Echo International Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8218

2026
ANNUAL REPORT

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

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

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

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

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

Content

Corporate Information

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Room 3207A, 32/F Cable TV Tower 9 Hoi Shing Road Tsuen Wan Hong Kong
Company website	http://www.echogroup.com.hk
Executive directors	Mr. Lo Yan Yee *(Chairman)* Ms. Cheng Yeuk Hung *(Chief executive officer)* Mr. Tansri Saridju Benui Ms. Chan Wan Shan, Sandra
Independent non-executive directors	Mr. Leung Yu Tung, Stanley *(Lead independent non-executive director, appointed on 30 June 2025)* Mr. Lam Kwok Leung, Roy Mr. Lam Wing Biu, Thomas
Compliance officer	Mr. Tansri Saridju Benui
Company secretary	Ms. Lui Wing Shan *HKICPA*
Members of the Audit Committee	Mr. Leung Yu Tung, Stanley *(Chairman)* Mr. Lam Kwok Leung Roy Mr. Lam Wing Biu, Thomas
Members of the Remuneration Committee	Mr. Leung Yu Tung, Stanley *(Chairman)* Ms. Cheng Yeuk Hung Mr. Lam Kwok Leung Roy
Members of the Nomination Committee	Mr. Leung Yu Tung, Stanley *(Chairman)* Mr. Tansri Saridju Benui *(resigned on 30 June 2025)* Mr. Lam Kwok Leung Roy Ms. Chan Wan Shan, Sandra *(appointed on 30 June 2025)*
Authorised representatives	Ms. Lui Wing Shan Mr. Tansri Saridju Benui

Corporate Information

Principal bankers	**Industrial and Commercial Bank of China (Asia) Limited** 33/F., ICBC Tower 3 Garden Road Central Hong Kong
	Bank of Communications (Hong Kong) Limited 368 Hennessy Road Wanchai, Hong Kong
	DBS Bank (Hong Kong) Limited 11/F., The Center 99 Queen's Road Central Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited Level 9, HSBC Main Building 1 Queen's Road Central Hong Kong
Principal share registrar and transfer office	**SMP Partners (Cayman) Limited** Suite 3204, Unit 2A, Block 3 Building D, P.O. Box 1586 Gardenia Court, Camana Bay Grand Cayman, KY1-1100 Cayman Islands
Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong
Auditors	**Wilson & Partners CPA Limited** Certified Public Accountants Registered Public Interest Entity Auditor Suite 1503, 15/F Grand Millennium Plaza 181 Queen's Road Central Sheung Wan, Hong Kong
Hong Kong Legal Adviser	**D. S. Cheung & Co.** 29th Floor 56 Gloucester Road Hong Kong
GEM Stock Code	8218

Chairman's Statement

Dear Shareholders,

On behalf of the board of the Directors (the "**Board**") of Echo International Holdings Group Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2026.

In 2025, the Group launched an LED illuminated Bobbin for nighttime beach fisherman, along with a new fish bite detector, a power management charger unit, and related products to the market and the Group attended and participated in some exhibition and trade fairs in Hong Kong, the PRC, Australia and Mexico to promote EMS and buzzer, to attracted potential customers.

Further, the Group has been developing and operating e-commerce platform (https://www.yukcuisine.com/shop) selling food and beverage.

FINANCIAL PERFORMANCE

The impact of the fluctuation of raw material prices and the rise of the statutory minimum wages in the PRC resulted in the financial year ended 31 March 2026 being a difficult and challenging one for the Group's manufacturing business in China. The factories in China faced escalating manufacturing costs and keen competition both domestically and from overseas. As a result, the business of the Group was adversely affected for the financial year ended 31 March 2026.

The Group's revenue for the year ended 31 March 2026 was approximately HK$40.11 million (year ended 31 March 2025: approximately HK$61.97 million), representing approximately 35.28% decrease as compared with last year. The Group's net loss for the year ended 31 March 2026 recorded approximately HK$15.55 million (year ended 31 March 2025: net loss of approximately HK$4.29 million), representing approximately 262.47% decrease as compared with last year. The gross profit margin slightly increased from approximately 24.72% last year to approximately 21.37% for the year ended 31 March 2026.

PROSPECTS

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

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

Chairman's Statement

APPRECIATION

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

Echo International Holdings Group Limited

Lo, Yan Yee
Chairman

Hong Kong, 29 June 2026

Management Discussion and Analysis

BUSINESS REVIEW

Revenue for the year ended 31 March 2026 was approximately HK$40.11 million, representing a decrease of approximately 35.28% when compared with last year. Loss attributable to owners of the Company for the year ended 31 March 2026, was approximately HK$15.55 million whilst the loss attributable to owners of the Company last year was approximately HK$4.29 million.

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

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

Sales of Electronic Products and Accessories

Revenue from this segment during the year ended 31 March 2026 was approximately HK$31.02 million, representing a decrease of approximately 31.65% when compared with last year. The decrease in sales of electronic products was mainly due to the decrease in sales of the fishing indicator and control board.

Food Catering Services

During the year ended 31 March 2026, the Company has been developing and operating e-commerce platform, (https://www.yukcuisine.com/shop) selling food and beverage, such as Chinese tea, fermented Bean Curd Biscuit, mooncakes and abalone dishes.

Revenue from this segment during the year ended 31 March 2026 was approximately HK$8.70 million, representing a decrease of approximately 45.85% when compared with last year. Such decrease was mainly due to the general market condition of Hong Kong catering industry, which was impacted by the outbound tourism effect, as well as the closure of a restaurant previously owned by Yuk Cuisine Limited.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK$15.55 million for the financial year ended 31 March 2026 as compared with the loss of approximately HK$4.29 million for the financial year ended 31 March 2025. The increase in the loss is mainly due to increase of the impairment on right-of-use assets and the share of results of an associate.

The Group's revenue for the year ended 31 March 2026 was approximately HK$40.11 million (approximately HK$61.97 million for last year), representing a decrease of approximately 35.28% when compared with last year. Such decrease was mainly due to the decrease in the revenue from sales of electronic products and accessories and restaurant operation by 31.65% and 45.85% respectively when compared with last year.

Moreover, the revenue attributable to the top five customers decreased by approximately 32.83% from approximately HK$41.61 million for the year ended 31 March 2025 to approximately HK$27.95 million for the year ended 31 March 2026.

Throughout the year ended 31 March 2026, some factory direct costs, such as staff costs, have been increased at the same time. Therefore, the production cost attributable to each product manufactured by the Group increased.

The overall gross profit margin of the Group slightly decreased from approximately 24.72% for the year ended 31 March 2025 to approximately 21.37% for the year ended 31 March 2026 primarily due to the decrease in sales of the higher margin products of the Group's electronic business, namely fishing indicator.

Selling and distribution expenses for the year ended 31 March 2026 amounted to approximately HK$0.67 million (approximately HK$1.31 million for the year ended 31 March 2025), representing a decrease of approximately 48.85%. Such decrease was mainly due to no commission was paid for the year ended 31 March 2026 (approximately HK$0.49 million for the year ended 31 March 2025).

Administrative and other expenses for the year ended 31 March 2026 amounted to approximately HK$17.76 million (approximately HK$19.17 million for the year ended 31 March 2025), representing a decrease of approximately 7.36%. Such decrease was mainly due to the decrease in total staff costs, including Directors' emoluments, amount to approximately HK$19.63 million (2025: HK$21.48 million) for the year ended 31 March 2026.

Loss attributable to the owners of the Company amounted to approximately HK$15.55 million for the year ended 31 March 2026 (approximately HK$4.29 million for the year ended 31 March 2025). Basic and diluted loss per share attributable to owners of the Company was also approximately HK2.33 cents for the year ended 31 March 2026 (basic and diluted loss per share was approximately HK0.64 cents for the year ended 31 March 2025).

To turnaround the loss for the financial year ended 31 March 2026, the Board intends to develop on its recurring business in providing EMS to international customers while targeting further expansion in its established market, particularly to explore the EMS for consumer electronic products in the PRC market where the Directors consider to have a promising potential. However, the European countries and the United States will still be the principal markets of the Group in the near future.

The Group's strategies are to increase its market share and to enlarge its client base through increasing its marketing activities and introducing new products. The Group is going to launch a new series of buzzers designed to improve productivity and performance, along with a new fishing head model, a new charger device, and related products to the market in 2026 and the Group will attend and participate in more exhibitions and trade fairs in Hong Kong, the PRC and overseas to promote EMS and buzzer, to attract potential customers. Moreover, in relation to the Group's food catering business, the Group is going to develop more abundant and diversified products on the current e-commerce platform in 2026.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the financial year ended 31 March 2026.

Management Discussion and Analysis

Liquidity, Financial Resources and Capital Structure

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

As at 31 March 2026, the Group had net current assets of approximately HK$9.19 million (2025: approximately HK$20.06 million) including cash and cash equivalents of approximately HK$5.50 million (2025: approximately HK$5.85 million) and no pledged time deposits (2025: Nil).

The Group's equity capital and borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 March 2026 was 1.33 (2025: 2.04).

Save as disclosed below, there has been no material change in the capital structure of the Group during the year ended 31 March 2026. The capital of the Group mainly comprises ordinary shares and capital reserves.

Please refer to Note 34 to the consolidated financial statements for details of changes of capital structure of the Company during the year ended 31 March 2026 and up to the date of this report, respectively.

Significant Investment

The Group did not have any significant investment as at 31 March 2026 (2025: Nil).

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2026 (2025: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2026 (2025: Nil).

Charges over assets

The Group had not pledged any time deposits as at 31 March 2026 (2025: Nil).

Event after the Reporting Period

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

Capital commitment

The Group did not have any significant capital commitments as at 31 March 2026 (2025: Nil).

Foreign Currency Exposure

As at 31 March 2026, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 March 2026, the Group did not use any financial instruments for hedging purposes.

Employees and Emolument Policy

As at 31 March 2026, the Group employed a total of 110 employees (2025: 116 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK$19.63 million for the year ended 31 March 2026 (2025: HK$21.48 million).

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

Biographical Details of Directors and Senior Management

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

EXECUTIVE DIRECTORS

Mr. Lo Yan Yee (勞炘儀), aged 74, is the chairman of the Board as well as the factory general manager of the Group. Mr. Lo Yan Yee was appointed as an executive Director on 27 September 2013. He is the founder of the Group and has approximately 48 years of experience in the electronics industry of which he has spent over 35 years in managing his own business. He is responsible for managing and supervising the production teams and engineering teams in the Group's factory operation to ensure that all the environmental, quality, cost, delivery, budget and administration objectives are well achieved. Mr. Lo Yan Yee is also responsible for providing training to the staffs in the factory to enhance their effectiveness and knowledge so as to maximise production efficiency and utilise the labour force effectively. Mr. Lo Yan Yee commenced the work in the electronics industry in 1978, and prior to establishing Echo Electronics Co ("**Echo Co**"), a partnership formed in Hong Kong focusing on electronics manufacturing services, in 1989, he worked in the production department in various electronics companies in Hong Kong and acquired extensive experience in production and management. Mr. Lo Yan Yee finished Form One in 1966. Mr. Lo Yan Yee is the spouse of Ms. Cheng Yeuk Hung and the father of Mr. Lo Ding To.

Ms. Cheng Yeuk Hung (鄭若雄), aged 69, has been an executive Director since 21 December 2010 and was appointed and re-designated from the chief operation officer to chief executive officer of the Group with effect from 20 May 2022, she is also a member of the Remuneration Committee, and a director of Gold Treasure Hung Group Limited and Echo Electronics Company Limited, each a subsidiary of the Company. Ms. Cheng is the founder of the Company and has approximately 47 years of experience in the electronics industry of which she has spent over 35 years in managing her own business. She principally oversees the operation of the Hong Kong office. She also regularly communicates with the senior staffs in the factory as well as the suppliers of the Group to understand the trend of procurement. She is responsible for resource allocation in relation to the customers in different market segments. She is also responsible for product pricing management, marketing and business development to manage the profitability of each product manufactured by the Group. Prior to establishing Echo Co in 1989, she had worked in EDAX Industrial Company Limited from 1979 to 1988 as an operation manager whereby she became skilled at business promotion, procurement of raw materials, and resource management in the electronics industry. She has been the shareholder of Zhumu Company Limited since 15 February 2019. She finished her secondary education in 1975. Ms. Cheng is the spouse of Mr. Lo Yan Yee and the mother of Mr. Lo Ding To.

Mr. Tansri Saridju Benui, aged 61, has been appointed as an executive Director on 7 September 2018, and has been appointed to be an authorised representative and compliance officer of the Company on 31 December 2019. He resigned as a member of the Nomination Committee of the Board on 30 June 2025. He obtained his Bachelor of Science in USA, 1988 and his Diploma in Computer Programming and Systems in Canada, 1987. For the period from May 2010 to November 2015, Mr. Benui was an executive director of Vashion Group Ltd (currently known as Incredible Holdings Limited) ("**Vashion Group**"), issued shares of which are listed on the Singapore Stock Exchange (Stock Code RDR), and he was/has been an executive director of each of the following companies, which was/has been a subsidiary of the Vashion Group during material times: Switech Systems & Marketing Pte Ltd from May 2010 to September 2020, HiTech Distribution Pte Ltd (which has been voluntarily liquidated in 2026), and Chemitec Industrial Private Limited (which has been voluntarily liquidated in 2025). (the aforesaid private companies are incorporated in Singapore) since May 2010, and PT. Louis Gianni currently known as P.T. Wira Teknologi Investama (a private company incorporated in Indonesia) since April 2013. All the subsidiaries of Incredible Holdings Limited have been voluntarily liquidated, except Incredible Watches & Jewellery Pte Ltd.

Ms. Chan Wan Shan, Sandra (陳韻珊), aged 52, joined our Group in August 2017 and was appointed as an executive Director on 31 March 2020. She has been appointed to be a member of the Nomination Committee of the Board on 30 June 2025. She is also responsible for supervising and managing the business development of Echo Asia (Hong Kong) Limited and Yuk Cuisine Group Limited, they are subsidiaries of the Company. She has also been the director of Bluemount Financial Group Limited, Bluemount Asset Management Ltd, Bluemount Capital Limited, Bluemount Commodities Ltd and Bluemount Credit Limited since December 2021 and Bluemount Securities Limited since January 2022. Ms. Chan has been an independent non-executive director of Industronics Berhard, the issued shares of which are listed on the main market of Bursa Malaysia Securities Berhad (stock code: 9393 and stock name: ITRONIC), since November 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Yu Tung, Stanley (梁宇東), aged 50, was appointed as an independent non-executive Director on 30 April 2019, and he is currently the chairman of each of the Remuneration Committee, Nomination Committee and Audit Committee. He has been appointed as the lead independent non-executive Director of the Board on 30 June 2025. He has over 21 years' experience in the accounting and finance field. He has acted as alternate sponsoring body manager of Ng Wah Catholic Secondary School since 1 September 2025. He has acted as an independent non-executive director and the member of each of the remuneration committee, nomination committee and audit committee of Ntegrator Holdings Limited (formerly known as Watches.com Limited), a company listed in the Singapore Stock Exchange (Stock Code WVJ), since May 2021. Ntegrator Holdings Limited wound up its operations on 24 January 2025. He has acted as an independent director and the chairman of audit committee of Incredible Holdings Limited (formerly known as Vashion Group Limited), a company listed in the Singapore Stock Exchange (Stock Code RDR), since October 2017. He resigned the directorship on 5 December 2025. He has been the financial controller of Siu Siu Style Company Limited since August 2021. He had been the financial controller of Wewenet Limited served from July 2020 to 31 July 2021. He had been the finance controller of Luen Hing Textile Company Limited, which Mr. Leung has served from September 2013 to November 2019. Prior to that, Mr. Leung worked in the Sweet Dynasty Group as finance manager from January 2012 to September 2013.

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

Mr. Lam Kwok Leung Roy (林國樑), aged 52, has been appointed as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 23 August 2021. He has over 22 years of experience in providing technical support to various entities. Mr. Lam has been the senior customer officer of Good Thinking Computer Services, which principally engages in provision of information technology services, since April 2013.

Mr. Lam Wing Biu, Thomas (林永標), aged 66, has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from 31 March 2023. He has over 33 years of experience in information technology and sales and business development. Mr. Lam has been a business development manager of Industronics Berhad, the issued shares of which are listed on main market of the Bursa Malaysia Securities Berhad, since November 2022, and he has also been a sales director of CP Group International Limited since 2010. Mr. Lam was an E.D.P. Manager at Bluetech Computer Corporation from August 1989 to March 1995, and prior to that, Mr. Lam worked at various banks from 1986 to 1988, where he provided support to the banks' computer system. Mr. Lam obtained a degree of Bachelor of Science in the University of Hong Kong in November 1985.

SENIOR MANAGEMENT

Ms. Lui Wing Shan (雷潁珊), aged 46, is the company secretary and the chief financial officer of the Company and she joined the Group in June 2014. She is responsible for the company secretarial function, the review and supervision of the Group's overall internal control systems and accountancy function. She has more than 19 years of experience in accounting, auditing, tax, and consulting and is specialised in auditing and accounting. Ms. Lui holds a bachelor's degree in Business Commerce with a major in Accounting from Hong Kong Shue Yan University in 2005, and is currently a practicing member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Ms. Lui worked for various accounting firms and specialised in auditing and accounting.

Mr. Lo Ding To (勞碇淘), aged 39, was appointed as an executive Director on 27 September 2013 and resigned on 1 November 2017. Mr. Lo Ding To is currently the general manager of the Group and is responsible for overseeing the implementation of the day-to-day manufacturing operations. Mr. Lo Ding To, a son of Mr. Lo Yan Yee and Ms. Cheng Yeuk Hung, has had ample opportunity and is able to gain first hand knowledge and insight into the management and operation of the Group ever since his childhood through observing how the Group has been and is managed under his parents. While learning from his parents the skill and technique of managing and operating the Group's business operation, he also enjoys the benefit of their guidance and advice. Hence, even before Mr. Lo Ding To joined the Group, he is already well versed in the Group's day-to-day management and business operations. He therefore has an extensive understanding of the Group's overall business needs and compliance requirements. When Mr. Lo Ding To joined the Group in 2009 after his graduation from the University of East Anglia, United Kingdom, on the basis of his early learning and experience as aforesaid, he brought in new ideas about business strategy and operational functions, which help to enhance the production and quality assurance systems of the Group. Mr. Lo Ding To supervised a staff team in the processing factory and 毅高達電子(深圳)有限公司 (Yi Gao Tech Electronics (Shenzhen) Co., Ltd*) and has been responsible for product development, quality control, production planning, logistics, shipping, warehouse and inventory management, as well as vendor management activities. Mr. Lo Ding To obtained a Bachelor of Science in Business Management from the University of East Anglia, United Kingdom in 2009.

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

Ms. Tai Shan Yu, Yoko (戴珊瑜), aged 50, is the purchasing manager of the Group. She has over 27 years of procurement and material control experience. She joined the Group in 1996 as the procurement and material control executive and was promoted to the purchasing manager of the Group in January 2011. She currently leads a team of staff to coordinate the customer quotation and the sourcing of raw materials. She is responsible for (i) developing strategies for reducing the cost of raw materials; (ii) handling supply chain issues and maintaining good relationship with suppliers; (iii) preparing reports on the trend of cost of raw materials; and (iv) monitoring the trends of EMS industry and keeping abreast of the technology changes. Prior to joining the Group, Ms. Tai had worked as a senior clerk in a company engaged in production of chemical products from 1993 to 1995 and was responsible for the procurement of chemical materials. Ms. Tai finished Form Four in 1992. She has been the company secretary, director and shareholder of Zhumu Company Limited since 15 February 2019.

CORPORATE GOVERNANCE PRACTICES

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

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

The Company has complied with the code provisions of the Code throughout the year ended 31 March 2026 (the "**Financial Year**").

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

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

The biographical details of the Directors and other senior management are set out on pages 9 to 11 of this report.

THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' ATTENDANCE AT BOARD/GENERAL MEETINGS

During the Financial Year, the Company has held one general meeting (including the annual general meeting on 22 September 2025). Other than regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of the other Directors and management during the year to discuss issues relating to the Group that the independent non-executive Directors wish to raise to the Board. The individual attendance record of each Director at the meetings of the Board and general meetings is as follows:

Name of directors	Number of Board meetings attended/held	Number of general meetings attended/held
Mr. Lo Yan Yee	5/5	1/1
Ms. Cheng Yeuk Hung	5/5	1/1
Mr. Tansri Saridju Benui	5/5	1/1
Ms. Chan Wan Shan, Sandra	5/5	1/1
Mr. Leung Yu Tung, Stanley	5/5	1/1
Mr. Lam Kwok Leung, Roy	5/5	1/1
Mr. Lam Wing Biu, Thomas	5/5	1/1

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

RESPONSIBILITIES OF THE BOARD

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision C.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Company are segregated and performed by Mr. Lo Yan Yee and Ms. Cheng Yeuk Hung, respectively.

RELATIONSHIP BETWEEN THE DIRECTORS AND SENIOR MANAGEMENT

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

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

PROFESSIONAL DEVELOPMENT

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

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

BOARD INDEPENDENCE

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

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

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

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

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

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

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

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

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

During the Financial Year, the Board reviewed the implementation of such a mechanism and confirmed its effectiveness.

AUDIT COMMITTEE

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

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

During 1 April 2025 up to the date of this report, the Audit Committee had reviewed the interim results and report of the Company for the six months ended 30 September 2025 and the annual results and report of the Company for the year ended 31 March 2026. The Audit Committee also reviewed the Group's internal control system for the year. All issues raised by the Audit Committee are addressed and/or dealt with by the relevant member of the management team and the work, findings and recommendations of the Audit Committee are reported regularly to the Board. During the Financial Year, there was no disagreement between the Board and the Audit Committee regarding the external auditor and there was no issue of significant importance requiring disclosure in this report under the GEM Listing Rules. The Group's annual results for the year ended 31 March 2026 had been reviewed by the Audit Committee prior to the submission to the Board for approval. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

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

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

REMUNERATION COMMITTEE

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

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

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

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

NOMINATION COMMITTEE

The nomination committee of the Company was established on 27 September 2013. The Nomination Committee currently consists of the two independent non-executive Directors, namely Mr. Lam Kwok Leung, Roy and Mr. Leung Yu Tung, Stanley, and one executive Director, Ms. Chan Wan Shan, Sandra. On 30 June 2025, Mr. Tansri Saridju Benui resigned as a member of the Nomination Committee and Ms. Chan Wan Shan, Sandra was appointed as a member of the Nomination Committee. Mr. Leung Yu Tung, Stanley is currently the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of the Stock Exchange.

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

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

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

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

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

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

Name of members of Nomination Committee	Number of meetings attended/held
Mr. Leung Yu Tung, Stanley	1/1
Mr. Tansri Saridju Benui (resigned on 30 June 2025)	1/1
Mr. Lam Kwok Leung, Roy	1/1
Ms. Chan Wan Shan, Sandra (appointed on 30 June 2025)	N/A

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

INTERNAL CONTROL AND RISK MANAGEMENT

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

The Board had conducted a review on the effectiveness of the Group's internal control and risk management systems once during the year ended 31 March 2026 which covered the Group's accounting, financial, operational, compliance controls and risks management functions, and considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, financial reporting functions as well as those relating to the Company's ESG performance and reporting. The Board had also reviewed the changes in the nature and extent of significant risks since the last annual review, the ability of the Group to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of risks and the internal control system, the significant control failings or weaknesses that have been identified during the year and the extent to which they have resulted in a material impact on the Group's financial performance or condition, the extent and frequency of communication of monitoring results to the Board which enables it to assess control of the Company and the effectiveness of risk management, as well as the effectiveness of the Company's processes for compliance with the GEM Listing Rules.

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

Corporate Governance Report

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

Major deficiencies	Company's actions
Concurrent issuance of proforma invoices alongside email confirmations: Echo Electronics Company Limited primarily relies on customer email confirmations to validate sales orders. However, as a standard administrative procedure, a proforma invoice ("**PI**") is concurrently issued to the customer, but the collection of signed PIs is not systematically enforced or standardised.	The management will communicate internally to align documentation expectations. We will clarify that customer email confirmations are the formal basis to proceed with an order, and the proforma invoice PIs serves purely as an administrative tool, ensuring consistency across all files.
With respect to Yuk Cuisine (Hongkong) Limited, the absence of periodic supplier performance appraisal: During our review, we noted that the restaurant does not conduct any periodic or annual supplier performance appraisals. There is no formalised process or evaluation form used to monitor and document the performance of active food and beverage suppliers.	The Group intends to strengthen its supplier management and monitoring process. Management will continue to review the performance of key suppliers on a regular basis and make improvements where necessary to support the Group's operational and procurement requirements.
With respect to Yuk Cuisine (Hongkong) Limited, lack of food incoming quality control ("**IQC**") and physical stock-in records: During our review of the food receiving process, we noted that the restaurant creates accounting vouchers solely based on suppliers' delivery documents (e.g., delivery notes). There are no internal food IQC reports or physical stock-in records generated by the restaurant staff to verify what was actually delivered.	The Group intends to enhance its goods receiving and inventory control procedures. Management will continue to perform appropriate checks on incoming goods and maintain relevant supporting records where necessary to strengthen inventory control and food safety monitoring.

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

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

Inside information

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Auditors' Remuneration

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

Services rendered	**Fees paid/ payable** (HK$'000)
Audit services	480
Non-audit services	0

Wilson & Partners CPA Limited was appointed as the Company's auditor on 26 February 2026 to fill the casual vacancy arising from the resignation of Rongcheng (Hong Kong) CPA Limited on the same date. Save as disclosed, there has been no other change of auditors for the preceding three years. The financial statements of the Group for the Financial Year were audited by Wilson & Partners CPA Limited.

DIVERSITY

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

Currently, members of the Board has a balanced mix of experience including overall management, brand enhancement, business development, legal, financial, audit and accounting experience. The ages of the Directors range from 50 to 74 years old and their educational and work experience backgrounds range from accounting, business administration, science and computer programming to electronics industry.

As of the date of this report, we have seven Directors, two of which are female, and out of our three senior management members, two of which are female; the gender ratio of our employees as of 31 March 2026 is approximately 1 male per 1.72 female. The Company will strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level and the Company is committed to providing career development opportunities for female staff so that it will have a pipeline of female senior management and potential successors to the Board in near future. The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

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

COMPANY SECRETARY

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

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

DIVIDEND POLICY

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

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

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

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

SHAREHOLDERS' RIGHTS

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

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

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

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

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

RIGHT TO PUT ENQUIRIES TO THE BOARD

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

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

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

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

INVESTOR RELATIONS

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

Report of the Directors

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

CORPORATE REORGANISATION AND PLACING

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

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

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

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacturing and trading of electronic products and accessories. The principal activities of its principal subsidiaries are set out in Note 40 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Financial Year.

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

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2026 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 77 to 152.

The Board does not recommend the payment of any final dividend for the year ended 31 March 2026.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2026 is set out in the section headed "Management Discussion and Analysis" on the pages 6 to 8 of the annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

RELATIONSHIPS WITH STAKEHOLDERS

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

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

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 153.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in Note 34 to the consolidated financial statements.

INTEREST CAPITALISED

No interest was capitalised by the Group during the year ended 31 March 2026.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALES OR REDEMPTION OF SHARES

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

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2026 are set out in Note 35 and Note 42 to the consolidated financial statements and the consolidated statement of changes in equity on page 80, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2026, the Company's did not have reserves available for distribution, calculated in accordance with the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The amount represents the net of Company's contribution reserve, share premium, and accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenue for the year ended 31 March 2026 attributable to the Group's major customers and the percentages of purchases for the year ended 31 March 2026 attributable to the Group's major suppliers were as follows:

(1) The aggregate amount of revenue attributable to the Group's five largest customers represented approximately 69.69% of the Group's total revenue. The amount of revenue from the Group's largest customer represented approximately 51.40% of the Group's total revenue.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 42.10% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented approximately 10.54% of the Group's total purchases.

Save as disclosed in this report, none of the Directors nor any of their close associates nor any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year ended 31 March 2026.

Except Moson International Limited is the 4th largest customer of the Group's total revenue.

Report of the Directors

DIRECTORS

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

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

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

BIOGRAPHIES OF DIRECTORS AND OTHER SENIOR MANAGEMENT

The biographical details of the Directors and other senior management are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 9 to 11 of this report.

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the material related party transactions set out in Note 41 to the consolidated financial statements, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at 31 March 2026 or at any time during the reporting period.

CONTROLLING SHAREHOLDERS' INTERESTS

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

PERMITTED INDEMNITY PROVISION

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

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

As at 31 March 2026, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("**SFO**") which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

Long positions in the shares of the Company

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

Notes:

1. The letter "L" denotes the person's long position in such securities.

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

Save as disclosed above, as at 31 March 2026, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

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

As at 31 March 2026, so far as is known to the Directors, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/Nature	Number of shares held/ interested	Percentage of the Company's issued share capital
Lissington Limited	Beneficial owner (Note 1)	155,019,960 (L)	23.26%
Zheng Ze Li	Interest of a controlled corporation (Note 1)	155,019,960 (L)	23.26%
Zhou Qilin	Beneficial owner	128,824,574 (L)	19.33%
Siu Hiu Ki Jamie	Beneficial owner	103,581,986 (L)	15.54%
Yeung Tong Seng Terry	Beneficiary of a trust (other than discretionary interest) (Note 2)	61,009,150 (L)	
	Beneficial owner	20,148,867 (L)	
		81,158,017 (L)	12.18%
Bluemount Investment Fund SPC — Bluemount Investment Fund SP	Trustee (other than a bare trustee) (Note 2)	61,009,150 (L)	9.15%
Siu Wa Kei	Beneficial owner	1,289,800 (L)	
	Interest of a controlled corporation	60,578,049 (L)	
		61,867,849 (L)	9.28%

Notes:

1. The letter "L" denotes the person's long position in such securities.

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

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

Save as disclosed above, as at 31 March 2026, the Directors are not aware of any other persons (other than a director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 March 2026.

REMUNERATION OF THE DIRECTORS

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

EMOLUMENT POLICY

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

CONFIRMATION OF INDEPENDENCE

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

SUFFICIENCY OF PUBLIC FLOAT

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The material related party transactions entered into by our Group are set out in Note 41 to the consolidated financial statements to this annual report. Save as disclosed below, the material related party transactions do not constitute connected transactions of the Company for the year ended 31 March 2026.

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

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

COMPETING BUSINESS

For the year ended 31 March 2026, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 12 to 25 of this report.

EVENT AFTER THE REPORTING PERIOD

There were no significant events occurring after the reporting period.

AUDITORS

On 26 February 2026, Rongcheng (Hong Kong) CPA Limited resigned as auditors of the Company and Wilson & Partners CPA Limited was appointed by the Directors to fill the casual vacancy so arising.

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

By Order of the Board

Lo Yan Yee
Chairman

Hong Kong, 29 June 2026

Environmental, Social and Governance Report

INTRODUCTION TO THE REPORT

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

REPORTING PERIOD

This Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 March 2026 (the "**Reporting Period**", "**Year**", "**2026**").

REPORTING SCOPE

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

REPORTING FRAMEWORK

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

REPORTING PRINCIPLES

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

CONFIRMATION AND APPROVAL

This ESG Report was endorsed by the ESG Working Group and approved by the Board in June 2026.

CONTACT US

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

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

BOARD STATEMENT & ESG GOVERNANCE STRUCTURE

The Statement Board

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

ESG Governance Structure

The Board

Formulate ESG management approaches, strategies, priorities and goals

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

↓

Policy Committee

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

↓

Executive Steering Group

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

Stakeholder Engagement

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

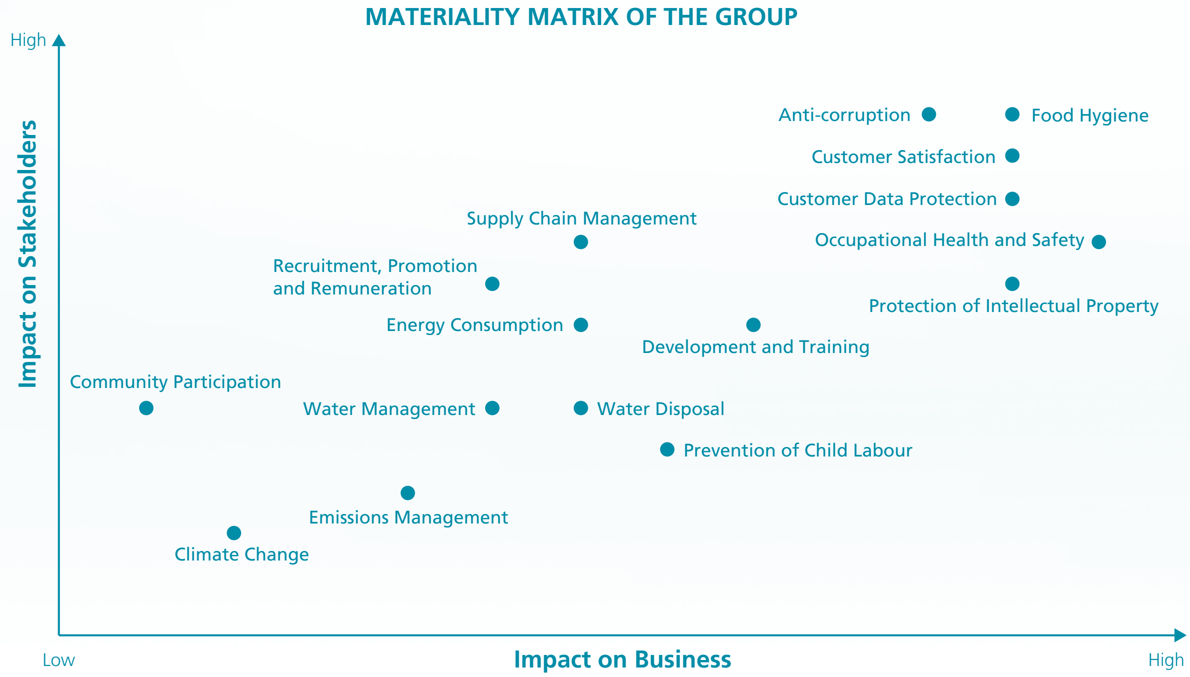
When formulating operational and ESG strategies, the Group considers stakeholders' expectations through diverse engagement methods and communication channels. These methods and channels are outlined below:

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

MATERIALITY ASSESSMENT

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

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



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

RESPONDING TO CLIMATE CHANGE

Climate Governance

The Board bears overall oversight responsibilities for climate-related risks and opportunities, with its authority, roles and accountabilities in relation to ESG and climate governance clearly defined under the Group's corporate governance framework.

The Board considers a broad spectrum of climate-related risks and opportunities in setting the Group's strategic direction, and ensures these factors are fully integrated into its oversight of strategy, major transactions, and policies. ESG considerations and stakeholder expectations are fully embedded in decision making by regularly assessing whether proposed transactions, and controls and mitigation measures align with the Group's climate commitments. The Board balances short-term financial implications with long-term resilience to support informed, forward-looking decisions that enable sustainable performance.

The Policy Committee reports to the Board at least annually on climate-related risks and opportunities. In addition to the annual formal report, the Board receives ad-hoc updates on material climate-related events, regulatory changes and emergency risks as they arise, and holds dedicated climate strategy sessions at least annually. The Board further oversees the development of climate-related targets, ensuring they are grounded in credible data, aligned with strategic priorities, and supported by clear execution plans. It reviews progress against these targets on a regular basis and raises queries where gaps or delays arise. Although climate-related performance indicators have not yet been incorporated into remuneration policies, the Group's commitment to achieving its climate objectives remains fully intact.

The day-to-day management of climate-related risks and opportunities is delegated to the Policy Committee, which is chaired by a member of the Group's senior management and comprises representatives from different departments. The Policy Committee reports directly to the Board, which reviews its climate goal performance annually.

Internal controls and review mechanisms are integrated into the operations of business units. These include periodic climate-related risks assessments, as well as cross-functional reviews of regulatory and market developments.

To support the implementation of the Group's climate-related strategies, the skills and competencies of the Board and members in the Policy Committee are regularly assessed against market standards to ensure that they remain sufficient and up-to-date over time. All Directors and members of the Policy Committee are briefed on sustainability matters through updated materials as appropriate. The Board is kept informed of emerging ESG developments, including energy policies, regulatory updates, and evolving market best practices. Relevant ESG materials and insights are made available to support Directors and senior management in updating their related knowledge.

Strategy

The Group continuously monitors global and local policy trends and action progress in addressing climate change. Drawing on internationally mainstream climate scenario analysis frameworks, it identifies, assesses and addresses climate-related risks and opportunities that may affect business operations and the value chain.

We integrate climate-related considerations into corporate strategy and business planning and clearly define the scope of impacts across three time horizons: short-term (1–5 years), medium-term (6–10 years) and long-term (over 10 years). This ensures that climate risk management is aligned with the Group's sustainable development strategy.

short-term (1–5 years)	medium-term (6–10 years)	long-term (over 10 years)

We screen and identify climate-related risks and opportunities by comprehensively considering the Group's business model and value chain, industry practices, and outcomes of stakeholder engagement. We clarify the concentration of such risks and opportunities across the Group's own operations and value chain, establish a risk and opportunity inventory, and conduct ongoing monitoring and management efforts.

Managing Climate-related Risks and Opportunities

Climate change presents both risks and opportunities. We take a balanced approach that considers potential positive and negative impacts, enabling us to maximise value while minimising adverse effects on our business.

Physical Risks, Transition Risks and Opportunities

We categorise climate-related impacts into physical risks, transition risks and opportunities that are reasonably expected to affect our cash flows, access to finance, or cost of capital.

- **Physical risks:** These include acute events — such as extreme heat, rainfall, storms and other natural disasters — that may disrupt our supply chain and infrastructure, as well as chronic changes like rising sea levels and shifting climate patterns that could affect long term business viability.

- **Transition risks:** They stem from the global shift toward a low carbon economy, including more stringent laws and regulations on environmental protection, carbon emission and waste generation. Technological developments and changing market preferences for green companies may require adjustments to our business model and operations. These changes may lead to increased risks of regulatory non-compliance resulting in legal, technological, market and reputational risks.

- **Opportunities:** The transition to a low-carbon business model may bring us opportunities. Growing ESG awareness among consumers gradually shapes the market as preferences shift toward more responsible businesses. Efforts to improve energy efficiency and reduce waste not only lower operating costs in the short-term but also help streamline and optimise operations over the medium term. Emerging low-carbon markets are expected to mature within the next three to ten years, creating new opportunities for growth and innovation. By actively disclosing ESG performance and taking concrete action, we can enhance our reputation, attracting new capital and customers.

Effects on Business Model and Value Chain

The ESG Reporting Code's implementation reliefs have been applied in this section:

	Reasonable Information Relief	Commercial Sensitivity Relief	Financial Effects Relief
Current financial effects			Yes
Anticipated financial effects	Yes	Yes	Yes
Metrics in cross-industry categories	Yes		

The Group has identified the following risks and opportunities on its business model and value chain:

Risk Type	Description	Effects on Business Model	Effects on Value Chain	Qualitative Financial Impact
Physical Risks				
Acute Risk **Time Horizon: Short to long term**	Increased severity of extreme weather	• Damages manufacturing plant and catering premises assets in areas affected by extreme weather • Increases in need for air-conditioning and energy use • Heatstroke and heat exhaustion trigger workplace safety incidents among factory and catering staff	• Disrupts production order fulfilment and catering service operations • Reduces availability of insurance on assets in risks exposed areas • Supply chain disruptions stem from freight delays and disaster impacts on upstream electronic component suppliers	Financial Impact: Asset repair and production downtime costs The impact is low considering our location of operation.
Chronic Risk **Time Horizon: Mid-to-long term**	Variability in climate and precipitation patterns • Changing climate patterns			Financial Impact: Long-term property value The impact is low considering our location of operation.
Transition Risks				
Regulatory Risks **Time Horizon: Mid-to-long term**	• Increased carbon pricing • Mandatory reporting obligations • Regulation of electronic product environmental standards and catering waste disposal Exposure to litigation	• Increases regulatory requirements on carbon pricing • Retires existing assets early due to policy changes • Changes in energy efficiency standards • Increases costs on adopting new processes for electronic and catering compliance	• Induces structural changes in compliance throughout the value chain • Increases risks from non-compliance of electronic component • Reduces demand for high-emissions products and services	Financial Impact: Operating cost (e.g., energy efficiency upgrades, carbon-related levies) The impact is low to medium considering our industry. The cost of compliance may grow with time.

Risk Type	Description	Effects on Business Model	Effects on Value Chain	Qualitative Financial Impact
Market Risks **Time Horizon: Mid-to-long term**	• Changing consumer behaviour • Unpredictable market demand • Changes in competitive landscape	• Changes input prices (e.g. legal and compliance expenses) • Increases output requirements (e.g. on waste treatment and emission control)	• Disrupts existing upstream and downstream partnerships as procurement shifts toward electronic component alternatives	Financial Impact: Revenue The impact is low to medium considering our industry. The cost of compliance may grow with time.
Reputational Risks **Time Horizon: Mid-to-long term**	• Criticism of industry sector • Negative stakeholder feedback	• Increases the difficulty of factory and catering workforce retention and workforce planning • Lowers ability to attract capital	• Reduces demand of electronic products and catering services throughout the value chain	Financial Impact: Brand value and tenant retention The impact is low considering our industry.

Opportunity Type	Description	Effects on Business Model	Effects on Value Chain	Qualitative Financial Impact
Efficiency Gains **Time Horizon: Short to long term**	• More efficient and diverse service offerings • Savings from optimising resources • Energy and water efficiency • Use of new technologies	• Improves efficiency from flexible work arrangements during extreme weather • Improves profit margins • Benefits employee health, satisfaction, and productivity • Reduces exposure to fossil fuel price increases	• Increases capacity and resource utilisation throughout the value chain • Reduces operational costs due to upstream electronic supplier improvements	Financial Impact: Operating cost and maintenance savings The impact is low to medium considering the energy alternative options in HK and mainland manufacturing zones is limited.
Market Opportunities **Time Horizon: Short to long term**	• Access to new markets • Opportunity to expand geographically	• Increases revenue source from new markets • Diversifies geographically	• Fosters maturity of the entire value chain via expanded product and service offerings	Financial Impact: Rental income growth The impact is low in considering our industry.
Consumer Preference **Time Horizon: Short to long term**	• Changes in consumer behaviour and expectations for eco-friendly electronics and sustainable catering	• Opens up new revenue streams • Increases market share of green companies	• Incentives sustainable innovation throughout the value chain, driven by downstream demands	Financial Impact: Stable sales volume and customer retention The impact is low in considering our industry.

Strategy and Decision-Making

We have formulated the below adaptation and mitigation measures to tackle physical risk, transition risks, and opportunities:

Type	Adaptation and Mitigation Measures
Physical Acute Risks	• Implement localised disaster mitigation; conduct ≥2 extreme weather drills annually; • Activate flexible work arrangements during extreme weather events; • Issue timely warnings and precautionary guidance to employees; • Upgrade facility ventilation and cooling systems; • Deploy critical equipment in flood/wind-resistant locations;and • Install backup energy systems for business continuity.
Physical Chronic Risks	• Consider flood hazards during office site selection; • Use water-saving equipment and retrofit existing equipment to improve water efficiency; and • Establish emergency backup water sources.
Transition Risks	• Track policies/market trends; update compliance checklist; • Maintain transparency by producing high-quality climate disclosure; • Collaborate with suppliers to promote adoption of low-carbon processes and technologies; and • Consider climate-related risk in products, services, and value chain to ensure market risks are effectively monitored.
Opportunities	• Develop lower-carbon service offerings; • Invest in energy-efficient and low-emission technologies to reduce costs;and • Explore green financing including green bonds.

The Group does not currently have a formal climate-related transition plan or a dedicated budget specifically for climate-related risks and opportunities. Nevertheless, we manage environmental initiatives through our existing operational framework. Resources for energy-saving upgrades and sustainability training are allocated from general operating and capital expenditure budgets on a case-by-case basis. We will continue to monitor the necessity of a formal transition plan and adjust our resource allocation as regulatory requirements and our operational needs evolve.

To actively mitigate climate-related impacts and drive our long-term environmental strategy, during the Reporting Period, the Group achieved a 7% reduction in electricity consumption, a 16% reduction in water consumption, a 5% reduction in total energy consumption, and a 35% reduction in hazardous waste generation compared to the 2025 baseline.

Current and Anticipated Financial Effect

The Group has not disclosed the quantified current and anticipated financial effects of climate-related risks and opportunities, and internal carbon prices are currently not applied in our internal analysis or decision-making. Given its scale, both current and anticipated financial effects of climate-related risks and opportunities are not considered material to the Group's overall financial position. Furthermore, where effects may exist, the level of measurement uncertainty is high and isolating specific impacts is difficult. The Group is also developing internal capabilities for preparing disclosures on current and anticipated financial effects. Accordingly, the Group has applied the financial effects relief and the capabilities relief (where applicable) as provided under the ESG Reporting Code for disclosure requirements about the current and anticipated financial effects of climate-related risks and opportunities. The Group has also assessed and determined that the combined financial effects of climate-related risks and opportunities would not be useful at this stage.

Climate Resilience and Scenario Analysis

The Group has not conducted a formal climate-related scenario analysis and, accordingly, has not provided a detailed assessment of its climate resilience at this stage. As a small-to-medium enterprise with focused operations, the Group currently lacks specialised internal skills, technical capabilities, and localised data required to perform meaningful quantitative scenario modeling without incurring undue cost or effort. Instead, we manage climate resilience through our existing risk management framework and disaster recovery protocols, particularly regarding physical risks such as extreme weather. The Group will periodically review its capacity and the availability of simplified industry tools to determine when a proportionate scenario analysis can be effectively integrated into our reporting.

Climate Risk Management

The Group has in place a comprehensive risk management framework. Climate-related risk and opportunity identification, assessment, prioritisation, and management are fully integrated into the Group's overall risk management processes. The relevant policy and processes are reviewed annually and updated when necessary.

Climate-related risks and opportunities are examined across the Group's operations and value chain using both internal and external data through a coordinated, multi-level process. Strategic direction is set at the top, with the Board providing oversight and regularly reviewing the most significant climate-related issues. At the same time, operational teams contribute detailed, ground-level insights by assessing their own exposures on an annual basis. When a potential risk is identified, the relevant department will design and carry out mitigation actions, followed by ongoing reviews to ensure that the controls remain robust and effective over time.

The Group does not currently incorporate climate-related scenario analysis into its risk identification process. At present, climate-related risks are identified and assessed through qualitative risk management methodologies, leveraging internal operational experience and historical weather data. The Group will continue to monitor the availability of simplified tools and industry data to evaluate the feasibility of integrating scenario analysis into its risk identification framework in the future.

1	2	3	4
Assess the risks from the Group Risk Management Framework and their interactions with climate	Identify climate risk drivers and impact on the Group	Assess risk materiality by scoring drivers on likelihood and impact severity	Select priority risks for to evaluate climate resilience

All identified climate-related risks and opportunities play a role in shaping our strategic direction, operational priorities, and internal policies. We evaluate each item based on its potential impact and the likelihood of occurrence using the Group's risk assessment methodologies, creating a clear profile that supports informed decision-making. Risks that score highly on both impact and likelihood are elevated in priority and addressed ahead of lower-rated issues to ensure our resources are focused where they matter most.

Risk Assessment Matrix

Likelihood of impact happening					
Certain					
Likely					1
Occasional			3 7 8 9		
Unlikely		6			4
Rare	2				5
	Very low	low	Medium	High	Very high
					Severity of impact

1. Infrastructure Reliability
2. Operational Continuity
3. Asset & Facility Value
4. Component, Raw Material & Inventory Supply Chain Security
5. Food Safety & Catering Service Resilience
6. Regulatory & Carbon Costs
7. Supply Chain Green Compliance Risks
8. Technological & Business Model Disruption
9. Market Demand & Brand Reputation Risks

Identified climate-related risks are monitored quarterly by the Policy Committee, which tracks the effectiveness of mitigation measures and updates risk assessments as new information becomes available. Material changes in risk profiles are reported to the Board immediately. There were no material changes to the Group's climate-related risk identification, assessment, prioritisation and monitoring processes during the reporting period compared to the previous year. Climate-related opportunities are identified through annual strategic planning reviews and stakeholder engagement processes.

Climate and Nature-related Targets

We are setting long-term climate-related targets across our operations and value chain supported by short-, medium-, and long-term milestones, all measured against a 2025 base year to ensure consistent comparison over time. These targets have taken reference from Hong Kong's long-term decarbonisation pathway and its goal of achieving carbon neutrality, as well as the Paris Agreement, ensuring that our efforts contribute meaningfully to the city's broader climate ambitions.

All quantitative targets are intensity targets, which are appropriate for the Group's service-based business model. The Group develops and regularly reviews its target internally based on its strategic planning and did not apply the Science Based Targets Initiative's Sectoral Decarbonisation Approach. The use of carbon credits to achieve any net targets is currently not considered. Below sets forth the phased targets over our time horizon:

Targets	Descriptions
Energy Consumption Intensity	Short term: 3% reduction when compared to 2025 Medium-term: 10% reduction when compared to 2025 Long-term: 15% reduction when compared to 2025
Non-hazardous Waste Intensity	Short term: 3% reduction when compared to 2025 Medium-term: 10% reduction when compared to 2025 Long-term: 15% reduction when compared to 2025
Greenhouse Gas Emission ("GHG") Intensity* (Scope 1 & 2)	Short term: 3% reduction when compared to 2025 Medium-term: 10% reduction when compared to 2025 Long-term: 15% reduction when compared to 2025
Water Consumption Intensity	Short term: 3% reduction when compared to 2025 Medium-term: 10% reduction when compared to 2025 Long-term: 15% reduction when compared to 2025

* The GHG emission target is a gross target.

The Group's GHG emission targets currently cover Scope 1 and Scope 2 emissions. Scope 3 targets will be developed as the Group improves its Scope 3 data collection capabilities.

The Group's climate-related targets and the methodologies used for their setting have not been verified by an independent third party. At present, these targets are reviewed and monitored through the Group's internal management and reporting processes to ensure data consistency and accuracy. The Group will periodically evaluate the necessity of seeking external assurance for its sustainability disclosures as its reporting framework matures. The targets are reviewed annually by the Policy Committee and approved by the Board. Any material revisions to the targets require Board approval. Target progress is monitored annually using the indicators specified above. There have been no revisions to the Group's climate-related targets during the Reporting Period.

During the Reporting Period, the Group's environmental performance maintained a positive trend with continuous reductions in various intensity indicators. Main key metrics, including GHG emission (Scope1&2) intensity, hazardous waste intensity, sewage discharge intensity, and total energy consumption, showed a year-on-year downwards trend in 2026 from 2025. The Group will strengthen ongoing monitoring of environmental indicators to sustain progress.

The use of carbon credits to achieve any net targets is currently not considered. Internal carbon prices are currently not applied in our internal analysis. The Group has not allocated capital expenditure, financing or investment towards climate-related risks and opportunities. By applying reasonable information relief of the ESG Reporting Code, the Group does not disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks, transition risks and aligned with climate-related opportunities.

GHG Emissions

The Group's major GHG emission sources comprise direct Scope 1 emissions from petrol combustion by company-owned vehicles, town gas usage in on-site restaurants, and refrigerant leakage; indirect Scope 2 emissions from purchased electricity; and other indirect Scope 3 emissions arising from freshwater consumption, waste disposal, and air-related business travel. During the Reporting Period, the Group's total GHG emissions performance was below:

Types of GHG Emissions[1]	**Units**	**2026**	2025
Direct GHG Emissions (Scope 1)	tCO_2e	**73.31**	74.44
• Petrol		**20.98**	13.45
• Towngas		**40.36**	47.44
• Refrigerants		**11.97**	13.55
Indirect GHG Emissions (Scope 2)-location based[2]	tCO_2e		
• Purchased electricity		**248.03**	302.22
Total GHG emissions (Scope 1&2)	tCO_2e	**321.34**	376.66
Total GHG emission (Scope 1&2) intensity[3]	tCO_2e/employee	**2.92**	3.25
Other Indirect GHG Emissions (Scope 3)	tCO_2e	**281.40**	4.08
Total GHG Emissions (Scope 1&2&3)	tCO_2e	**602.75**	380.74
Total GHG emission (Scope 1&2&3) intensity[3]	tCO_2e/employee	**5.48**	3.28

Notes:

1. The Group's GHG emissions include CO_2, CH4 and N_2O and are converted to reflect the tonnes of CO_2 equivalent. GHG emissions data is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" and "Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "CLP 2025 Sustainability Report" published by CLP Holdings Ltd and the latest released average carbon dioxide emission factor for national electricity in China, published by the Ministry of Ecology and Environment on December 2025. Scope 3 emissions data is calculated with reference, but not limited to, the International Civil Aviation Organisation ("**ICAO**") and the Department for Energy Security & Net Zero ("**DESNZ**") of the United Kingdom.

2. Scope 2 emissions are calculated using a location-based approach, which considers the average emission intensity of the local electricity grid where the energy is consumed (i.e. EMA).

3. As at 31 March 2026, the total number of employees in the Reporting Scope of the Group was 110 (as at 31 March 2025: 116). This data is also used for calculating other intensity data.

Scope 3 GHG Emissions Details:

Scope 3 Other Indirect GHG Emissions	Units	2026	2025
Category 1: Purchased Goods and Services[4]-fresh water supply	tCO_2e	**1.44**	–
Category 5: Waste Generated in Operations[5]	tCO2e		
— paper waste treatment		**2.73**	–
— general waste treatment		**271.08**	–
— sewage treatment		**0.87**	1.00
Category 6: Business Travel[6]	tCO2e	**5.28**	3.08

Notes:

4. GHG Scope 3 Category 1 emissions: The Group utilises a supplier specific method, using emission factor from Water Service Department (WSD).

5. GHG Scope 3 Category 5 emissions: The Group uses waste-specific data multiplied by applicable emission factors such as data from Environmental Protection Department ("**EPD**").

6. GHG Scope 3 Category 6 emissions: The Group uses ICAO calculator for air travel GHG calculation

During the reporting period, the Group's Scope 1 & 2 GHG emissions recorded an overall decline, with the drop in Scope 2 emissions primarily driven by reduced purchased electricity consumption. By contrast, total GHG emissions covering Scope 1, 2 and 3 increased mainly due to the expansion of Scope 3 GHG inventory boundary, incorporating more value-chain-related emission sources. Going forward, the Group will further broaden its Scope 3 disclosure scope alongside the enhancement of GHG disclosure and management systems, to strengthen carbon emission governance across the full value chain.

The Group actively adopts a series of GHG emission reduction measures to systematically advance low-carbon operations. For Scope 1 emission control, it standardises fuel consumption management of official vehicles to strictly limit fossil fuel usage. Regarding Scope 2 emissions from purchased electricity, the Group effectively cuts electricity-related carbon emissions by upgrading energy-efficient office equipment, implementing energy-saving office practices and refining electricity consumption management. Meanwhile, it continuously improves low-carbon management mechanisms for Scope 3 value-chain emissions, including waste disposal and business travel. Going forward, the Group will further strengthen regular monitoring of energy consumption and carbon emissions, explore sustainable energy-saving and decarbonisation pathways, and steadily deliver emission reduction targets across the full value chain.

A. ENVIRONMENTAL

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

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

EMISSIONS

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

Air Emissions

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

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

The Group's Emissions performance is summarised below:

Type of Air Pollutants	**Unit**	**2026**	2025
Nitrogen oxides **(NOx)**	kg	**12.40**	6.88
Sulphur oxides **(SOx)**	kg	**0.13**	0.09
Particulate matter ("**PM**")	kg	**0.69**	0.24

WASTE MANAGEMENT

Hazardous Waste

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

Indicators	Unit	2026	2025
Hazardous Waste	Tonnes	**0.22**	0.34
Intensity[3]	Tonnes/employee	**0.002**	0.003

Non-Hazardous Waste

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

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

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

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

Indicators	Unit	2026	2025
Non-hazardous waste	Tonnes	**180.72**	148.00
Intensity[3]	Tonnes/employee	**1.64**	1.28

USE OF RESOURCES

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

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

ENERGY MANAGEMENT

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

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

Catering and Hong Kong office

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

Shenzhen Factory

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

During the Reporting Period, the Group's total energy consumption decreased due to our highly effective energy management strategies implemented across our operations, the Group successfully achieved a year-on-year reduction in total energy consumption.

Indicators	Unit	2026	2025
Direct Energy Consumption	MWh	**286.90**	296.77
Indirect Energy Consumption	MWh	**450.98**	483.52
Total Energy Consumption	MWh	**737.88**	780.29
Intensity[3]	MWh/employee	**6.71**	6.73

WATER MANAGEMENT

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

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

Indicator	Unit	2026	2025
Total water consumption	m^3	**5,635**	6,731
Intensity[3]	m^3/employee	**51.22**	58.03

SEWAGE DISCHARGE

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

Indicators	Units	2026	2025
Sewage Discharge	m^3	**3,944.5**	4,711.7
Intensity[3]	m^3/employee	**35.86**	40.62

USE OF PACKAGING MATERIALS

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

Indicator	Unit	2026	2025
Total packaging materials consumptions	Tonnes	**5.81**	4.63
Intensity[3]	Tonnes/employee	**0.05**	0.04

THE ENVIRONMENT AND NATURAL RESOURCES

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

Green Working Environment

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

B. SOCIAL

EMPLOYMENT

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

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

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

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

Recruitment, Promotion and Dismissal

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

Compensation and Benefits

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

Equal Opportunity, Diversity and Anti-Discrimination

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

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

Employee Communication Channels

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

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

As of 31 March 2026, the employee structure is shown below:

Breakdown of Employees	**2026**	2025
Total	**110**	116
By Gender		
Male	**43**	70
Female	**67**	46
By Age Group		
18–24	**8**	12
25–34	**6**	10
35–44	**31**	29
45–54	**43**	42
55–64	**14**	17
65 or above	**8**	6
By Employment Type		
Full time	**110**	107
Part time	**0**	9

Breakdown of Employees	2026	2025
By Geographical Region		
Hong Kong	**33**	39
China	**77**	77
By Employee Category		
Senior Management	**9**	8
Middle Management	**10**	10
General Staff	**91**	98

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

Employee Turnover Rate [7]	2026	2025
Overall	**13.64%**	56.03%
By Gender		
Male	**14%**	47%
Female	**13%**	70%
By Age Group		
18–24	**88%**	167%
25–34	**0%**	90%
35–44	**6%**	59%
45–54	**5%**	31%
55–64	**21%**	24%
65 or above	**13%**	33%
By Geographical Region		
Hong Kong	**6%**	28%
China	**17%**	70%

Note:

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

HEALTH AND SAFETY

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

Occupational Health and Safety

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

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

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

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

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a significant impact on the Group, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Occupational Safety and Health Ordinance of Hong Kong. No work-related fatalities happened during the past 3 consecutive years, lost day due to work injury is increased compared with last year is due to one incidental commute-related work injury (41-day medical leave due to off-work traffic accident with non-primary liability), not related to production safety issues. The Group has strengthened commute safety guidance.

Fiscal Year	**Unit**	**2026**	2025	2024
Fatalities due to work	Cases	**0**	0	0
Work Injury Cases	Cases	**1**	1	0
Severity Rate[8]	%	**0.15**	0.07	0
Lost days due to work injury	Days	**41**	22	0

Note:

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

DEVELOPMENT AND TRAINING

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

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

During the Reporting Period, the Group provided around 579 hours of training, with an average training hour of approximately 5.26 hours per trained employee. The breakdown of the employees trained by gender and employment category is as follows:

Breakdown of Employee Training[9]	**2026**	2025
By Gender		
Male	**100%**	140.00%
Female	**100%**	156.52%
By Employment Category		
Senior Management	**100%**	100%
Middle Management	**100%**	100%
General Staff	**100%**	155.10%

Note:

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

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

Number of Training hours	**2026**	2025
By Gender		
Male	**4.60**	7.44
Female	**5.69**	8.42
By Employment Category		
Senior Management	**6.72**	6.44
Middle Management	**4.55**	4.80
General Staff	**5.20**	8.26

LABOUR STANDARDS

Prevention of Child and Forced Labour

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

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

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

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

SUPPLY CHAIN MANAGEMENT

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

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

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

Supplier Management

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

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

During the Reporting Period, the Group had a total of 145 suppliers, and the following breakdown illustrates their distribution. The Group highly prefers local sourcing to decrease the carbon footprint due to transportation and support local economy.

Location	No. of Suppliers
Hong Kong	51
Chinese Mainland	93
Singapore	1

Open and Fair Procurement

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

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

Green Procurement

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

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

Environmental compliance of materials

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

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

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

PRODUCT RESPONSIBILITY

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

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

Quality Assurance

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


TÜVNORD

Certificate

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

Management system as per
ISO 9001 : 2015
(idt GB/T 19001-2016)

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

Yigaoda Electronic (Shenzhen) Co., Ltd.

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

Unified Social Credit Code: 91440300573116449L

with the locations according to the annex

operates a management system in accordance with the requirements of ISO 9001 : 2015 and will be assessed for conformity within the 3 year term of validity of the certificate.

Scope

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

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

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

Visit our database to verify the validity of this certificate.

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

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

TÜV NORD CERT GmbH
Am TÜV 1, 45307 Essen
tuev-nord-cert.de

Printing Address:
TÜV NORD (Hangzhou) Co., Ltd. Shanghai Branch
Registered Address: Room 1537, No.1256, 1258, WanRong Road, Jing'an District, Shanghai 200436 China
Office Address: Building 5, No.1, Lane 288, Kangning Road, Jing'an District, Shanghai 200443 China
Tel: (+8621) 33196200

TÜV ®


TÜVNORD

Annex

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

Yigaoda Electronic (Shenzhen) Co., Ltd.

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

Unified Social Credit Code: 91440300573116449L

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

End of the List

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

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

TÜV NORD CERT GmbH
Am TÜV 1, 45307 Essen
tuev-nord-cert.de

Printing Address:
TÜV NORD (Hangzhou) Co., Ltd. Shanghai Branch
Registered Address: Room 1537, No.1256, 1258, WanRong Road, Jing'an District, Shanghai 200436 China
Office Address: Building 5, No.1, Lane 288, Kangning Road, Jing'an District, Shanghai 200443 China
Tel: (+8621) 33196200

TÜV ®

CUSTOMER SERVICE

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

During the Year, the Group received 6 customer complaints related to product quality in the electronics manufacturing segment. Upon investigation, the relevant department identified that the defects were primarily due to poor soldering and insufficient adhesive strength, which led to component detachment. In response, the factory implemented several corrective measures, including repairing and retesting the affected products, enhancing employee training, and adopting a stronger adhesive to prevent similar issues in the future. All 6 complaint cases were successfully resolved within the Reporting Period.

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

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

Protection of Intellectual Property ("IP") Rights

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

Advertising and Labelling

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

ANTI-CORRUPTION

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

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

Anti-Corruption Training

The Group provides training for employees in its governance policies. New joiners receive training as part of their induction programs to ensure that they are familiar with the Group's policies and norms. During the Reporting Period, the directors and employees were provided with anti-corruption training for a total of 155 hours and the Group was unaware of any non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering. In addition, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Whistleblowing

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

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

COMMUNITY INVESTMENT

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

Supporting Ophthalmic Public Welfare, Spreading the Kindness of Light

Echo made monthly donations to Orbis from 1 April 2025 to 31 March 2026, with a total contribution of HK$1,200. The donation supports Orbis's eye-care blindness-relief initiatives, including training eye-care professionals and restoring sight for blind children.

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

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

CONTENT INDEX OF THE STOCK EXCHANGE ESG REPORTING CODE

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

Subject Areas, Aspects, General Disclosures and KPIs

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

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

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

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

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

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

Climate-related Disclosures	Description	Section/Statement
Governance	Governance	Climate Governance
Strategy	Strategy	Strategy
Risk Management	Risk Management	Climate Risk Management
Metrics and Targets	GHG Emissions Cross-industry Metrics — Climate-related Physical Risks, Transition Risks and Opportunities	Climate and Nature-related Targets Strategy
	Cross-industry Metrics — Capital Deployment	Strategy
	Internal Carbon Prices	Strategy-Current and Anticipated Financial Effect
	Remuneration	Climate Governance
	Industry-based Metrics	The Group has not applied industry based metrics under the industry based Guidance for IFRS S2.
	Climate-related Targets	Climate and Nature-related Targets

Wilson & Partners CPA Limited
Suite 1503, 15/F
Grand Millennium Plaza
181 Queen's Road Central
Sheung Wan, Hong Kong
Tel: +852 2117 3613 Fax: +852 2117 3568 www.wp-cpa.com

國誠會計師事務所有限公司
香港上環皇后大道中181號
新紀元廣場15樓1503室

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
ECHO INTERNATIONAL HOLDINGS GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Echo International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 77 to 152, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for sale of electronic products and accessories	
We identified revenue recognition for sale of electronic products and accessories as a key audit matter due to its significance to the consolidated financial statements and large volume of transactions for the year ended 31 March 2026. As disclosed in Note 5 to the consolidated financial statements, sale of electronic products and accessories is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered to the port of discharge or the customer's specific location as stipulated in the sales agreement. For the year ended 31 March 2026, the Group's revenue from sales of electronic products and accessories amounted to approximately HK$31,017,000, which representing approximately 77% of the Group's total revenue.	Our procedures in relation to revenue recognition for sale of electronic products and accessories included: • Obtaining an understanding of the revenue recognition processes and the Group's relevant key controls over revenue recognition; • Inspecting, on a sample basis, the terms set out in the sales contracts and/or purchase order to understand the point that the customers obtain the control of the goods and assess whether the related revenue was properly recognised in accordance with the respective sales contracts and/or purchase order and with reference to the requirements of the prevailing accounting standards; and • Testing recorded sales transactions, on a sample basis, against the corresponding goods delivery notes and invoices from customers to evidence that the control of the goods have been transferred.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2025 were audited by another auditor who expressed an unmodified opinion on those statements on 22 August 2025.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Fong Ka Wing.

Wilson & Partners CPA Limited
Certified Public Accountants
Fong Ka Wing
Practising Certificate Number: P08471
Hong Kong

29 June 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Revenue	5	**40,105**	61,969
Cost of sales		**(31,534)**	(46,648)
Gross profit		**8,571**	15,321
Other income	7	**1,102**	800
Other gains and losses	8	**282**	1,802
Reversal of (impairment loss) under expected credit loss model, net	9	**69**	(198)
Selling and distribution expenses		**(668)**	(1,312)
Administrative expenses		**(17,761)**	(19,173)
Finance costs	10	**(1,233)**	(780)
Share of results of an associate	20	**(5,853)**	(735)
Loss before tax	11	**(15,491)**	(4,275)
Income tax expense	12	**(60)**	(13)
Loss for the year attributable to equity holders of the Company		**(15,551)**	(4,288)
Other comprehensive (expense) income for the year:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,913)**	845
Total comprehensive expense for the year attributable to equity holders of the Company		**(18,464)**	(3,443)
Loss per share	16		
— Basic (HK cents)		**(2.33)**	(0.64)

Consolidated Statement of Financial Position

At 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Property, plant and equipment	17	**461**	298
Right-of-use assets	18	**–**	–
Intangible assets	19	**–**	425
Interest in an associate	20	**23,126**	28,979
Deferred tax assets	32	**14**	17
		23,601	29,719
Current assets			
Inventories	21	**14,921**	15,076
Trade receivables	22	**1,439**	5,911
Deposits, prepayments and other receivables	23	**15,433**	12,497
Cash and cash equivalents	24	**5,500**	5,852
		37,293	39,336
Current liabilities			
Trade payables	25	**4,017**	2,733
Accruals and other payables	26	**7,500**	5,572
Amount due to an associate	27	**2,233**	–
Amount due to a director	28	**15**	31
Contract liabilities	29	**321**	311
Other borrowings	30	**12,032**	7,637
Lease liabilities	31	**1,898**	2,821
Tax payables		**90**	168
		28,106	19,273
Net current assets		**9,187**	20,063
Total assets less current liabilities		**32,788**	49,782

Consolidated Statement of Financial Position

At 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current liabilities			
Lease liabilities	31	**1,470**	–
Provision for reinstatement costs	33	**250**	250
		1,720	250
Net assets		**31,068**	49,532
Capital and (deficits) reserves			
Share capital	34	**33,321**	33,321
Other reserves and accumulated losses		**(2,253)**	16,211
Total equity attributable to equity holders of the Company		**31,068**	49,532

The consolidated financial statements on pages 77 to 152 were approved and authorised for issue by the Board of Directors on 29 June 2026 and are signed on its behalf by:

Lo, Yan Yee
Executive Director

Cheng, Yeuk Hung
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2026

	Share capital HK$'000	Share premium HK$'000	Contribution reserve HK$'000 Note 35(a)	Capital reserve HK$'000 Note 35(b)	Translation reserve HK$'000 Note 35(c)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2024	33,321	139,823	4,836	(89)	3,278	(128,194)	52,975
Loss for the year	–	–	–	–	–	(4,288)	(4,288)
Exchange differences arising on translation of foreign operations	–	–	–	–	845	–	845
Total comprehensive income (expense) for the year	–	–	–	–	845	(4,288)	(3,443)
At 31 March 2025	33,321	139,823	4,836	(89)	4,123	(132,482)	49,532
Loss for the year	–	–	–	–	–	(15,551)	(15,551)
Exchange differences arising on translation of foreign operations	–	–	–	–	(2,913)	–	(2,913)
Total comprehensive expense for the year	–	–	–	–	(2,913)	(15,551)	(18,464)
At 31 March 2026	**33,321**	**139,823**	**4,836**	**(89)**	**1,210**	**(148,033)**	**31,068**

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	2026 HK$'000	2025 HK$'000
Operating activities		
Loss before tax	**(15,491)**	(4,275)
Adjustments for:		
Bank interest income	**(1)**	(1)
Interest income on dividends receivable	**–**	(348)
Interest income on loans receivable	**(847)**	(95)
Loss on disposal of a subsidiary	**526**	–
Gain on reversal of provision for reinstatement cost	**–**	(150)
Gain on modification of lease	**(1,187)**	(121)
Loss on disposal of property, plant and equipment	**–**	37
Written off of inventories	**–**	495
Gain on early termination of lease	**–**	(483)
Share of results of an associate	**5,853**	735
Finance costs	**1,233**	780
Amortisation of intangible assets	**–**	176
Depreciation of property, plant and equipment	**51**	106
Depreciation of right-of-use assets	**925**	1,791
Impairment loss on property, plant and equipment	**–**	155
Impairment loss on right-of-use assets	**3,236**	592
Loss on disposal of intangible assets	**425**	–
(Reversal of) impairment loss under expected credit loss model, net	**(69)**	198
(Reversal of) provision for obsolete and slow-moving inventories	**(215)**	30
Net effect of foreign exchange rate changes on intra-group balances	**(2,708)**	714
Operating cash flows before movements in working capital	**(8,269)**	336
Decrease (increase) in trade receivables	**4,491**	(1,422)
Decrease in inventories	**478**	2,002
Increase in deposits, prepayments and other receivables	**(4,018)**	(5,072)
Decrease in amount due to a related company	**–**	(248)
Increase in accruals and other payables	**2,032**	1,421
Increase (decrease) in trade payables	**1,284**	(2,297)
Increase in contract liabilities	**10**	165
Cash used in operations	**(3,992)**	(5,115)
Income tax (paid) refund	**(57)**	41
Net cash used in operating activities	**(4,049)**	(5,074)

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	2026 HK$'000	2025 HK$'000
Investing activities		
Repayment from an associate	**1,197**	6,570
Bank interest received	**1**	1
Purchase of property, plant and equipment	**(188)**	(348)
Net cash from investing activities	**1,010**	6,223
Financing activities		
Proceeds from other borrowings	**3,417**	5,731
Advance from an associate	**2,233**	–
Repayment of lease liabilities	**(2,724)**	(3,800)
Interest paid	**(225)**	(780)
Advance to a director	**(16)**	(27)
Repayment of other borrowings	**–**	(280)
Net cash from financing activities	**2,685**	844
Net (decrease) increase in cash and cash equivalents	**(354)**	1,993
Cash and cash equivalents at the beginning of the year	**5,852**	3,863
Effect of exchange rates on the balance of cash held in foreign currencies	**2**	(4)
Cash and cash equivalents at the end of the year	**5,500**	5,852

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 40. The consolidated financial statements included the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. All values are rounded to nearest thousands (HK$'000) unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

Amendments to HKAS 21	Lack of Exchangeability

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

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

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

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

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

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

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

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

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

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

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

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Continued)

The disclosure requirements in HKFRS 7 Financial Instruments: Disclosures in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The amendments are required to be applied retrospectively, with specific exceptions. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

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

3.1 Basis of preparation of consolidated financial statements

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Investments in an associate

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

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

3.2 Material accounting policy information (Continued)

Investments in an associate (Continued)

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

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 5 and 29.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

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

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

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties and car park that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets include:

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

The leases payments include:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- The amount expected to be payable by the Group under residual value guarantees;

- The exercise price of purchase options, if the Group is reasonably certain to exercise the options; and

- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising of an option to terminate the lease.

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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

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

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

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

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

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

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

3.2 Material accounting policy information (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in the foreign operation.

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

Borrowing costs

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

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

3.2 Material accounting policy information (Continued)

Employee benefits

Retirement benefit costs

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

For defined benefit retirement benefit plans including the Long Service Payment ("**LSP**") under the Hong Kong Employment Ordinance, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

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

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Retirement benefit costs (Continued)

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest on the net defined benefit liability or asset; and

- remeasurement of the net defined benefit liability or asset in other comprehensive income.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19.70 for the gross benefits (i.e. either using the plan's contribution formula or on a straight-line basis). For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group's MPF contributions that have been vested with employees and would be used to offset the employee's LSP benefits, which are deemed to be contributions from the relevant employees.

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

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

3.2 Material accounting policy information (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

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

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

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

Cash and cash equivalents

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

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

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

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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

3.2 Material accounting policy information (Continued)

Inventories

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

Provisions

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification and subsequent measurement of financial assets</u>

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

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

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

All other financial assets are subsequently measured at FVTPL, except that at initial application of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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

Amortised cost and interest income

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

The Group always recognises lifetime ECL for trade receivables.

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 8) as part of the net foreign exchange gains (losses).

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at amortised cost

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (Note 8) as part of net foreign exchange gains (losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Provision of ECL for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, for trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive to changes in estimates.

The information about the ECL and the Group's trade receivables are disclosed in Note 37b.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

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

As at 31 March 2026, the carrying amounts of property, plant and equipment, right-of-use assets, and intangible assets subject to impairment assessment were HK$461,000, HK$Nil and HK$Nil (2025: HK$298,000, HK$Nil and HK$425,000) respectively, after taking into account the impairment losses of HK$155,000, HK$3,236,000 and HK$Nil (2025: HK$155,000, HK$592,000 and HK$Nil) in respect of property, plant and equipment, right-of-use assets, and intangible assets that have been recognised respectively. Details of the impairment of property, plant and equipment, right-of-use assets, and intangible assets are disclosed in Notes 17, 18 and 19 respectively.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2026 HK$'000	2025 HK$'000
Type of goods or services		
Manufacturing and trading of electronic products and accessories:		
Buzzer	**2,165**	2,512
Condenser microphone with wire	**195**	–
Control Board	**3,108**	6,101
Fire alarm	**2,291**	4,464
Fishing indicator	**20,617**	27,820
LED lamp assembly	**226**	701
Printed circuit board assembly (PCBA)	**–**	12
Switch	**19**	19
Others	**39**	36
Trading of electronic products	**2,357**	3,712
Restaurant operations	**8,698**	16,062
Trading of timepieces	**390**	530
	40,105	61,969
Geographical markets		
Hong Kong	**11,182**	19,760
Asian countries, other than Hong Kong (Note a)	**23**	41
European countries (Note b)	**24,202**	33,601
North and South American countries (Note c)	**4,032**	7,508
Australia	**497**	971
Others	**169**	88
	40,105	61,969
Timing of revenue recognition		
A point in time	**40,105**	61,969

Notes:

(a) Asian countries include the Singapore and Taiwan.

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

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

5. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of electronic products and accessories

Sale of electronic products and accessories is recognised at a point of time when control of the goods has transferred, being when the goods have been delivered to port of discharge or the customer's specific location as stipulated in the sales agreement. Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods.

Advance payments may be received based on the terms of sales contract and any transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer. The normal credit term is 0 to 90 days upon delivery.

As at 31 March 2026 and 2025, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

Restaurant operations

The performance obligation is the promise to provide catering services. Revenue from catering services is recognised at a point in time when the services are rendered. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment of the transaction price is due immediately at the point the services are rendered to the customers. For payments settled by credit cards and other payment platforms by customers, the settlement period is normally within 3 days from the trade date, and for sales of food and beverages through food delivery agents, the Group allows a credit period of 3 to 10 days.

Trading of timepieces

For trading of timepieces, revenue is recognised when control of the goods has been transferred, being at the point the customer purchases the goods. The normal credit term is 30 days upon delivery.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All sales of electronic products and accessories, restaurant operations and trading of timepieces are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

Information reported to the directors of the Group, being the CODM, for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

1. Trading of electronic products
2. Manufacturing and trading of electronic products and accessories
3. Provision of food catering services
4. Trading of timepieces

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

Segment revenues and results

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

For the year ended 31 March 2026

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Total HK$'000
Revenue	2,357	28,660	8,698	390	40,105
Segment results	200	(2,261)	(5,963)	(102)	(8,126)
Unallocated other income					33
Unallocated other gains and losses					(425)
Unallocated administrative expenses					(1,193)
Unallocated reversal of impairment loss under ECL model, net					73
Share of results of an associate					(5,853)
Loss before tax					(15,491)

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 March 2025

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Total HK$'000
Revenue	3,712	41,665	16,062	530	61,969
Segment results	1,365	3,738	(7,147)	10	(2,034)
Unallocated other income					348
Unallocated other gains and losses					11
Unallocated administrative expenses					(1,736)
Unallocated finance costs					(10)
Unallocated impairment loss under ECL model, net					(119)
Share of results of an associate					(735)
Loss before tax					(4,275)

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statements. Segment loss represents the loss from each segment without allocation of unallocated other income, unallocated other gains and losses, central administration costs, directors' emoluments, unallocated finance costs, unallocated reversal of (impairment loss) under ECL model, net and share of results of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reporting segments:

As at 31 March 2026

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Total HK$'000
Segment assets	**645**	**8,274**	**94**	**12,039**	**21,052**
Unallocated corporate assets					**39,842**
Consolidated assets					**60,894**
Segment liabilities	**244**	**8,517**	**4,126**	**440**	**13,327**
Unallocated corporate liabilities					**16,499**
Consolidated liabilities					**29,826**

As at 31 March 2025

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Total HK$'000
Segment assets	303	11,632	2,341	13,004	27,280
Unallocated corporate assets					41,775
Consolidated assets					69,055
Segment liabilities	8	5,919	4,347	–	10,274
Unallocated corporate liabilities					9,249
Consolidated liabilities					19,523

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, certain right-of-use assets, interest in an associate, certain deposits, prepayments and other receivables, and certain cash and cash equivalents; and

- all liabilities are allocated to operating segments other than amount due to an associate, amount due to a director, tax payables, certain other borrowings, certain lease liabilities and certain accruals and other payables.

Other segment information
For the year ended 31 March 2026

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Unallocated HK$'000	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:						
Addition to non-current assets	–	185	3	–	–	188
Depreciation of property, plant and equipment	4	18	–	29	–	51
Depreciation of right-for-use assets	–	925	–	–	–	925
Impairment of right-of-use assets	–	3,236	–	–	–	3,236
Loss on disposal of intangible assets	–	–	212	213	–	425
(Reversal of) impairment loss under ECL model, net	(10)	–	(38)	52	(73)	(69)
Reversal of provision for obsolete and slow-moving of inventories	–	(215)	–	–	–	(215)
Gain on modification of lease	–	(627)	(560)	–	–	(1,187)

6. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 March 2025

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Unallocated HK$'000	Total HK$'000
Amount included in the measure of segment profit or loss or segment assets:						
Addition to non-current assets	25	162	161	–	–	348
Depreciation of property, plant and equipment	11	47	48	–	–	106
Depreciation of right-for-use assets	–	–	1,791	–	–	1,791
Impairment of property, plant and equipment	–	–	155	–	–	155
Impairment of right-of-use assets	–	–	592	–	–	592
Amortisation of intangible assets	–	–	88	88	–	176
Impairment loss under ECL model, net	–	41	38	–	119	198
Provision for obsolete and slow-moving of inventories	–	30	–	–	–	30
Gain on reversal of provision for reinstatement cost	–	–	(150)	–	–	(150)
Gain on modification of lease	–	(121)	–	–	–	(121)
Gain on early termination of lease	–	–	(483)	–	–	(483)
Loss on disposal of property, plant and equipment	–	–	37	–	–	37
Written off of inventories	–	–	495	–	–	495

6. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

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

For the year ended 31 March 2026

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Unallocated HK$'000	Total HK$'000
Interest in an associate	–	–	–	–	23,126	23,126
Shares of results of an associate	–	–	–	–	5,853	5,853
Interest income	–	–	–	–	(1)	(1)
Finance costs	–	100	89	1,044	–	1,233
Income tax expense	–	60	–	–	–	60

For the year ended 31 March 2025

	Trading of electronic products HK$'000	Manufacturing and trading of electronic products and accessories HK$'000	Provision of food catering services HK$'000	Trading of timepieces HK$'000	Unallocated HK$'000	Total HK$'000
Interest in an associate	–	–	–	–	28,979	28,979
Shares of results of an associate	–	–	–	–	735	735
Interest income	–	–	–	–	(1)	(1)
Finance costs	–	166	604	–	10	780
Income tax expense	–	13	–	–	–	13

6. SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services

The Group's revenue from its major products and services are disclosed in Note 5.

Geographical information

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

The Group's revenue by geographical location of customers are disclosed in Note 5.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	2026	2025
	HK$'000	HK$'000
Hong Kong	**21**	460
The PRC	**440**	263
	461	723

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

Information about major customers

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

	2026	2025
	HK$'000	HK$'000
Customer A[1]	**20,617**	27,891

[1] Revenue from sales of electronic products and accessories

7. OTHER INCOME

	2026	2025
	HK$'000	HK$'000
Bank interest income	**1**	1
Interest income on dividends receivable	**–**	348
Interest income on loans receivable	**847**	95
Services charges	**64**	77
Sundry income	**190**	279
	1,102	800

8. OTHER GAINS AND LOSSES

	2026 HK$'000	2025 HK$'000
Net foreign exchange gain	**3,282**	2,327
Gain on modification of lease	**1,187**	121
Impairment loss on right-of-use assets	**(3,236)**	(592)
Loss on disposal of a subsidiary	**(526)**	–
Loss on disposal of intangible assets	**(425)**	–
Gain on early termination of lease	**–**	483
Gain on reversal of provision for reinstatement cost	**–**	150
Written-off of inventories	**–**	(495)
Impairment loss on property, plant and equipment	**–**	(155)
Loss on disposal of property, plant and equipment	**–**	(37)
	282	1,802

9. REVERSAL OF (IMPAIRMENT LOSS) UNDER ECL MODEL, NET

	2026 HK$'000	2025 HK$'000
Reversal of (impairment loss) under ECL model, net		
— trade receivables	**19**	(57)
— deposits and other receivables	**50**	(141)
	69	(198)

10. FINANCE COSTS

	2026 HK$'000	2025 HK$'000
Interest on:		
— Other borrowings	**1,102**	448
— Lease liabilities	**131**	332
	1,233	780

11. LOSS BEFORE TAX

	2026 **HK$'000**	2025 HK$'000
Loss before tax is arrived after charging (crediting):		
Staff costs including directors' remuneration	**18,302**	20,065
Contribution to retirement schemes	**1,331**	1,415
Total staff costs (Note (a))	**19,633**	21,480
Depreciation of property, plant and equipment	**51**	106
Depreciation of right-of-use assets	**925**	1,791
Amortisation of intangible assets	**–**	176
Auditors' remuneration		
— Audit services	**480**	550
Cost of inventories sold	**17,530**	31,647
Reversal of (provision for) obsolete and slow-moving inventories (Note (b))	**(215)**	30
Written off of inventories	**–**	495

Notes:

(a) There are approximately HK$8,445,000 (2025: HK$10,624,000) related to cost of sales.

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

12. INCOME TAX EXPENSE

	2026 **HK$'000**	2025 HK$'000
Current tax		
— PRC Enterprise Income Tax ("EIT")	**57**	20
Deferred taxation (Note 32)	**3**	(7)
	60	13

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

12. INCOME TAX EXPENSE (CONTINUED)

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

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2025: 25%).

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

	2026 **HK$'000**	2025 HK$'000
Loss before tax	**(15,491)**	(4,275)
Tax at the domestic tax rate of 16.5% (2025: 16.5%)	**(2,556)**	(705)
Effect of different tax rate of subsidiaries operating in different jurisdictions	**5**	161
Tax effect of share of results of an associate	**966**	121
Tax effect of expenses not deductible for tax purpose	**415**	270
Tax effect of income not taxable for tax purpose	**(766)**	(127)
Utilisation of deductible temporary differences previously not recognised	**(109)**	(277)
Tax effect of tax losses not recognised	**2,205**	1,037
Utilisation of tax losses previously not recognised	**(100)**	(467)
Income tax expense for the year	**60**	13

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

	2026 **HK$'000**	2025 HK$'000
Directors' fees	**644**	710
Salaries, allowances and benefits in kind	**2,004**	1,920
Discretionary bonus	**86**	80
Retirement scheme contributions	**18**	18
	2,752	2,728

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

For the year ended 31 March 2026

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Lo Yan Yee (Chairman)	150	642	43	–	835
Ms. Cheng Yeuk Hung ("**Madam Cheng**")	150	642	43	–	835
Ms. Chan Wan Shan, Sandra	30	720	–	18	768
Mr. Tansri Saridju Benui	150	–	–	–	150
Independent non-executive directors:					
Mr. Leung Yu Tung, Stanley	84	–	–	–	84
Mr. Lam Kwok Leung, Roy	30	–	–	–	30
Mr. Lam Wing Biu, Thomas	50	–	–	–	50
	644	2,004	86	18	2,752

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

For the year ended 31 March 2025

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

For the year ended 31 March 2026, there were no amounts paid during the year to the directors in connection with their retirement from employment with the Group, or inducement to join (2025: HK$nil). There was no arrangement under which the directors and chief executive officer waived or agreed to waive any remuneration during the year (2025: HK$nil).

14. EMPLOYEES' EMOLUMENTS

(a) Five highest paid individual

The five highest paid individuals during the year are three directors (2025: three) with their emoluments disclosed in Note 13.

The detail of the emoluments of the remaining two (2025: two) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	2026 **HK$'000**	2025 HK$'000
Salaries, allowances and other benefits	**1,557**	1,514
Retirement schemes contributions	**36**	36
	1,593	1,550

The emoluments of the two (2025: two) individuals with the highest emoluments are fell within the following band:

	Number of individuals	
	2026	2025
HK$Nil to HK$1,000,000	**2**	2

(b) Senior Management of the Company

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

	Number of individuals	
	2026	2025
HK$Nil to HK$1,000,000	**3**	3

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

15. DIVIDENDS

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

16. LOSS PER SHARE

Basic loss per share	2026 HK$'000	2025 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	**(15,551)**	(4,288)

	2026 '000	2025 '000
Number of shares		
Number of ordinary shares for the purpose of calculating basic loss per share	**666,423**	666,423

No diluted loss per share for both 2026 and 2025 were presented as there were no potential ordinary shares in issue for both 2026 and 2025.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture & fixtures HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Mould HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost								
At 1 April 2024	17,914	2,383	1,846	935	995	32	4,995	29,100
Additions	–	161	13	12	–	–	162	348
Disposals	(1,692)	(907)	–	–	–	–	–	(2,599)
Exchange realignment	–	–	(4)	–	–	–	(918)	(922)
At 31 March 2025	16,222	1,637	1,855	947	995	32	4,239	25,927
Additions	–	–	3	–	–	–	185	188
Exchange realignment	–	–	8	–	–	–	25	33
At 31 March 2026	**16,222**	**1,637**	**1,866**	**947**	**995**	**32**	**4,449**	**26,148**
Depreciation and impairment								
At 1 April 2024	17,914	2,324	1,789	935	995	32	4,858	28,847
Provided for the year	–	30	27	1	–	–	48	106
Impairment loss recognised in profit or loss	–	153	–	–	–	–	2	155
Eliminated on disposals	(1,692)	(870)	–	–	–	–	–	(2,562)
Exchange realignment	–	–	(4)	–	–	–	(913)	(917)
At 31 March 2025	16,222	1,637	1,812	936	995	32	3,995	25,629
Provided for the year	–	–	18	4	–	–	29	51
Exchange realignment	–	–	4	–	–	–	3	7
At 31 March 2026	**16,222**	**1,637**	**1,834**	**940**	**995**	**32**	**4,027**	**25,687**
Carrying values								
At 31 March 2026	**–**	**–**	**32**	**7**	**–**	**–**	**422**	**461**
At 31 March 2025	–	–	43	11	–	–	244	298

The above items of property, plant and equipment after taking into account the residual values, are depreciated on a straight-line basis on the following bases:

Leasehold improvements	Over the shorter of the lease terms, or 5 years
Furniture and fixtures	20% per annum
Office equipment	25%–33.3% per annum
Computer equipment	25%–33.3% per annum
Motor vehicles	25%–33.3% per annum
Mould	25%–33.3% per annum
Plant and machinery	25%–33.3% per annum

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessment

As at 31 March 2026, in view of the unsatisfied performance of the manufacturing and trading of electronic products and accessories segment for the periods, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets of the manufacturing and trading of electronic products and accessories segment with the carrying amounts of approximately HK$447,000 and HK$Nil, respectively. The Group estimates the recoverable amounts of the cash generating unit of the manufacturing and trading of electronic products and accessories business (the "**Manufacturing CGU**"), to which the asset belongs when it is not possible to estimate the recoverable amount individually. The Manufacturing CGU represents the Group's plant and machinery and other equipment and leased properties in Shenzhen.

The recoverable amount of cash-generating unit has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease periods which are between 0 to 2 years with a pre-tax discount rate of 16% as at 31 March 2026. The annual growth rate used is 5%, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating units' past performance and management expectations for the market development.

Based on the result of the assessment, management of the Group determined that the recoverable amount of certain cash-generating unit is lower than the carrying amount. The impairment amount 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 asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss recognised of approximately HK$Nil has been made against the carrying amount of property, plant and equipment, and impairment loss recognised of approximately HK$3,236,000 has been made against the carrying amount of right-of-use assets within the relevant functions to which these assets relate.

As at 31 March 2025, in view of the unsatisfied performance of the provision of food catering services segment for the periods, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets of the provision of food catering services segment with the carrying amounts of approximately HK$Nil and HK$Nil, respectively. The Group estimates the recoverable amounts of the cash generating unit of the provision of food catering services business (the "**Catering CGU**"), to which the asset belongs when it is not possible to estimate the recoverable amount individually. The Catering CGU represents the Group's office equipment, plant and machinery and leased restaurant property in Hong Kong.

The recoverable amount of cash-generating unit has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease periods with a pre-tax discount rate of 16% as at 31 March 2025. Cash flow projections during the budget period were based on the operating costs, budgeted sales, growth rates and gross margins during the budget period and the budgeted margins have been determined based on past performance and management's expectations for the future changes in the market.

Based on the result of the assessment, management of the Group determined that recoverable amount of certain cash-generating unit is lower than the carrying amount. The impairment amount 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 asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss recognised of approximately HK$155,000 has been made against the carrying amount of property, plant and equipment, and impairment loss recognised of approximately HK$592,000 has been made against the carrying amount of right-of-use assets within the relevant functions to which these assets relate.

18. RIGHT-OF-USE ASSETS

	Buildings HK$'000
As at 31 March 2026	
Carrying amount	–
As at 31 March 2025	
Carrying amount	–
For the year ended 31 March 2026	
Depreciation charge	925
Impairment loss recognised in profit or loss	3,236
For the year ended 31 March 2025	
Depreciation charge	1,791
Impairment loss recognised in profit or loss	592

	2026 HK$'000	2025 HK$'000
Expense relating to short-term leases	**1,584**	478
Total cash outflow for leases	**4,439**	4,610
Additions to right-of-use assets	**4,161**	–

For both years, the Group leases various offices and restaurant property for its operations. Lease contracts are entered into for a fixed term of one to three years (2025: one to three years), but may have termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Restrictions or covenants on leases

In addition, lease liabilities of HK$3,368,000 are recognised with related right-of-use assets of HK$Nil as at 31 March 2026 (2025: lease liabilities of HK$2,821,000 and related right-of-use assets of HK$Nil). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in Notes 31 and 37b.

Details of impairment of right-of-use assets are set out in Note 17.

19. INTANGIBLE ASSETS

	HK$'000
Cost	
At 1 April 2024 and 31 March 2025	880
Disposals	(880)
At 31 March 2026	–
Amortisation and impairment	
At 1 April 2024	279
Charge for the year	176
At 31 March 2025	455
Eliminated on disposals	(455)
At 31 March 2026	–
Carrying values	
At 31 March 2026	–
At 31 March 2025	425

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Website 5 years

20. INTEREST IN AN ASSOCIATE

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

During the year ended 31 March 2025, Bluemount Financial Group underwent reorganisation and Bluemount Holdings Limited ("**Bluemount Group**"), an entity incorporated in Cayman Island, become the holding company of Bluemount Financial Group and its subsidiaries.

	2026 **HK$'000**	2025 HK$'000
Cost of investment in an associate	**6,200**	6,200
Share of post-acquisition results and other comprehensive income, net of dividend received	**16,926**	22,779
Share of net assets of an associate	**23,126**	28,979

20. INTEREST IN AN ASSOCIATE (CONTINUED)

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

Name of associate	Country of incorporation/ registration/ principle place business	Paid-up capital or registered capital	Proportion of ownership interest and voting power attributable to the Group Direct		Indirect		Principal activities
			2026	2025	**2026**	2025	
Bluemount Group	Cayman Islands	United States Dollars ("**US$**") $2,552 (2025: US$2,401)	**28.22%**	30.00%	**–**	–	Investment holding

Summary financial information of Bluemount Group

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in Bluemount Group's consolidated financial statements prepared in accordance with HKFRS Accounting Standards. The associate is accounted for using the equity method in these consolidated financial statements.

	2026 HK$'000	2025 HK$'000
Current assets	**73,772**	163,244
Non-current assets	**766**	1,542
Current liabilities	**(12,599)**	(88,202)
Equity	**61,939**	76,584

	2026 HK$'000	2025 HK$'000
Revenue	**62,059**	37,366
Loss and total comprehensive expenses for the year	**(52,404)**	(2,451)
Dividend received by the Group during the year	**–**	–

20. INTEREST IN AN ASSOCIATE (CONTINUED)

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

	2026 HK$'000	2025 HK$'000
Net assets of Bluemount Group	61,939	76,584
Fair value adjustment, net of tax (Note (a))	20,010	20,010
Net assets of Bluemount Group after adjusting for fair value adjustment at the date of acquisition	81,949	96,594
Proportion of the Group's ownership interest (Note (b))	28.22%	30.00%
The Group's share of net assets of Bluemount Group	23,126	28,979

Notes:

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

(b) During the year ended 31 March 2026, the Group's interests in Bluemount Group was diluted from 30% to 28.22% as a result of Bluemount Group issuing 1,515,000 new Class B shares to investors with proceeds of the issuance totalling HK$37,542,000. Notwithstanding the dilution, the Group continues to have significant influence over Bluemount Group and has continued to equity account for its interests in Bluemount Group as associate.

A gain on this deemed partial disposal of HK$8,810,000 was recorded in the line item "share of results of an associate" in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2026, principally reflecting the change in the Group's share of net assets in Bluemount Group immediately before and after the share issuance.

21. INVENTORIES

	2026 HK$'000	2025 HK$'000
Raw materials	2,173	1,712
Work-in-progress	602	880
Finished goods	12,146	12,484
	14,921	15,076

22. TRADE RECEIVABLES

	2026 HK$'000	2025 HK$'000
Trade receivables	**1,524**	6,015
Less: Allowance for credit losses	**(85)**	(104)
	1,439	5,911

As at 1 April 2024, trade receivables from contracts with customers amounted to HK$4,546,000.

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

The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the invoice dates.

	2026 HK$'000	2025 HK$'000
0 to 30 days	**963**	5,711
31 to 60 days	**41**	200
61 to 90 days	**117**	–
Over 90 days	**318**	–
	1,439	5,911

As at 31 March 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$761,000 (2025: HK$452,000) which are past due as at the reporting date. Out of the past due balances, HK$384,000 (2025: HK$Nil) has been past due 90 days or more and is not considered as in default.

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

	2026 HK$'000	2025 HK$'000
US$	**795**	4,931

Details of impairment assessment of trade receivables are set out in Note 37(b).

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2026	2025
	HK$'000	HK$'000
Deposits paid and prepayments to suppliers (Note (a))	**64**	134
Amount due from an associate (Note (b))	**–**	1,197
Loans receivable (Note (c))	**8,104**	5,010
Other receivables	**4,271**	2,673
Other deposits paid	**2,903**	3,477
Prepayments	**222**	187
	15,564	12,678
Less: Allowance for credit losses	**(131)**	(181)
	15,433	12,497

Notes:

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

(b) As at 31 March 2026, the amount included dividends receivable from an associate of HK$Nil (2025: HK$1,197,000) with interest of 7% per annum.

(c) The amount represented loans to independent third parties at interest of 11% (2025: 11%) per annum, which are unsecured and repayable within one year.

Details of impairment assessment of deposits and other receivables are set out in Note 37(b).

24. CASH AND CASH EQUIVALENTS

	2026 **HK$'000**	2025 HK$'000
Cash and cash equivalents	**5,500**	5,852

Cash and cash equivalents include demand deposits for the purpose of meeting the Group's short-term cash commitments, which carry interest at market rates range from 0.001% to 0.5% (2025: 0.001% to 0.295%).

As at 31 March 2026 and 2025, cash on hand and at bank that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	2026 **HK$'000**	2025 HK$'000
US$	**3,348**	2,090
Renminbi ("**RMB**")	**92**	145
Australian Dollars ("**AUD**")	**–**	18
	3,440	2,253

Details of impairment assessment of bank balances are set out in Note 37(b).

25. TRADE PAYABLES

	2026 HK$'000	2025 HK$'000
Trade payables	**4,017**	2,733

The following is an aged analysis of trade payable presented based on the invoice dates.

	2026 HK$'000	2025 HK$'000
Within 30 days	**2,973**	1,667
31 to 60 days	**468**	774
61 to 90 days	**504**	238
91 to 180 days	**65**	32
Over 180 days	**7**	22
	4,017	2,733

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

26. ACCRUALS AND OTHER PAYABLES

	2026 HK$'000	2025 HK$'000
Accruals	**4,918**	4,188
Other payables	**1,740**	617
Other tax payables	**842**	767
	7,500	5,572

27. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate is unsecured, interest free and repayable on demand.

28. AMOUNT DUE TO A DIRECTOR

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

29. CONTRACT LIABILITIES

	2026 **HK$'000**	2025 HK$'000
Deposits received from customers for trading of electronic products	**321**	311

As at 1 April 2024, contract liabilities amounted to HK$146,000.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligation that were satisfied in prior periods.

	2026 **HK$'000**	2025 HK$'000
Balance at the beginning of the year	**311**	146
Add: Consideration arising from deposits received	**321**	293
Less: Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(311)**	(128)
Balance at the end of the year	**321**	311

30. OTHER BORROWINGS

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

	2026 HK$'000	2025 HK$'000
Unsecured:		
— Other borrowings (Note)	**12,032**	7,637
The carrying amount of the above borrowings are repayable:		
— within one year	**12,032**	7,637

Note:

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

(i) An amount of HK$10,931,000 (2025: HK$6,736,000) represented a loan from a shareholder of the Group's ultimate holding company, which is unsecured, carries fixed interest rate of 11% (2025: 11%) per annum and with maturity dates within one year.

(ii) Amounts of HK$1,101,000 (2025: HK$901,000) represented loans from independent third parties, which are unsecured, carry fixed interest rate at 11% (2025: 11%) per annum and with maturity dates within one year.

31. LEASE LIABILITIES

	2026 HK$'000	2025 HK$'000
Lease liabilities payable:		
Within one year	**1,898**	2,821
Within a period of more than one year but not exceeding two years	**1,470**	–
	3,368	2,821
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,898)**	(2,821)
Amount due for settlement after 12 months shown under non-current liabilities	**1,470**	–

31. LEASE LIABILITIES (CONTINUED)

The incremental borrowing rates applied to lease liabilities at 8.3% (2025: from 7.0% to 8.3%).

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

	2026 **HK$'000**	2025 HK$'000
RMB	**3,368**	1,631

32. DEFERRED TAXATION

	2026 **HK$'000**	2025 HK$'000
Deferred tax assets	**14**	17

The following is the deferred tax asset recognised and the movements thereon during the current and prior years:

	ECL provision HK$'000
As at 1 April 2024	10
Credited to profit or loss	7
As at 31 March 2025	17
Charged to profit or loss	(3)
As at 31 March 2026	**14**

32. DEFERRED TAXATION (CONTINUED)

At 31 March 2026, the Group has tax losses arising of approximately HK$34,873,000 (2025: HK$22,113,000), including approximately HK$5,733,000 (2025: HK$Nil) arose in the PRC that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses because in the opinion of the Directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At the end of the reporting period, the Group has deductible temporary differences of HK$9,354,000 (2025: HK$10,014,000) related to property, plant and equipment. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

33. PROVISION FOR REINSTATEMENT COSTS

	2026 **HK$'000**	2025 HK$'000
Balance at the beginning of the year	**250**	400
Reversal of provision for reinstatement cost	**–**	(150)
Balance at the end of the year	**250**	250
Less: Non-current portion	**(250)**	(250)
Current portion	**–**	–

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

34. SHARE CAPITAL

	Number of shares '000	**Share capital** HK$'000
Authorised ordinary shares at HK$0.05 per share		
At 1 April 2024, 31 March 2025 and 31 March 2026	1,000,000	50,000
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 April 2024, 31 March 2025 and 31 March 2026	666,423	33,321

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally regarding the Company's residual assets.

35. RESERVES

The movements of reserves of the Group during the current and prior years are presented in the consolidated statement of changes in equity.

(a) Contribution reserve

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

(b) Capital reserve

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

(c) Translation reserve

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

36. CAPITAL RISK MANAGEMENT

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

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

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

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

	2026 **HK$'000**	2025 HK$'000
Debt	**12,032**	7,637
Equity	**31,068**	49,532
Gearing ratio	**38.73%**	15.42%

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2026 HK$'000	2025 HK$'000
Financial assets		
Amortised costs	**22,150**	24,073
Financial liabilities		
Amortised costs	**23,405**	13,839

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, cash and cash equivalents, trade payables, amount due to an associate, amount due to a director, other payables, other borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group's business transaction, assets and liabilities are denominated in RMB, US$ and AUD and the functional currency of the Group is HK$. Considering the fact that most of the Group's transactions are denominated in its functional currency except for sales denominated in US$, the Group's exposure to foreign currency risk arises from sales denominated in US$.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2026 HK$'000	2025 HK$'000	2026 HK$'000	2025 HK$'000
RMB	**3,183**	3,121	**5,200**	3,891
US$	**4,143**	11,931	**904**	591
AUD	**–**	18	**–**	–

37. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

As HK$ is pegged to US$, the management of the Company is of the opinion that the Group's exposure of currency risk to US$ is minimal and accordingly, no foreign currency sensitivity analysis on US$ is presented.

The sensitivity analysis below has been determined based on the exposure to a 5% (2025: 5%) increase and decrease in HK$ against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding amounts of PRC subsidiaries' HK$ denominated monetary items and adjusts their translation at the end of reporting period for a 5% change in foreign currency rates. For a 5% strengthening of HK$ against RMB, the post-tax loss for the year ended 31 March 2026 would be decreased by approximately HK$84,000 (2025: HK$32,000). For a 5% weakening of the HK$ against RMB, there would be an equal and opposite impact on the profit and other comprehensive income.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to amount due from an associate (see note 23 for details), loans receivable (see note 23 for details), other borrowings (see note 30 for details) and lease liabilities (see note 31 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 24 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2026 **HK$'000**	2025 HK$'000
Interest income under effective interest method	**848**	444

Interest expense on financial liabilities not measured at FVTPL:

	2026 **HK$'000**	2025 HK$'000
Financial liabilities at amortised cost	**1,233**	780

No sensitivity analysis is presented as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

37. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment

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

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 91.69% (2025: 94.55%) of the total trade receivables was due from the Group's the five largest customers respectively within the manufacturing and trading of electronic products and accessories and trading of timepieces. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade receivables with credit-impaired individually and/or collectively. Except for trade receivables with credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings. Impairment of HK$19,000 is reversed (2025: HK$57,000 is recognised) during the year. Details of the quantitative disclosures are set out below in this note.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

Deposits and other receivables

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2026, the Group assessed the ECL for deposits and other receivables and impairment of HK$50,000 is reversed (2025: HK$141,000 is recognised) during the year.

37. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

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

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays but usually settles in full after due dates	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	Amount is > 30 days past due or there have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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

	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount 2026 HK$'000	Gross carrying amount 2025 HK$'000
Financial assets at amortised cost					
Trade receivables	N/A	Watch list	Lifetime ECL (not credit-impaired)	**1,144**	6,015
		Doubtful	Lifetime ECL (not credit-impaired)	**380**	198
Deposits and other receivables	N/A	Low risk	12m ECL	**15,342**	12,491
Bank balances	A1-Aa1	N/A	12m ECL	**3,749**	5,358

37. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating. The information about the credit risk exposure on the Group's trade receivables and contract assets is set out below.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired).

Gross carrying amount

	As at 31 March			
	2026		2025	
	Average loss rate %	**Trade receivables HK$'000**	Average loss rate %	Trade receivables HK$'000
Internal credit rating				
Watch list	**1.81**	**1,144**	1.68	6,015
Doubtful	**17.29**	**380**	–	–
		1,524		6,015

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

37. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

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

	Lifetime ECL (not credit-impaired) HK$'000
As at 1 April 2024	47
Change due to financial instruments recognise as at 1 April 2024	
— Impairment losses reversed	(47)
Impairment loss recognised for new financial assets originated	104
As at 31 March 2025	104
Change due to financial instruments recognise as at 1 April 2025	
— Impairment losses reversed	(104)
Impairment loss recognised for new financial assets originated	85
As at 31 March 2026	**85**

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

	12-month ECL HK$'000
As at 1 April 2024	40
— Impairment losses recognised, net	141
As at 31 March 2025	181
— Impairment losses reversed, net	(50)
As at 31 March 2026	**131**

37. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk

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

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

Liquidity tables

As at 31 March 2026

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities					
Trade payables	–	4,017	–	4,017	4,017
Other payables	–	1,740	–	1,740	1,740
Amount due to an associate	–	2,233	–	2,233	2,233
Amount due to a director	–	15	–	15	15
Lease liabilities	8.3	1,983	1,488	3,471	3,368
Other borrowings	11.0	12,886	–	12,886	12,032
		22,874	1,488	24,362	23,405

37. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (continued)

Liquidity tables (continued)

As at 31 March 2025

	Weighted average interest rate %	On demand or within one year HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities				
Trade payables	–	2,733	2,733	2,733
Other payables	–	617	617	617
Amount due to a director	–	31	31	31
Lease liabilities	7.5	2,889	2,889	2,821
Other borrowings	11.0	7,906	7,906	7,637
		14,176	14,176	13,839

(c) Fair value measurements of financial instruments

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

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

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

38. DISPOSAL OF A SUBSIDIARY

During the year ended 31 March 2026, the Group had entered into a sales and purchase agreement with an independent third party to dispose of its entire equity interests in Yuk Cuisine Limited at a consideration of HK$1. The disposal was completed in January 2026, on which date control of Yuk Cuisine Limited passed to the acquirer. The net assets of Yuk Cuisine Limited at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Deposits, prepayments and other receivables	782
Accruals and other payables	(155)
Other borrowing	(30)
Tax payable	(71)
Net assets disposed of	526

Loss on disposal of a subsidiary:

Consideration received	–
Net assets disposed of	(526)
Loss on disposal	(526)

Net cash inflow arising on disposal:

Consideration received	–

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to a director HK$'000	Amount due to an associate HK$'000	Lease liabilities HK$'000	Other borrowings HK$'000	Total HK$'000
At 1 April 2024	58	–	8,393	2,186	10,637
Financing cash flows	(27)	–	(4,132)	5,003	844
Non-cash changes:					
Lease modified	–	–	(819)	–	(819)
Early termination of lease	–	–	(912)	–	(912)
Finance cost	–	–	332	448	780
Exchange alignment	–	–	(41)	–	(41)
At 31 March 2025	31	–	2,821	7,637	10,489
Financing cash flows	**(16)**	**2,233**	**(2,855)**	**3,323**	**2,685**
Non-cash changes:					
Disposal of a subsidiary (Note 38)	**–**	**–**	**–**	**(30)**	**(30)**
Lease modified	**–**	**–**	**2,974**	**–**	**2,974**
Finance cost	**–**	**–**	**131**	**1,102**	**1,233**
Exchange alignment	**–**	**–**	**297**	**–**	**297**
At 31 March 2026	**15**	**2,233**	**3,368**	**12,032**	**17,648**

40. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2026 and 2025 are set out as below:

Name of subsidiaries	Place of incorporation/ principal place of operation and date of incorporation	Paid-up capital or registered capital	Percentage of equity and voting power attributable to the Company				Principal activities
			Direct		Indirect		
			2026	2025	**2026**	2025	
Echo Asia (Hong Kong) Limited	Hong Kong, 30 June 2015	HK$10,000	**100%**	100%	**–**	–	Investment holding and trading of timepieces
Gold Treasure Hung Group Limited	BVI, 6 December 2010	US$10,000	**100%**	100%	**–**	–	Investment holding
Yuk Cuisine Group Limited	Hong Kong, 4 May 2018	HK$10,000	**100%**	100%	**–**	–	Investment holding
Echo Electronics Company Limited	Hong Kong, 24 December 2003	HK$10,000	**–**	–	**100%**	100%	Trading of electronic products and accessories
Yi Gao Tech Electronics (Shenzhen) Co., Ltd.	The PRC, 26 May 2011	HK$4,000,000	**–**	–	**100%**	100%	Manufacture of electronic products and accessories
Yuk Cuisine Limited	Hong Kong, 29 March 2018	HK$10,000	**–**	–	**– (Note 38)**	100%	Provision of food catering services
Yuk Cuisine (Hongkong) Limited	Hong Kong, 8 July 2020	HK$10,000	**–**	–	**100%**	100%	Provision of food catering services

41. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties/connected person

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

Nature of related party/connected transactions

	2026	2025
	HK$'000	HK$'000
Sales to Moson International Limited (Note (i))	**2,000**	2,989
Rental paid to Mobile Computer Land Limited (Note (i))	**384**	372
Interest income on dividends receivable from an associate	**–**	348

Notes:

(i) The sales to and rental paid to Moson International Limited and Mobile Computer Land Limited respectively which major shareholder is Mr. Lo Ding Kwong, is the son of Madam Cheng, constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules, but is fully exempt from shareholders' approval and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

(b) Key management personnel remuneration

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in Notes 13 and 14 respectively to the consolidated financial statements, is as follows:

	2026	2025
	HK$'000	HK$'000
Salaries and allowances (including directors' fee)	**4,291**	4,224
Retirement scheme contribution	**54**	54
	4,345	4,278

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

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

	2026 HK$'000	2025 HK$'000
Non-current asset		
Interest in an associate	**23,126**	28,979
Current assets		
Amounts due from subsidiaries	**12,584**	40,305
Deposits, prepayments and other receivables	**861**	1,197
Cash and cash equivalents	**14**	15
	13,459	41,517
Current liabilities		
Amount due to a subsidiary	**1,004**	935
Amount due to a director	**6**	6
Accruals and other payables	**1,271**	822
	2,281	1,763
Net current assets	**11,178**	39,754
Net assets	**34,304**	68,733
Capital and reserves		
Share capital	**33,321**	33,321
Reserves	**983**	35,412
Total equity	**34,304**	68,733

Approved by the Board of Directors on 29 June 2026 and signed on its behalf by:

Lo, Yan Yee
Executive Director

Cheng, Yeuk Hung
Executive Director

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

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

	Share premium HK$'000	Contribution reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2024	139,823	4,836	(107,094)	37,565
Loss and total comprehensive expense for the year	–	–	(2,153)	(2,153)
As at 31 March 2025 and 1 April 2025	139,823	4,836	(109,247)	35,412
Loss and total comprehensive expense for the year	–	–	(34,429)	(34,429)
As at 31 March 2026	**139,823**	**4,836**	**(143,676)**	**983**

As at 31 March 2026, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to loss of HK$983,000 (2025: HK$35,412,000). The amount represents the net of Company's contribution reserve, share premium, and accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

43. COMPARATIVE FIGURES

Certain comparative figures of the consolidated financial statements were reclassified to conform with the current year's presentation.

Financial Summary

For the year ended 31 March 2026

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	For the year ended 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**40,105**	61,969	65,478	55,285	80,338
Loss before tax	**(15,491)**	(4,275)	(9,358)	(14,968)	(22,092)
Income tax (expense) credit	**(60)**	(13)	(85)	504	240
Loss for the year	**(15,551)**	(4,288)	(9,443)	(14,464)	(21,852)
Attributable to:					
Equity holders of the Company	**(15,551)**	(4,288)	(9,443)	(14,464)	(21,852)

	For the year ended 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**60,894**	69,055	73,911	67,907	75,002
Total liabilities	**(29,826)**	(19,523)	(20,936)	(15,626)	(70,724)
Total equity	**31,068**	49,532	52,975	52,281	4,278