REMUNERATION COMMITTEE (Continued)

Remuneration Committee Meetings (Continued)

The number of the Remuneration Committee meetings held during the financial year ended 31 March 2024 and the relevant record of individual attendance of the members of the Remuneration Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 27 of this corporate governance report.

The Directors are remunerated with reference to their respective duties and responsibilities with the Company, the Company's performance and current market situation. Details of emoluments of the Directors from the Group for the Year are as disclosed in Note 12 to the Financial Statements.

NOMINATION COMMITTEE

Nomination Committee functions

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

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

The principal duties of the Nomination Committee are:

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

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

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

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

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

NOMINATION COMMITTEE (Continued)

Nomination Committee composition

The terms of reference of the Nomination Committee were amended in December 2018 to the effect that the Nomination Committee shall include at least three independent non-executive Directors from time to time, and the Nomination Committee currently comprises three independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng. Mr. Hu Zhigang was appointed as the chairman of the Nomination Committee.

Nomination Committee meetings

During the financial year ended 31 March 2024, the Nomination Committee had met 4 times to discuss the following matters:

— determine the policy for nomination of directors;

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

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

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

The number of the Nomination Committee meetings held during the financial year ended 31 March 2024 and the relevant record of individual attendance of the members of the Nomination Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 27 of this corporate governance report.

AUDITORS' REMUNERATION

During the financial year ended 31 March 2024, the Company engaged ZHONGHUI ANDA CPA Limited as the external auditors of the Company to perform audit service. The audit fee was approximately HK$800,000 for the year ended 31 March 2024.

AUDIT COMMITTEE

Audit Committee functions

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

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

AUDIT COMMITTEE (Continued)

Audit Committee composition

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

Audit Committee meetings

During the financial year ended 31 March 2024, the Audit Committee had met 2 times to discuss the following matters:

— to review the final results of the Group for the year ended 31 March 2023 prior to recommending them to the Board for approval;

— to review the interim results for the six months ended 30 September 2023 of the Group prior to recommending them to the Board for approval;

— to review the selection and appointment of the external auditors of the Company for the financial year ended 31 March 2024 prior to recommending them to the Board for approval and the Board had agreed with the Audit Committee's view on this matter;

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

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

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

The number of the Audit Committee meetings held during the financial year ended 31 March 2024 and the relevant record of individual attendance of the members of the Audit Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 27 of this corporate governance report.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal control, risk management and financial reporting matters including the review of audited consolidated financial statements of the Group for the financial year ended 31 March 2024 in conjunction with the Group's external auditors.

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting

One or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

Directing Enquiries to the Board

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

INVESTOR RELATIONS

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

To strengthen the investors' relationship, the Company provides different ways for investors to access the soft and hard copies of the Company's information. The printed copies of this annual report in both English and Chinese languages will be dispatched to the Shareholders of the Company by the end of July 2024. Shareholders can obtain corporate communications free of charge by notice in writing to the Company Secretary of the Company. This annual report in both English and Chinese languages is also available on the following websites:

(a) www.hkexnews.hk

(b) www.chinaintech464.com

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2024, and confirm that the financial statements give a true view of the financial positions and results of the Group as at the date and for the year of the date ended, and are prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. The statement of the external auditors of the Company, ZHONGHUI ANDA CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 41 to 43 of this annual report.

INTERNAL AUDIT

The Company has set up an internal audit department since February 2008. The Audit Committee has met with the internal auditor and discussed with the Board about the internal control report. The Board also, through the Audit Committee, conducted reviews of the effectiveness of the systems of internal control and risk management of the Group twice for the financial year ended 31 March 2024, which cover all material controls, including strategic, financial, operational and compliance controls. The Audit Committee considers the systems effective and adequate.

The internal audit department's primary responsibilities include:

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

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

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

The internal audit department's other responsibilities include:

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

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

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

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

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

6. investigating suspected fraudulent activities within the Group.

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

INTERNAL AUDIT (Continued)

Delay in publication of the annual results for the year ended 31 March 2024 (the "**2024 Annual Results**")

The audit of the 2024 Annual Results was delayed mainly due to the unexpected departure of the experienced staff of the accounting department of the major subsidiaries (the "**Major Subsidiaries**") of the Company who are responsible for the finance and accounting functions of the Major Subsidiaries during the year ended 31 March 2024. Due to the considerable change in the composition of the accounting department, additional time was required to complete the unaudited management accounts of the Major Subsidiaries for the year ended 31 March 2024 which led to delay in sending and receiving audit confirmations to and from suppliers and customers, as well as gathering and providing the necessary documents and information requested by the auditors of the Company to complete the audit of the 2024 Annual Results. Under this situation, the Company will improve the work duties handover process and implement policies and procedures to prevent recurrence of the delay.

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

RISK MANAGEMENT

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

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

Foreign currency risk

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

Interest rate risk

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

RISK MANAGEMENT (Continued)

Liquidity risk

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

Credit risk

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

INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

INTERNAL CONTROL (Continued)

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

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

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

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

MANAGEMENT FUNCTIONS

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

COMPANY SECRETARY

Mr. Shiu Wing Yan ("**Mr. Shiu**") was resigned as the Company Secretary on 30 April 2023.

Mr. Ong Kam Chit Vincent ("**Mr. Ong**") was appointed as the Company Secretary on 1 May 2023. The biographical details of Mr. Ong are set out under the section headed "Directors' and Senior Management's Profile" section on pages 22 to 24 of this annual report.

Mr. Ong took not less than 15 hours of relevant professional trainings during the year ended 31 March 2024 and had complied with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

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

— our earnings and financial condition;

— operating requirements;

— capital requirements; and

— other factors that our Directors may consider relevant.

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

BOARD DIVERSITY POLICY

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

NOMINATION POLICY

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

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

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

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

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

ENVIRONMENTAL PROTECTION

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

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

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

CHANGE OF COMPANY NAME

By the special resolutions passed at the extraordinary general meeting of the Company held on 11 January 2024, the English name of the Company was changed from "China Overseas Nuoxin International Holdings Limited" to "China In-Tech Limited" and the dual foreign name in Chinese of the Company was changed from "中國海外諾信國際控股有限公司" to "中國智能科技有限公司". The change of the Company name became effective on 12 January 2024.

For details of the change of the Company name, please refer to the circular of the Company dated 19 December 2023 and the announcements of the Company dated 12 December 2023, 11 January 2024 and 23 January 2024.

The English and Chinese stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from "C OVS NUOXIN" to "CHINA IN-TECH" and from "中國海外諾信" to "中國智能科技" respectively with effect from 9:00 a.m. on 8 February 2024. For details of the change of stock short names of the Company, please refer to the announcement of the Company dated 2 February 2024.

CONSTITUTIONAL DOCUMENTS

There were no amendment in the memorandum and articles of association of the Company during the financial year ended 31 March 2024.

LOOKING FORWARD

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

ZHONGHUI
中汇

TO THE SHAREHOLDERS OF
CHINA IN-TECH LIMITED
(FORMERLY KNOWN AS CHINA OVERSEAS NUOXIN INTERNATIONAL HOLDINGS LIMITED)
中國智能科技有限公司
（前稱：中國海外諾信國際控股有限公司）
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China In-Tech Limited (formerly known as China Overseas Nuoxin International Holdings Limited) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 44 to 94, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

Inventories

Refer to Note 18 to the consolidated financial statements

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventories of HK$11,544,000 as at 31 March 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

— Assessing the Group's procedures on ordering and holding of inventories;

— Evaluating the Group's impairment assessment;

— Assessing the marketability of the inventories;

— Assessing the ageing of the inventories;

— Assessing the net realisable values of the inventories; and

— Checking subsequent sales of the inventories.

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

Trade receivables

Refer to Note 19 to the consolidated financial statements

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of HK$38,997,000 as at 31 March 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

— Assessing the Group's procedures on granting credit limits and credit periods to customers;

— Assessing the Group's relationship and transaction history with the customers;

— Evaluating the Group's impairment assessment;

— Assessing ageing of the debts;

— Assessing creditworthiness of the customers;

— Checking subsequent settlements from the customers; and

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

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

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Audit Engagement Director
Practising Certificate Number P07374
Hong Kong, 24 July 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	6	**180,995**	168,700
Cost of sales		**(145,304)**	(186,951)
Gross profit/(loss)		**35,691**	(18,251)
Other gains, net	8	**1,397**	9,117
Distribution costs		**(2,558)**	(2,490)
Administrative expenses		**(37,166)**	(33,495)
Loss from operations		**(2,636)**	(45,119)
Finance costs	9	**(1,418)**	(1,217)
Loss before tax		**(4,054)**	(46,336)
Income tax (expense)/credit	10	**(3,786)**	1,956
Loss for the year	11	**(7,840)**	(44,380)
Other comprehensive expenses after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(2,007)**	(71)
Other comprehensive expenses for the year, net		**(2,007)**	(71)
Total comprehensive expenses for the year		**(9,847)**	(44,541)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(15,507)**	(44,380)
Non-controlling interests		**7,667**	–
		(7,840)	(44,380)
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		**(17,640)**	(44,451)
Non-controlling interests		**7,793**	–
		(9,847)	(44,451)
Loss per share			
Basic and diluted (HK cents)	14	**(3.16)**	(9.96)

Consolidated Statement of Financial Position

At 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	15	**1,649**	914
Right-of-use assets	16	**13,986**	4,594
Deposits, prepayments and other receivables	20	**1,410**	4,549
Deferred tax assets	27	**1,484**	1,956
		18,529	12,013
Current assets			
Inventories	18	**11,544**	13,735
Trade receivables	19	**38,997**	25,249
Contract costs	23	**5,868**	–
Deposits, prepayments and other receivables	20	**34,299**	12,869
Tax recoverable		**–**	30
Bank and cash balances	21	**39,942**	8,878
		130,650	60,761
Current liabilities			
Trade payables	22	**26,137**	17,083
Accruals and other payables		**13,440**	5,750
Contract liabilities	23	**10,372**	8,883
Loans from a related party	24	**6,085**	1,420
Lease liabilities	25	**5,454**	3,589
Bank borrowings and overdrafts	26	**35,277**	7,352
Tax liabilities		**3,134**	–
		99,899	44,077
Net current assets		**30,751**	16,684
Total assets less current liabilities		**49,280**	28,697
Non-current liabilities			
Lease liabilities	25	**9,202**	2,713
NET ASSETS		**40,078**	25,984
Capital and reserves			
Share capital	28	**533**	446
Reserves	32	**31,714**	25,538
Equity attributable to owners of the Company		**32,247**	25,984
Non-controlling interests		**7,831**	–
TOTAL EQUITY		**40,078**	25,984

The consolidated financial statements on pages 44 to 94 were approved and authorised for issue by the Board of Directors on 24 July 2024 and are signed on its behalf by:

Zhang Huijun
Director

Cai Dongyan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Statutory reserve	Translation reserve	Retained earning/ (accumulated loss)	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	446	63,099	942	–	4,812	1,136	70,435	–	70,435
Loss for the year	–	–	–	–	–	(44,380)	(44,380)	–	(44,380)
Other comprehensive expenses for the year	–	–	–	–	(71)	–	(71)	–	(71)
At 31 March 2023	446	63,099	942	–	4,741	(43,244)	25,984	–	25,984
At 1 April 2023	**446**	**63,099**	**942**	**–**	**4,741**	**(43,244)**	**25,984**	**–**	**25,984**
(Loss)/profit for the year	**–**	**–**	**–**	**–**	**–**	**(15,507)**	**(15,507)**	**7,667**	**(7,840)**
Other comprehensive (expenses)/ income for the year	**–**	**–**	**–**	**–**	**(2,133)**	**–**	**(2,133)**	**126**	**(2,007)**
Provision of statutory reserve	**–**	**–**	**–**	**519**	**–**	**(519)**	**–**	**–**	**–**
Issue of new shares pursuant to subscriptions (note 28)	**87**	**23,816**	**–**	**–**	**–**	**–**	**23,903**	**–**	**23,903**
Contribution by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**38**	**38**
At 31 March 2024	**533**	**86,915**	**942**	**519**	**2,608**	**(59,270)**	**32,247**	**7,831**	**40,078**

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Loss before tax		**(4,054)**	(46,336)
Adjustments for:			
Depreciation of property, plant and equipment		**185**	121
Depreciation of right-of-use assets		**4,480**	2,999
Loss allowance provision for trade receivables		**667**	681
Impairment loss on prepayments		**200**	641
Impairment loss on goodwill		**142**	–
Interest income		**(56)**	(20)
Write-down of inventories		**99**	5,221
Interest on bank borrowings		**1,071**	880
Interest expense on lease liabilities		**347**	337
Operating cash flow before working capital changes		**3,081**	(35,476)
Change in inventories		**2,092**	50,053
Change in trade receivables		**(14,415)**	23,130
Change in contract costs		**(5,868)**	–
Change in deposits, prepayments and other receivables		**(24,723)**	20,982
Change in trade payables		**9,054**	(36,748)
Change in accruals and other payables		**7,556**	(2,942)
Change in contract liabilities		**1,489**	(2,078)
Cash (used in)/generated from operations		**(21,734)**	16,921
Income tax paid		**(150)**	(30)
Net cash (used in)/generated from operating activities		**(21,884)**	16,891
Cash flows from investing activities			
Acquisition of property, plant and equipment		**–**	(391)
Deposits paid for acquisition of property, plant and equipment		**(368)**	(374)
Cash flow from acquisition of a subsidiary		**30**	–
Interest received		**56**	20
Net cash used in investing activities		**(282)**	(745)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from financing activities			
Issue of new shares pursuant to subscriptions	28	**23,903**	–
New bank borrowings raised		**44,238**	45,343
Repayment of bank borrowings		**(12,515)**	(67,144)
Advance from a related party		**4,665**	1,420
Repayment of lease liabilities		**(2,024)**	(560)
Lease interests paid		**(163)**	(16)
Interests paid on bank borrowings		**(1,071)**	(880)
Net cash generated from/(used in) financing activities		**57,033**	(21,837)
Net increase/(decrease) in cash and cash equivalents		**34,867**	(5,691)
Effect of foreign exchange rate changes		**(214)**	(597)
Cash and cash equivalents at beginning of year		**5,289**	11,577
Cash and cash equivalents at end of year		**39,942**	5,289
Analysis of cash and cash equivalents			
Bank and cash balances	21	**39,942**	8,878
Bank overdrafts	26	**–**	(3,589)
		39,942	5,289

1. GENERAL INFORMATION

China In-Tech Limited (formerly known as China Overseas Nuoxin International Holdings Limited) (the "**Company**") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong had changed from Unit 2302, 23/F, New World Tower 1, 18 Queen's Road Central, Central, Hong Kong to Unit 506, 5/F, New World Tower 1, 18 Queen's Road Central, Central, Hong Kong.

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

To the best knowledge of the directors of the Company (the "**Directors**"), as at 31 March 2024, China Yuen Capital Limited ("**CYC**"), a company incorporated in the British Virgin Islands, is the immediate holding company of the Company; Luckever Holdings Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

3. MATERIAL ACCOUNTING POLICIES

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

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

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation

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

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

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

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

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

Business combination and goodwill (Continued)

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Foreign currency translation

(a) Functional and presentation currency

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(c) Translation on consolidation

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

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

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

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

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

Property, plant and equipment

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

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

3. 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 amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

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

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

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

Leases

The Group as lessee

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Inventories

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

Recognition and derecognition of financial instruments

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

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

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

Financial assets

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

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

Financial assets at amortised cost

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Trade and other payables

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

Equity instruments

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

Revenue from contracts with customers

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

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

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

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

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

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

Other revenue

Interest income is recognised using the effective interest method.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits

(a) Employee leave entitlements

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

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

(b) Pension obligations

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

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

(c) Termination benefits

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

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

Taxation

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of assets

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

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

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

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

Events after the reporting period

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

4. KEY ESTIMATES

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

(a) Impairment loss for bad and doubtful debts

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

(b) Allowance for slow-moving inventories

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

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

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

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

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

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

	Assets		**Liabilities**	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**14,454**	13,372	**6,268**	6,624
Renminbi ("**RMB**")	**1,003**	369	**795**	822

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

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

	Amount due to group entities	
	2024	2023
	HK$'000	HK$'000
HK$ against RMB	**51,190**	71,456

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against US$ and HK$ against RMB and all other variable are held constant. 5% (2023: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding denominated monetary items and adjusts their translation at the year end for a 5% (2023: 5%) change in RMB against US$ and HK$ against RMB. A positive number below indicates an increase in pre-tax loss for the year where RMB strengthens 5% (2023: 5%) against US$ and HK$ strengthens 5% (2023: 5%) against RMB. For a 5% (2023: 5%) weakening of RMB against US$ and HK$ against RMB, there would be an equal and opposite impact on the pre-tax loss for the year and the balances below would be negative.

	2024	2023
	HK$'000	HK$'000
Increase in pre-tax loss for the year	**2,549**	3,595

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

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

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

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

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 March 2024 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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

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

— internal credit rating;

— external credit rating (if available);

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

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

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

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

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

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

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

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

(c) Liquidity risk

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

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

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 March 2024				
Trade payables	**26,137**	**–**	**–**	**26,137**
Accruals and other payables	**13,440**	**–**	**–**	**13,440**
Bank borrowings and overdrafts	**36,160**	**–**	**–**	**36,160**
Loans from a related party	**6,085**	**–**	**–**	**6,085**
Lease liabilities	**5,914**	**6,120**	**3,408**	**15,442**
	87,736	**6,120**	**3,408**	**97,264**
At 31 March 2023				
Trade payables	17,083	–	–	17,083
Accruals and other payables	5,750	–	–	5,750
Bank borrowings and overdrafts	7,474	–	–	7,474
Loans from a related party	1,420	–	–	1,420
Lease liabilities	3,774	2,759	–	6,533
	35,501	2,759	–	38,260

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

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

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

(e) Categories of financial instruments

	2024	2023
	HK$'000	HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**80,552**	35,878
Financial liabilities:		
Financial liabilities at amortised cost	**80,939**	31,605

(f) Fair values

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

6. REVENUE

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers and total revenue		
Sales of electrical haircare appliances	**115,060**	168,700
Service income from information technology service	**65,935**	–
	180,995	168,700

Disaggregation of revenue from contracts with customers:

	2024		
Segments	**Sales of electrical haircare appliances HK$'000**	**Information technology services HK$'000**	**Total HK$'000**
Major products/services			
Sales of hair dryer	**64,387**	**–**	**64,387**
Sales of hair straightener	**16,985**	**–**	**16,985**
Sales of air brush	**26,488**	**–**	**26,488**
Information technology service	**–**	**65,935**	**65,935**
Others	**7,240**	**–**	**7,240**
	115,060	**65,935**	**180,995**
Geographical markets			
Europe	**67,674**	**–**	**67,674**
Asia	**45,031**	**65,935**	**110,966**
North and South America	**1,391**	**–**	**1,391**
Australia	**964**	**–**	**964**
	115,060	**65,935**	**180,995**
Timing of revenue recognition			
At a point in time	**115,060**	**–**	**115,060**
Over time	**–**	**65,935**	**65,935**
	115,060	**65,935**	**180,995**

6. REVENUE (Continued)

	2023		
Segments	Sales of electrical haircare appliances HK$'000	Information technology services HK$'000	Total HK$'000
Major products/services:			
Sales of hair dryer	102,153	–	102,153
Sales of hair straightener	22,010	–	22,010
Sales of air brush	26,660	–	26,660
Others	17,877	–	17,877
	168,700	–	168,700
Geographical markets			
Europe	93,000	–	93,000
Asia	61,553	–	61,553
North and South America	9,587	–	9,587
Australia	4,560	–	4,560
	168,700	–	168,700
Timing of revenue recognition			
At a point in time	168,700	–	168,700

Sales of electrical haircare appliances

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

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

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

Information technology services

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

6. REVENUE (Continued)

Information technology services (Continued)

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

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

7. SEGMENT INFORMATION

The Group has two (2023: one) reportable segments as follows:

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

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

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

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include finance costs and corporate and other unallocated expenses. Segment assets do not include corporate and other unallocated assets. Segment liabilities do not include loans from a related party and corporate and other unallocated liabilities.

(a) Segment Results

For the year ended 31 March 2024

	Sales of electrical haircare appliances HK$'000	Information technology services HK$'000	Total HK$'000
Segment revenue			
Sales to external customers	115,060	65,935	180,995
Segment (loss)/profit	(16,336)	15,597	(739)
Reconciliation:			
Unallocated gains			6
Finance costs			(1,418)
Corporate and other unallocated expenses			(5,689)
			(7,840)

7. SEGMENT INFORMATION (Continued)

(b) Segment Assets and Liabilities

As at 31 March 2024

	Sales of electrical haircare appliances HK$'000	Information technology services HK$'000	Total HK$'000
Segment assets	**90,764**	**58,171**	**148,935**
Reconciliation:			
Corporate and other unallocated assets			**244**
Total			**149,179**
Segment liabilities	**78,088**	**18,255**	**96,343**
Reconciliation:			
Corporate and other unallocated liabilities			**12,758**
Total			**109,101**

(c) Other Segment Information

For the year ended 31 March 2024

	Sales of electrical haircare appliances HK$'000	Information technology services HK$'000	Total HK$'000
Interest revenue	**53**	**3**	**56**
Additions to property, plant and equipment	**920**	**–**	**920**
Depreciation and amortisation	**3,303**	**1,362**	**4,665**
Loss allowance provision for trade receivables	**646**	**21**	**667**
Impairment loss on prepayments	**200**	**–**	**200**
Impairment loss on goodwill	**–**	**142**	**142**

Information reported to the executive Directors, being the chief operating decision maker ("**CODM**"), for the purposes of resources allocation and assessment focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other than the Group's results and financial position as a whole for the year ended 31 March 2023. Therefore, no information about reportable segment profit or loss, assets and liabilities is presented for the year ended 31 March 2023. Accordingly, only geographical information and major customers are presented for the year ended 31 March 2023.

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's information about its non-current assets by geographical location of the assets are detailed below:

	Non-current assets	
	2024	2023
	HK$'000	HK$'000
Hong Kong	**3,766**	2,333
The PRC	**12,736**	7,155
	16,502	9,488

Information about major customers

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

	2024	2023
	HK$'000	HK$'000
Electrical haircare appliances segment		
Customer A	**30,376**	38,095
Customer B	**24,043**	29,507
Customer C	**29,701**	26,286
Information technology service segment		
Customer D	**20,517**	N/A

8. OTHER GAINS, NET

	2024 HK$'000	2023 HK$'000
Bank interest income	**56**	20
Compensation received in respect of cancelled orders	**–**	4,735
Income from sale of mould	**1,868**	425
Sales of samples	**790**	1,071
Penalty from vendors for bad quality or late delivery	**53**	7
Government grant	**–**	1,685
Net foreign exchange loss	**(3,245)**	(832)
Sales of raw materials	**359**	1,159
Sub-contracting income	**647**	561
Sundry income	**869**	286
	1,397	9,117

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on bank borrowings	**1,071**	880
Interest on lease liabilities	**347**	337
	1,418	1,217

10. INCOME TAX (EXPENSE)/CREDIT

	2024 HK$'000	2023 HK$'000
Deferred tax	**(472)**	1,956
Current tax — PRC enterprise income tax		
Provision for the year	**(3,314)**	–
	(3,786)	1,956

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

The income tax provision of the Group in respect of operations in the PRC which qualified as "Small Low-Profit Enterprise" for the year ended 31 March 2024 were entitled to a preferential income tax rate. From 1 January 2023 to 31 December 2027, the profits no more than RMB3 million are taxed 5%.

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

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

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

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

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

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

	2024 **HK$'000**	2023 HK$'000
Loss before tax	**(4,054)**	(46,336)
Tax at the tax rate of 25% (2023: 25%)	**(1,014)**	(11,584)
Tax effect of expenses not deductible for tax purposes	**1,311**	2,799
Tax effect of income not taxable for tax purposes	**(10)**	(437)
Super Deduction	**(359)**	–
Tax effect of tax losses not recognised	**5,893**	13,310
Tax effect of utilisation of tax losses not previously recognised	**(610)**	(4,088)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(1,425)**	–
Tax effect of tax losses previously not recognised	**–**	(1,956)
Income tax expense/(credit)	**3,786**	(1,956)

11. LOSS FOR THE YEAR

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

	2024 HK$'000	2023 HK$'000
Auditor's remuneration	**800**	680
Depreciation of right-of-use assets	**4,480**	2,999
Depreciation of property, plant and equipment	**185**	121
Write-down of inventories (included in cost of inventories sold)	**99**	5,221
Loss allowance provision for trade receivables	**667**	681
Impairment loss on prepayments	**200**	641
Impairment loss on goodwill	**142**	–
Cost of inventories sold	**103,516**	186,951
Directors' remuneration (note 12)		
As directors (independent non-executive Directors)	**375**	372
For management (executive Directors)	**486**	636
Retirement benefits contributions	**25**	32
	886	1,040
Staff costs (not including directors' emoluments)		
Salaries, bonus and allowances	**37,568**	57,543
Retirement benefits scheme contributions	**5,097**	3,892
	42,665	61,435
Total staff costs (including directors' emoluments)	**43,551**	62,475

Cost of inventories sold includes staff costs and depreciation of approximately HK$24,745,000 (2023: HK$43,639,000) which are included in the amounts disclosed separately above.

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

(a) Directors' and chief executive's emoluments

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

	Director's fees HK$'000	Retirement benefit contributions HK$'000	Total HK$'000
For the year ended 31 March 2024			
Executive directors			
Cai Dongyan	180	9	189
Zhang Huijun	180	9	189
Pauline Lam (note i)	60	3	63
Lin Liangyong (note i)	32	2	34
Zhou Li Yang (note ii)	34	2	36
	486	25	511
Independent non-executive directors			
Lam Yick Man (note i)	32	–	32
Ma Yu Heng (note iii)	67	–	67
Hu Zhigang	96	–	96
Zhang Jiayou	180	–	180
	375	–	375
Total	861	25	886

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

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

	Directors' fees HK$'000	Retirement benefit contributions HK$'000	Total HK$'000
For the year ended 31 March 2023			
Executive directors			
Cai Dongyan	180	9	189
Zhang Huijun	180	9	189
Pauline Lam (note i)	180	9	189
Lin Liangyong (note i)	96	5	101
	636	32	668
Independent non-executive directors			
Lam Yick Man (note i)	96	–	96
Hu Zhigang	96	–	96
Zhang Jiayou	180	–	180
	372	–	372
Total	1,008	32	1,040

Notes:

(i) Resigned on 30 July 2023.

(ii) Appointed on 26 February 2024.

(iii) Appointed on 20 July 2023.

During the year, Mr. Zhang Huijun, Ms. Cai Dongyan and Ms. Pauline Lam have agreed to waive their emoluments of HK$420,000 (2023: HK$420,000), HK$420,000 (2023: HK$420,000) and HK$140,000 (2023: HK$420,000), respectively. Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any emoluments during the year.

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

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included nil (2023: nil) director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining five (2023: five) individuals are set out below:

	2024 HK$'000	2023 HK$'000
Basic salaries and allowances	2,429	3,147
Retirement benefits contributions	90	90
	2,519	3,237

The emoluments fell within the following bands:

	2024 Number of individuals	2023 Number of individuals
Nil to HK$1,000,000	5	5

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

13. DIVIDENDS

The Directors did not recommend the payment of any dividend for the years ended 31 March 2024 and 2023.

14. LOSS PER SHARE

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

	2024	2023
	HK$'000	HK$'000
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	**(15,507)**	(44,380)

	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**490,356**	445,646

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

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Total HK$'000
COST						
At 1 April 2022	8,835	26,496	22,553	4,516	79,882	142,282
Additions	–	–	–	–	979	979
Disposals	–	–	–	(757)	–	(757)
Exchange differences	–	–	(147)	–	–	(147)
At 31 March 2023 and 1 April 2023	8,835	26,496	22,406	3,759	80,861	142,357
Additions	–	–	–	–	920	920
Exchange differences	–	–	(57)	–	–	(57)
At 31 March 2024	8,835	26,496	22,349	3,759	81,781	143,220
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS						
At 1 April 2022	8,835	26,496	22,553	4,516	79,826	142,226
Charge for the year	–	–	–	–	121	121
Disposals	–	–	–	(757)	–	(757)
Exchange differences	–	–	(147)	–	–	(147)
At 31 March 2023 and 1 April 2023	8,835	26,496	22,406	3,759	79,947	141,443
Charge for the year	–	–	–	–	185	185
Exchange differences	–	–	(57)	–	–	(57)
At 31 March 2024	8,835	26,496	22,349	3,759	80,132	141,571
CARRYING AMOUNTS						
At 31 March 2024	–	–	–	–	1,649	1,649
At 31 March 2023	–	–	–	–	914	914

16. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2024 HK$'000	2023 HK$'000
At 31 March:		
Right-of-use assets		
— Buildings, plant and machinery	**13,986**	4,594
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
— Less than 1 year	**5,914**	3,774
— Between 1 and 2 years	**6,120**	2,759
— Between 2 and 5 years	**3,408**	–
	15,442	6,533
Year ended 31 March:		
Depreciation charge of right-of-use assets		
— Buildings, plant and machinery	**4,480**	2,999
Lease interests	**347**	337
Total cash outflow for leases	**2,187**	576
Additions to right-of-use assets	**14,184**	–
Exchange loss	**321**	–

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

17. IMPAIRMENT ASSESSMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The Group recorded continuous loss for the years ended 31 March 2024 and 2023. The management of the Group concluded there was impairment indication and conducted a review of the recoverable amount of the property, plant and equipment and right-of-use assets.

For the purpose of impairment assessment, property, plant and equipment and right-of-use assets as disclosed in note 15 and note 16 respectively were allocated to the Group's cash generating unit of sales of electrical haircare appliances business ("**CGU**") since the management of the Group considers that it is not possible to estimate their recoverable amounts individually. The aggregate carrying amount of the CGU comprises property, plant and equipment of HK$1,649,000 (2023: HK$914,000) and right-of-use assets of HK$9,678,000 (2023: HK$4,594,000).

The recoverable amount of the CGU has been determined based on a value-in-use calculation. The calculation uses cash flow projections based on the financial budgets approved by the management covering a 5-year period with an average growth rate of 1% (2023: 0.3%), and a discount rate of 15% (2023: 15%). Cash flows beyond the 5-year period are extrapolated using 1% (2023: 1%) growth rate. Other key assumptions for the value-in-use calculation relates to the estimation of cash inflows/outflows which include budgeted revenue, gross profit margin and growth rate during the forecast period, such estimation is based on the Group's historical performance, sales orders on hand and market trend.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU was higher than the carrying amount. Based on the value-in-use calculation, an impairment loss of nil (2023: nil) on property, plant and equipment and impairment loss of nil (2023: nil) on right-of-use assets has been recognised in profit or loss for the year ended 31 March 2024. The impairment loss amount for property, plant and equipment and right-of-use assets has been allocated to each category of property, plant and equipment and right-of-use assets such that the carrying amount of each category of property, plant and equipment and right-of-use assets is not reduced below the highest of its fair value less cost of disposal, its value-in-use and zero.

18. INVENTORIES

	2024 **HK$'000**	2023 HK$'000
Raw materials	**4,549**	4,935
Work in progress	**3,987**	5,890
Finished goods	**3,008**	2,910
	11,544	13,735

19. TRADE RECEIVABLES

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

	2024 **HK$'000**	2023 HK$'000
Trade receivables	**40,848**	26,433
Less: loss allowance	**(1,851)**	(1,184)
	38,997	25,249

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

	2024 **HK$'000**	2023 HK$'000
0 to 60 days	**30,110**	12,155
61 to 120 days	**5,549**	10,875
121 to 365 days	**2,073**	1,322
Over 1 year	**1,265**	897
	38,997	25,249

Reconciliation of loss allowance for trade receivables:

	2024 **HK$'000**	2023 HK$'000
At the beginning of the year	**1,184**	503
Allowance for the year	**667**	681
At the end of the year	**1,851**	1,184

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

	Current	**1–90 days past due**	**91 days–1 year past due**	**Over 1 year past due**	**Total**
At 31 March 2024					
Weighted average expected loss rate	**0%**	**4%**	**24%**	**49%**	
Receivable amount (HK$'000)	**32,875**	**3,531**	**1,974**	**2,468**	**40,848**
Loss allowance (HK$'000)	**30**	**135**	**483**	**1,203**	**1,851**
At 31 March 2023					
Weighted average expected loss rate	0%	1%	24%	48%	
Receivable amount (HK$'000)	19,432	4,000	1,300	1,701	26,433
Loss allowance (HK$'000)	20	32	313	819	1,184

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Included in non-current assets		
Rental deposits	**543**	569
Rental prepayments	**–**	2,561
Prepayments for property, plant and equipment	**867**	1,419
	1,410	4,549
Included in current assets		
Deposits	**566**	393
Prepayments	**31,378**	9,925
Other tax recoverable	**1,851**	1,762
Other receivables	**504**	789
	34,299	12,869
Total	**35,709**	17,418

21. BANK AND CASH BALANCES

The bank balances carry interests at market rates ranging from 0.00%–0.20% (2023: 0.00%–0.25%) per annum.

As at 31 March 2024, the bank and cash balance of the Group denominated in RMB amounted to HK$14,526,000 (2023: HK$3,149,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

22. TRADE PAYABLES

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

	2024 HK$'000	2023 HK$'000
0 to 60 days	**19,528**	8,755
61 to 120 days	**1,699**	4,362
121 to 365 days	**1,464**	1,453
Over 1 year	**3,446**	2,513
	26,137	17,083

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

23. CONTRACT COST AND CONTRACT LIABILITIES

Disclosures of revenue-related items:

	As at 31 March		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Contract liabilities	**10,372**	8,883	10,961
Contract costs	**5,868**	–	–

	As at 31 March		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Contract receivables (included in trade receivables)	**38,997**	25,249	49,060

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

	2024	2023
	HK$'000	HK$'000
— Year ended 31 March 2024	**N/A**	12,264
— Year ended 31 March 2025	**20,972**	–
	20,972	12,264

Year ended 31 March	**2024**	2023
	HK$'000	HK$'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	**8,883**	10,961

Significant changes in contract liabilities

	2024	2023
	HK$'000	HK$'000
Increase due to operations in the year	**11,931**	9,101
Transfer of contract liabilities to revenue	**10,442**	11,179

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

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

24. LOANS FROM A RELATED PARTY

	Notes	2024 HK$'000	2023 HK$'000
CYC	(a)	**6,085**	1,420

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

25. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Within 1 year	**5,914**	3,774	**5,454**	3,589
In the 2 to 5 years, inclusive	**9,528**	2,759	**9,202**	2,713
	15,442	6,533		
Less: future finance charges	**(786)**	(231)		
Present value of lease liabilities	**14,656**	6,302	**14,656**	6,302
Less: amount due for settlement within 12 months (shown under current liabilities)			**(5,454)**	(3,589)
Amount due for settlement after 12 months			**9,202**	2,713

At 31 March 2024, the average effective borrowing rate was ranged from 3.5% to 4.0% (2023: 4.0%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

26. BANK BORROWINGS AND OVERDRAFTS

	2024 HK$'000	2023 HK$'000
Carrying amount of secured bank borrowings repayable or one year which contain a repayment on demand clause and shown under current liabilities	**35,277**	3,763
Bank overdrafts	**–**	3,589
	35,277	7,352

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

	2024 HK$'000	2023 HK$'000
Carrying amount of secured bank borrowings repayable or one year which contain a repayment on demand clause and shown under current liabilities	**4.10% to 7.74%**	1.93% to 7.46%
Bank overdrafts	**N/A**	13.00% to 13.75%

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

The secured bank borrowings and overdrafts are:

— guaranteed by personal guarantee from a key management personnel;

— guaranteed by related companies controlled by a key management personnel; and

— secured by certain properties owned by related companies controlled by a key management personnel.

27. DEFERRED TAX ASSETS

The followings are the major deferred tax assets recognised and movements thereon during the current and prior years:

	Tax loss
	HK$'000
At 31 March 2022	–
Credit to profit or loss	1,956
At 31 March 2023 and 1 April 2023	1,956
Charge to profit or loss	(472)
At 31 March 2024	1,484

At the end of the reporting period, the Group has unused tax losses of approximately HK$44,717,000 (2023: HK$81,841,000) available for offset against future profits. No deferred tax asset has been recognised in respect of tax losses of certain subsidiaries of approximately HK$35,725,000 (2023: HK$69,988,000) due to unpredictability of future profit streams. Included in unused tax losses are losses from certain subsidiaries operating in the PRC of approximately HK$21,924,000 (2023: HK$55,632,000) that will expire in various dates within five years up to 2028 (2023: 2027). All other tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

	Number of shares	Share capital
	'000	HK$'000
Authorised:		
Ordinary shares of HK$0.001 (2023: HK$0.001) each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	1,000,000	1,000
Issued and fully paid:		
Ordinary shares of HK$0.001 (2023: HK$0.001) each		
At 1 April 2022, 31 March 2023 and 1 April 2023	445,646	446
Issue of new shares pursuant to subscriptions (note)	87,508	87
At 31 March 2024	533,154	533

Note: On 11 September 2023, the Company, as the issuer, entered into eight subscription agreements with eight subscribers pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 87,508,000 subscription shares in aggregate at the subscription price of HK$0.275 per subscription share. The subscription was completed on 27 September 2023 and the premium on the issue of shares, amounting to approximately HK$23,977,000, net of share issue expenses of HK$161,000, was credited to the Company's share premium account.

29. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of debts, which includes the loans from a related party, lease liabilities, and bank borrowings and overdrafts disclosed in notes 24, 25 and 26 and equity attributable to owners of the Company, comprising share capital and reserves. The Directors review the capital structure on a continuous basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as addition to new borrowings and repayment of existing debts.

30. SHARE OPTION SCHEME

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

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

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

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

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

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current assets		
Investment in subsidiaries	**136**	58
Current assets		
Amounts due from subsidiaries	**45,286**	33,132
Bank and cash balances	**245**	37
	45,531	33,169
Current liabilities		
Accruals and other payables	**7,275**	5,823
Amounts due to a subsidiary	**60**	–
Loans from a related party	**6,085**	1,420
	13,420	7,243
Net current assets	**32,111**	25,926
Total assets less current liabilities	**32,247**	25,984
NET ASSETS	**32,247**	25,984
Capital and reserves		
Share capital	**533**	446
Reserves	**31,714**	25,538
TOTAL EQUITY	**32,247**	25,984

32. RESERVES

(a) Group

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

(b) Company

	Share premium	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2022	63,099	(28,088)	35,011
Loss and total comprehensive expenses for the year	–	(9,473)	(9,473)
At 31 March 2023 and 1 April 2023	63,099	(37,561)	25,538
Issue of new shares pursuant to subscriptions (note 28)	23,816	–	23,816
Loss and total comprehensive expenses for the year	–	(17,640)	(17,640)
At 31 March 2024	86,915	(55,201)	31,714

(c) Nature and purpose of reserves

(i) Share premium account

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

(ii) Translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the consolidated financial statements.

(iii) Statutory reserve

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

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

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

	Interest payable (included in other payable) HK$'000	Lease liabilities HK$'000	Bank borrowings HK$'000	Loans from a related party HK$'000	Total liabilities from financing activities HK$'000
At 1 April 2022	–	10,219	25,564	–	35,783
Changes in cash flows	(880)	(576)	(21,801)	1,420	(21,837)
Non-cash changes					
— interest charged	880	337	–	–	1,217
— setting off against rental prepayments	–	(3,678)	–	–	(3,678)
At 31 March 2023 and 1 April 2023	–	6,302	3,763	1,420	11,485
Changes in cash flows	(1,071)	(2,187)	31,723	4,665	33,130
Non-cash changes					
— additions	–	14,184	–	–	14,184
— interest charged	1,071	347	–	–	1,418
— setting off against rental prepayments	–	(3,678)	–	–	(3,678)
— exchange difference	–	(312)	(209)	–	(521)
At 31 March 2024	–	14,656	35,277	6,085	56,018

34. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**774**	1,142

35. RELATED PARTY TRANSACTIONS

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

	2024 HK$'000	2023 HK$'000
Balances with its related parties:		
Deposits, prepayments and other receivables to companies controlled by Mr. Lam Wai Ming included in deposits, prepayments and other receivables	**10,097**	6,614
Trade payables to a company controlled by Mr. Lam Wai Ming included in trade payables	**223**	32
Transactions with its related parties:		
Purchase from a company controlled by Mr. Lam Wai Ming	**22,264**	47,422
Rent paid to a company controlled by Mr. Lam Wai Ming	**3,678**	3,678
Other income from a company controlled by Mr. Lam Wai Ming	**–**	1,491

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

Key management personnel emoluments

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

	2024 HK$'000	2023 HK$'000
Basic salaries and allowances	**482**	1,016
Retirement benefit contributions	**38**	22
	520	1,038

36. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

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

Name of subsidiaries	Place of incorporation/ registration/ operation	Issued and paid shares/registered capital	Percentage of ownership interest attributable to the Company 2024	2023	Principal activities
Direct subsidiary					
Asia Pilot Development Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Indirect subsidiaries					
Kenford Industrial Company Limited	Hong Kong	HK$1,000,000	**100%**	100%	Design, manufacture and sale of electrical haircare appliances, electrical healthcare appliances and other small household electrical appliances
東莞建福電器有限公司 Dongguan Kenford Electrical Appliance Company Limited (note 1)	PRC	HK$27,980,600	**100%**	100%	Provision of contract processing services
廈門天洋數字科技有限公司 Xiamen Tianyang Digital Technology Company Limited ("Xiamen Tianyang") (note 1)	PRC	RMB10,000,000	**51%**	0%	Investment holding and provision of information technology service
長沙騰洋數字科技有限公司 Changsha Tengyang Digital Technology Company Limited (note 1)	PRC	RMB10,000,000	**51%**	0%	Investment holding and provision of information technology service
長沙騰海網路技術有限公司 Changsha Tenghai Network Technology Company Limited (note 1)	PRC	RMB5,000,000	**51%**	0%	Provision of information technology service

Notes:

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

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

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

Name	Xiamen Tianyang 2024
Principal place of business/country of incorporation	PRC
% of ownership interests/voting rights held by NCI	49%
	HK$'000
At 31 March:	
Non-current assets	286
Current assets	49,823
Current liabilities	(39,309)
Net assets	10,800
Accumulated NCI	5,292
Year ended 31 March:	
Revenue	62,136
Profit	10,704
Total comprehensive income	95
Profit allocated to NCI	5,245
Net cash used in operating activities	(12,053)
Net cash generated from financing activities	19,382
Net increase in cash and cash equivalents	7,329

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 July 2024.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets					
Property, plant and equipment	**1,649**	914	56	97,640	87,696
Right-of-use assets	**13,986**	4,594	7,593	2,939	2,781
Deposits, prepayments and other receivables	**1,410**	4,549	9,745	1,772	1,846
Deferred tax assets	**1,484**	1,956	–	–	–
	18,529	12,013	17,394	102,351	92,323
Current assets					
Inventories	**11,544**	13,735	69,009	69,550	106,470
Trade receivables	**38,997**	25,249	49,060	74,790	78,305
Contract costs	**5,868**	–	–	–	–
Deposits, prepayments and other receivables	**34,299**	12,869	33,188	18,110	21,581
Tax recoverable	**–**	30	–	–	–
Bank and cash balances	**39,942**	8,878	12,362	27,987	31,060
	130,650	60,761	163,619	190,437	237,416
Current liabilities					
Trade payables	**26,137**	17,083	53,831	55,794	71,490
Accruals and other payables	**13,440**	5,750	9,218	32,127	28,107
Contract liabilities	**10,372**	8,883	10,961	7,492	5,403
Loans from related parties	**6,085**	1,420	–	58,095	54,245
Lease liabilities	**5,454**	3,589	3,917	163	2,088
Bank borrowings and overdrafts	**35,277**	7,352	26,349	31,461	51,211
Tax liabilities	**3,134**	–	–	3,564	4,579
	99,899	44,077	104,276	188,696	217,123
Net current assets	**30,751**	16,684	59,343	1,741	20,293
Total assets less current liabilities	**49,280**	28,697	76,737	104,092	112,616
Non-current liabilities					
Deferred tax liabilities	**–**	–	–	16,785	14,180
Lease liabilities	**9,202**	2,713	6,302	–	648
	9,202	2,713	6,302	16,785	14,828
Net assets	**40,078**	25,984	70,435	87,307	97,788
Capital and reserves					
Share capital	**533**	446	446	446	446
Reserves	**31,714**	25,538	69,989	86,861	97,342
Equity attributable to owners of the Company	**32,247**	25,984	70,435	87,307	97,788
Non-controlling interests	**7,831**	–	–	–	–
Total equity	**40,078**	25,984	70,435	87,307	97,788

Five Years Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Note)
Revenue	**180,995**	168,700	265,758	365,837	450,800
Cost of sales	**(145,304)**	(186,951)	(250,037)	(334,450)	(422,078)
Gross profit/(loss)	**35,691**	(18,251)	15,721	31,387	28,722
Other gains/(losses), net	**1,397**	9,117	12,204	(55)	6,995
Distribution costs	**(2,558)**	(2,490)	(2,960)	(7,778)	(6,543)
Administrative expenses	**(36,299)**	(32,173)	(44,857)	(44,568)	(57,683)
Gain on disposal of subsidiaries	**–**	–	15,904	–	–
(Loss allowance provision)/reversal of loss allowance provision on trade receivables	**(667)**	(681)	(222)	626	(1,307)
Impairment loss on prepayments	**(200)**	(641)	(3,994)	–	–
Impairment loss on property, plant and equipment	**–**	–	(19)	(2,658)	(5,632)
Impairment loss on right-of-use assets	**–**	–	(2,602)	–	(2,708)
Loss from operations	**(2,636)**	(45,119)	(10,825)	(23,046)	(38,156)
Finance costs	**(1,418)**	(1,217)	(641)	(1,282)	(1,923)
Loss before tax	**(4,054)**	(46,336)	(11,466)	(24,328)	(40,079)
Income tax (expense)/credit	**(3,786)**	1,956	–	(100)	8
Loss for the year	**(7,840)**	(44,380)	(11,466)	(24,428)	(40,071)
Other comprehensive (expenses)/ income after tax					
Items that will not be reclassified to profit or loss:					
(Loss)/gain on revaluation of properties	**–**	–	(1,692)	4,468	(26)
Deferred tax effect arising on revaluation of properties	**–**	–	423	(1,117)	6
Item that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	**(2,007)**	(71)	4,526	10,596	(8,589)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**–**	–	(8,663)	–	–
Other comprehensive (expenses)/ income for the year, net	**(2,007)**	(71)	(5,406)	13,947	(8,609)
Total comprehensive expenses for the year	**(9,847)**	(44,451)	(16,872)	(10,481)	(48,680)
Loss per share					
Basic and diluted (HK cents)	**(3.16)**	(9.96)	(2.57)	(5.48)	(8.99)

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