NATIONAL ELECTRONICS HOLDINGS LIMITED

Stock Code: 213

ANNUAL REPORT 2026

CONTENTS

CORPORATE INFORMATION

Executive Directors

Jimmy Lee Yuen Ching
Chairman
Loewe Lee Bon Chi
Managing Director
Leonard Lee Bon Yee (appointed on 29 June 2026)
Edward Lee Yuen Cheor
Ricky Wai Kwong Yuen

Non-executive Directors

James Lee Yuen Kui (resigned on 29 June 2026)
Dorathy Lee Yuen Yu

Independent Non-executive Directors

Chan Kwok Wai
David Sun Dai Wai
Pius Ho

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Solicitors

Johnson Stokes & Master

Company Secretary

Andy Wong Kam Kee

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited
Bank of Communications (Hong Kong) Limited
Nanyang Commercial Bank, Limited
Chong Hing Bank Limited

Registered Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton, Pembroke
HM11
Bermuda

Principal Office

Suite 1218, Prince's Building
10 Chater Road
Central
Hong Kong

Registrar

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179, Hamilton HM EX
Bermuda

Branch Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Admiralty
Hong Kong

On behalf of the Board (the "Board") of Directors (the "Directors") of National Electronics Holdings Limited (the "Company"), I am pleased to report the results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2026.

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31 March 2026 was HK$41,289,930 (Year ended 31 March 2025: HK$93,898,000). The basic and diluted earnings per share of the Company for the year ended 31 March 2026 were 4.5 HK cents per share and 4.5 HK cents per share respectively (Year ended 31 March 2025: 10.3 HK cents per basic share and 10.3 HK cents per diluted share respectively).

FINAL DIVIDEND

The Board recommends the payment of a final dividend of 1.2 HK cents per share for the year ended 31 March 2026 (Year ended 31 March 2025: A final dividend of 0.5 HK cent per share).

BUSINESS REVIEW

WATCHES MANUFACTURING AND WATCH COMPONENTS

During the period under review, performance of the Group's watch manufacturing and watch component trading division improved as demand for mechanical movements increased.

The heated indoor pool at 1 South Bay Close, the Group's luxurious residential development in Repulse Bay.

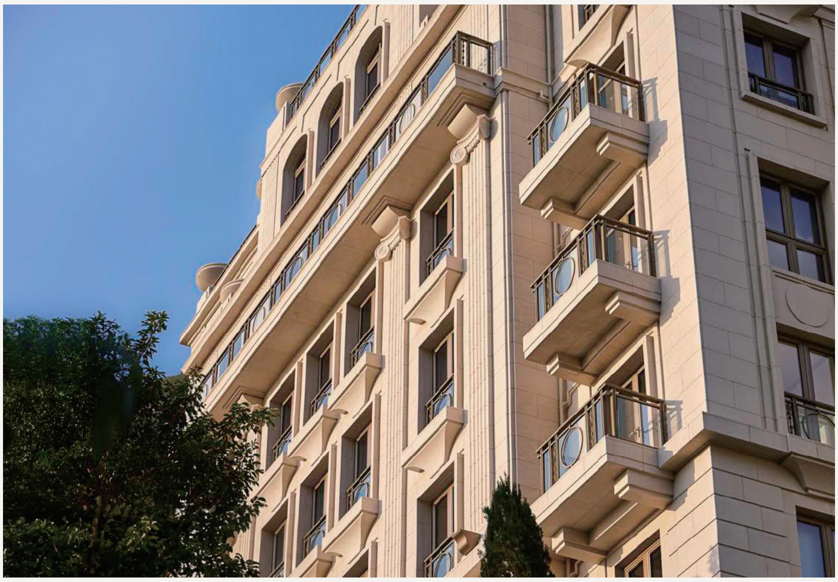
RESIDENTIAL AND OTHER PROPERTY DEVELOPMENT AND INVESTMENT

Subsequent to our marketing launch at the end of 2025, the Group disposed of 3 floors of its luxurious residential project at 1 South Bay Close, Repulse Bay, Hong Kong with satisfactory results.

Regarding the Group's Phase III (Final Phase) mixed-use project at 88 Queen Street East, Toronto, Canada, over 90% of all its residential units completed final closing at the end of March 2026. Due to the unfavorable market situation in Toronto, Canada, the Group sold the entire commercial portion of this development with results below the Group's expectations.

COMMERCIAL PROPERTY INVESTMENT

During the period under review, the Group's boutique commercial investments performance continues to grow and the results were satisfactory.



The Group sold three floors at 1 South Bay Close, its luxurious residential development in Repulse Bay.

PROSPECTS

WATCHES MANUFACTURING AND WATCH COMPONENTS

The U.S. tariff rate on watches using Japanese made movements which is more favorable than some other countries, seems to be acceptable to most U.S. importers. And with the current strong demand for mechanical watches using Japanese movements, the Group is hopeful that the watches manufacturing and watch components division will benefit from this trend.

RESIDENTIAL AND OTHER PROPERTY DEVELOPMENT AND INVESTMENT

The Group is closely monitoring the rising luxurious residential market to formulate its marketing plan for the remaining two duplex units of its luxurious residential project at 1 South Bay Close, Repulse Bay. At the same time, the Group is actively looking for new luxurious residential development opportunities.

COMMERCIAL PROPERTY INVESTMENT

As the demand in this sector continues to increase, the Group is planning to expand its boutique commercial property investments.

Finally, on behalf of the Board, I would like to thank all our staff for their loyalty and dedication especially during these challenging times.

Lee Yuen Ching, Jimmy
Chairman

Hong Kong, 29 June 2026

CORPORATE STRATEGY

The Group's long-term objective and strategy is to maximise value to shareholders through the stable growth in our core businesses and operations while exploring new opportunities for investment to generate sustainable growth.

The Group's watch manufacturing and watch component trading division continues to focus on traditional watch products while exploring the development of new technologies including smart, connected and hybrid watches.

The Group's residential and other property development and investment division remains committed to building the highest quality projects with a focus on design excellence. The Group has performed extensive research into expanding our sales and development expertise into different geographic markets and constantly looks for investment opportunities.

The Group's commercial property investment division aims at achieving continued growth and value enhancement over the long run.

The Group intends to streamline its alternative investment portfolio in order to diversify its liquidity profile.

The Group's launch of the new Pininfarina Pura Hybrid Smartwatch marks the next evolution of its partnership with Pininfarina, further strengthening the brand's position within the premium connected watch category. Building on the Senso and Sintesi collections, Pura introduces our new 2nd generation hybrid smartwatch technology, combining timeless design with advanced wellness features including stress monitoring, HRV tracking, sleep analysis, and extended battery life.

Supported by the new Pininfarina Vita companion app, Pura establishes a strong foundation for future growth within the connected wearables segment.

BUSINESS REVIEW

Due to the challenge from trade war and political uncertainties, the Group's profit before taxation for the financial year ended 31 March 2026 decreased to approximately HK$44 million.

WATCHES MANUFACTURING AND WATCH COMPONENTS

During the year under review, both turnover and profit margin of the Group's watch manufacturing and trading division increased slightly.

RESIDENTIAL AND OTHER PROPERTY DEVELOPMENT AND INVESTMENT

During the year under review, the Group's residential and other investment properties division recorded sales of properties of approximately HK$3,490 million (2025: nil). The Group held inventory of unsold properties of approximately HK$1,579 million (2025: HK$12.5 million) as at 31 March 2026.

COMMERCIAL PROPERTY INVESTMENT

During the year under review, the rental income of Group's commercial investment properties increased to approximately HK$135 million (2025: HK$118 million) with a high occupancy.

EXECUTIVE DIRECTORS

Mr. Jimmy Lee Yuen Ching ("Mr. Jimmy Lee"), aged 79, is the Chairman of the Group and the Chairman of the Nomination Committee. He received his university education in the United States and Canada. His initial experience in the watch industry was gained from his family's watch business and he subsequently became a co-founder of the Group. He was responsible for the founding of the Group's property division 34 years ago and has been responsible for the management of the property division since that time.

Mr. Loewe Lee Bon Chi ("Mr. Loewe Lee"), aged 46, is the Managing Director of the Group. He graduated from Harvard University and obtained a Bachelor of Arts degree with honours in Economics. He joined the Group in July 2005 and is responsible for overseeing the overall operations of the Group's watch components trading and property development and investment businesses. He is also an Honorary Permanent Director of The Federation of Hong Kong Watch Trades & Industries Limited. Prior to joining the Group, he was an investment banker at JPMorgan in New York.

Mr. Leonard Lee Bon Yee ("Mr. Leonard Lee"), aged 53, was appointed as an Executive Director of the Company by way of a letter of appointment with an initial term of three years commencing from 29 June 2026. Mr. Lee obtained a Bachelor of Science in Economics and a Bachelor of Applied Science from the Wharton School of the University of Pennsylvania in the United States. He is a director of the Group's subsidiary who brings extensive experience in real estate development, investment and project management to the Group.

Mr. Edward Lee Yuen Cheor ("Mr. Edward Lee"), aged 68, is an Executive Director of the Group. He joined the Group in 1981 and is currently responsible for the supervision of the properties development in Hong Kong.

Mr. Ricky Wai Kwong Yuen, M.Sc. ("Mr. Ricky Wai"), aged 79, is the President and Executive Director of National Electronics and Watch Company Limited. He joined the Group in 1976 and is responsible for its watch manufacturing business and other electronic products.

NON-EXECUTIVE DIRECTORS

Mr. James Lee Yuen Kui ("Mr. James Lee"), aged 72, joined the Group in 1976 and was a Managing Director of the Group until 23 August 2024. He resigned as Non-executive Director with effect from 29 June 2026. Mr. James Lee is the brother of Mr. Edward Lee and Ms. Dorathy Lee, who are Executive Director and Non-Executive Director of the Company respectively. He is also the cousin of Mr. Jimmy Lee, the Chairman of the Company and uncle of Mr. Loewe Lee and Mr. Leonard Lee, Managing Director and Executive Director of the Company respectively.

Ms. Dorathy Lee Yuen Yu ("Ms. Dorathy Lee"), aged 66, has not previously held any positions with the Company or its subsidiaries before joining the Group in September 2004. Ms. Dorathy Lee is the sister of Mr. Edward Lee and Mr. James Lee, who are Executive Director and Non-Executive Director of the Company respectively. She is also the cousin of Mr. Jimmy Lee, the Chairman of the Company and the aunt of Mr. Loewe Lee and Mr. Leonard Lee, Managing Director and Executive Director of the Company respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kwok Wai ("Mr. Chan"), aged 67, has been an Independent Non-executive Director of the Company since April 2005. He is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Chan is a member of the Hong Kong Securities Institute and a member of CPA Australia. Mr. Chan is currently a director of High Progress Consultants Limited. He is also an Independent Non-executive Director of Hing Yip Holdings Limited (Stock Code: 0132), Tern Properties Company Limited (Stock Code: 0277) and Chinese Estates Holdings Limited (Stock Code: 0127), the shares of all of which are listed on The Stock Exchange of Hong Kong Limited. Mr. Chan brings extensive experience in financial reporting, corporate governance and internal control to the Group.

Mr. David Sun Dai Wai ("Mr. Sun"), aged 67, was appointed as an Independent Non-executive Director of the Company in February 2022. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee of the Company. Mr. Sun obtained a Bachelor's degree in business administration (with honours) from the University of Western Ontario in Canada in 1981. He has been an executive director of Sun International Limited, Sun International Trading Company Limited, Sun International Concepts Limited and AOM-Sun Limited since 1981. He was a committee member of the Watch & Clock Advisory Committee of the Hong Kong Trade Development Council from 1988 to 2007 and 2012 to 2016. He was the co-chairman of Hong Kong International Watch & Clock Fair in 1991. Mr. Sun was the chairman of the Federation of Hong Kong Watch Trades & Industries Limited from 1991 to 1992. He also served as the president of the Hong Kong Watch Importers' Association from 1992 to 1994, 1996 to 1998 and 2002 to 2004. He was an executive committee member of the Hong Kong Retail Management Association from 1992 to 2012. He has been a director of China Horologe Association since 2008. Mr. Sun brings extensive experience in the watch and clock industry to the Group.

Mr. Pius Ho ("Mr. Ho"), aged 58, was appointed as an Independent Non-executive Director of the Company by way of a letter of appointment with an initial term of three years commencing from 26 March 2024. He is a member of each of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Ho obtained a Bachelor of Commerce degree in Urban Land Economics from University of British Columbia in Canada in 1990 and a Master of Business Administration degree from University of Ottawa in Canada in 1997. Mr. Ho has over 30 years of experience in real estate development and investment, in particular in Asia Pacific. He brings extensive experience in real estate development and investment to the Group.

SENIOR MANAGEMENT

The Executive Directors are also senior management members of the Group.

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts and property development and investment.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2026 are set out in the consolidated statement of profit or loss on page 37.

The directors now recommend the payment of a final dividend of 1.2 HK cents per share to the shareholders of the Company whose names appear on the register of members on Monday, 7 September 2026, amounting to approximately HK$10,952,000 in aggregate.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2026 including a fair review of the business and discussion of the principal risks and uncertainties facing the Group and indication of likely future developments in the Group's business, are set out in the "Chairman's Statement", "Management Discussion and Analysis" and "Five Year Financial Summary" sections of this Annual Report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 134 of the annual report.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 March 2026, the Company's reserves available for distribution to shareholders were HK$409,363,093 (2025: HK$355,483,438), including the contributed surplus of HK$90,854,039 (2025: HK$90,854,039) and retained profits of HK$318,509,054 (2025: HK$264,629,399).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), details of which are set out in note 33 to the consolidated financial statements.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors
Mr. Jimmy Lee Yuen Ching
Mr. Loewe Lee Bon Chi
Mr. Leonard Lee Bon Yee (appointed on 29 June 2026)
Mr. Edward Lee Yuen Cheor
Mr. Ricky Wai Kwong Yuen

Non-executive directors
Mr. James Lee Yuen Kui (resigned on 29 June 2026)
Ms. Dorathy Lee Yuen Yu

Independent non-executive directors
Mr. Chan Kwok Wai
Mr. David Sun Dai Wai
Mr. Pius Ho

In accordance with the Bye-law 99(A) of the Company, Mr. Edward Lee Yuen Cheor and Mr. Chan Kwok Wai shall retire by rotation and, being eligible, offer themselves for re-election.

Mr. Leonard Lee Bon Yee was appointed as an Executive Director on 29 June 2026. In accordance with Article 102(B) of the Bye-laws of the Company, he shall hold office of director only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Being eligible, Mr. Leonard Lee Bon Yee offered himself for re-election at the Annual General Meeting to be held on Thursday, 27 August 2026.

Each director, except the Chairman and the Managing Director, was appointed for a term of period up to his retirement and re-election by rotation under the Bye-law of the Company.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers all of the Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Save as disclosed above, none of the directors has entered into any service agreement with any member of the Group nor are there any other service agreements proposed which will not expire or be determinable by the Company within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Bye-laws, every director or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or damages which he may sustain or incur in or about the execution of the duties of his office, or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2026, the interests of the Directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers, were as follows:

Ordinary shares of HK$0.10 each

Name of director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Percentage of the issued share capital of the Company *(note e)*
Mr. Jimmy Lee Yuen Ching	Chairman	–	–	536,514,894 *(notes a, b)*	536,514,894	58.685%
Mr. Loewe Lee Bon Chi	Managing Director	21,720,000	–	549,514,894 *(notes a, c)*	571,234,894	62.483%
Mr. Ricky Wai Kwong Yuen	Executive Director	40,994,543	–	–	40,994,543	4.484%
Mr. James Lee Yuen Kui (resigned on 29 June 2026)	Non-executive Director	6,534	–	–	6,534	0.001%
Mr. David Sun Dai Wai	Independent Non-executive Director	–	6,097,857 *(note d)*	–	6,097,857	0.667%

Notes:

(a) 516,514,894 shares, are part of the property of two discretionary trusts of which Mr. Jimmy Lee Yuen Ching and his family members and Mr. Loewe Lee Bon Chi's family members are named beneficiaries.

(b) 20,000,000 shares are held by Mr. Jimmy Lee Yuen Ching's family member.

(c) 33,000,000 shares are held by Mr. Loewe Lee Bon Chi's family member.

(d) These 6,097,857 shares are held by Sun International Limited, the issued share capital of which are owned by Mr. David Sun Dai Wai and parties acting in concert with him. Therefore Mr. David Sun Dai Wai is deemed to be interested in the shares held by that company under the SFO.

(e) The percentage was calculated based on a total of 914,222,962 shares in issue as at 31 March 2026.

Saved as disclosed above, at 31 March 2026, none of the directors or chief executive or any of their associates had any interests, or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO.

SUBSTANTIAL SHAREHOLDERS

Other than the interests of certain directors disclosed under the heading "Directors' interests in shares" above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no other person as having a notifiable interest or short position in the issued share capital of the Company as at 31 March 2026.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 March 2026, the Group's five largest suppliers accounted for approximately 85.84% of the Group's purchases of which 71.25% was attributable to the largest supplier. The Group's five largest customers accounted for approximately 25.61% of the Group's turnover of which 7.41% was attributable to the largest customer.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers or customers during the year.

CORPORATE GOVERNANCE

During the year ended 31 March 2026, in the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, except for the deviation shown under the section "Corporate Governance Report" in this annual report.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 42 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Company, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 31 March 2026.

DONATIONS

During the year ended 31 March 2026, the Group did not make any charitable donations (2025: nil).

EVENTS AFTER THE REPORTING PERIOD

There is no significant event affecting the Group that had occurred since the end of the year up to the date of this annual report.

AUDITORS

The consolidated financial statements for the year were audited by HLB Hodgson Impey Cheng Limited who will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

JIMMY LEE YUEN CHING
Chairman

Hong Kong, 29 June 2026

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and upholding high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of shareholders of the Company (the "Shareholders").

During the year ended 31 March 2026, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules, except for the deviation as expressly set forth below in this report.

The Company has applied the principles of the CG Code in different respects, including but not limited to:

- the frequency and proper conduct of Board meetings;
- the well-balanced composition of the Board, with Independent Non-executive Directors representing not less than one-third of the total number of Directors;
- the proper procedures for appointment and re-election of Directors;
- the establishment of Audit and Risk Management Committee (the "ARMC") to review the financial reporting, risk management and internal controls of the Group and the enhanced communications between the ARMC and the external auditors of the Company twice a year through meetings held for the pre-audit planning and the annual results of the Group. The ARMC also met with the external auditors of the Company once without the presence of the other Directors during the year under review as well as to assist the Board in discharging its ongoing responsibility to oversee the Group's risk management and internal control systems;
- the establishment of Remuneration Committee (the "RC") to review the remuneration policy and other remuneration-related matters of the Group;
- the establishment of Nomination Committee (the "NC") to formulate a policy concerning diversity in the Board, make recommendations to the Board on any proposed appointment of Directors and assess the independence of the Independent Non-executive Directors on a regular basis;
- the provision of briefing or training (costs to be borne by the Company) on the relevant requirements of the Listing Rules (including the CG Code) and the SFO to all newly appointed Directors and to the entire Board;
- the provision of insurance coverage for Directors' liabilities;
- the timely supply of sufficient information to Directors for matters requiring their approval or opinions;
- the timely publication of the Company's announcements, circulars, annual and interim results and reports (collectively referred to as the "Publications") to keep the Shareholders informed of the latest business developments and financial performance of the Group;
- the holding of an annual general meeting each year to meet with the Shareholders and answer their enquiries; and
- the timely updating of the Company's official website with the latest Publications and the provision of a platform for communications with the Shareholders and investors through such website.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules (the "Model Code"). Employees who are likely to possess unpublished inside information of the Company are also subject to compliance with the same terms as the Model Code. Having made specific enquiries by the Company, it is confirmed that all Directors have complied with the required standard as set out in the Model Code and the code of conduct of the Company regarding directors' securities transactions throughout the year.

THE BOARD

The Board is responsible for leadership and control of the Group. The Board reviews and approves the objectives, strategies, directions and policies of the Group. The Board also reviews the Group's performance and monitors the activities of the Group. Three board committees, namely ARMC, NC and RC, with well-defined terms of reference have been established to assist the Board in discharging its responsibilities, while the responsibility of the day-to-day operations of the Group is delegated to the management of the Group, including the preparation of annual and interim results for Board approval before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements, rules and regulations. Appropriate insurance cover in respect of legal actions arising out of corporate activities against the Company's Directors and officers have been arranged.

COMPOSITION OF THE BOARD

The Board currently comprises nine Directors, consisting of five Executive Directors, one Non-executive Director and three Independent Non-executive Directors (the "INEDs"). The biographical details of the Directors are shown under the section "Directors and Senior Management" in this Annual Report.

CHAIRMAN AND MANAGING DIRECTOR

The Chairman of the Board is Mr. Jimmy Lee Yuen Ching and the Managing Director of the Group is Mr. Loewe Lee Bon Chi. The roles of the Chairman and the Managing Director were segregated. The Chairman is primarily responsible for the management and effective performance of the Board as well as the high-level strategies determination. The Managing Director is primarily responsible for the day-to-day management of the business of the Group.

Mr. Edward Lee Yuen Cheor (Executive Director), Mr. James Lee Yuen Kui (Non-executive Director, resigned on 29 June 2026), and Ms. Dorathy Lee Yuen Yu (Non-executive Director) are brothers and sister. The aforementioned Directors are also cousins of Mr. Jimmy Lee Yuen Ching (Chairman), who is the father of Mr. Loewe Lee Bon Chi (Managing Director) and Mr. Leonard Lee Bon Yee (Executive Directive, appointed on 29 June 2026).

BOARD ATTENDANCE

During the year, 4 Board meetings and 1 general meeting were held. Attendance of each Director at the board meetings and the general meeting held during the year is set out below:

	Board Meetings Attended/Held	General Meetings Attended/Held
Executive Directors:		
Mr. Jimmy Lee Yuen Ching *(Chairman)*	4/4	1/1
Mr. Loewe Lee Bon Chi *(Managing Director)*	4/4	1/1
Mr. Edward Lee Yuen Cheor	4/4	1/1
Mr. Ricky Wai Kwong Yuen	4/4	1/1
Non-Executive Directors:		
Mr. James Lee Yuen Kui (resigned on 29 June 2026)	4/4	0/1
Ms. Dorathy Lee Yuen Yu	4/4	0/1
Independent Non-executive Directors:		
Mr. Chan Kwok Wai	4/4	1/1
Mr. David Sun Dai Wai	4/4	1/1
Mr. Pius Ho	4/4	1/1

AUDIT AND RISK MANAGEMENT COMMITTEE

The principal roles and functions of the ARMC are as follows:

(a) to make recommendations to the Board on the appointment, reappointment and removal of the Company's auditors and to review and monitor their independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;

(b) to oversee the Group's relation with the Company's auditors;

(c) to review the financial information of the Group including monitoring the integrity of the Group's financial statements, annual reports and accounts, as well as interim reports and reviewing significant accounting policies;

(d) to oversee the Group's financial reporting system, internal control procedures and risk management systems; and

(e) to review the effectiveness of the Group's risk management and internal control systems including financial, operational and compliance controls.

Attendance of each member of the ARMC at the ARMC meetings held during the year is set out below:

Members	Meetings Attended/Held
Mr. Chan Kwok Wai *(INED) – Committee Chairman*	4/4
Mr. David Sun Dai Wai *(INED)*	4/4
Mr. Pius Ho *(INED)*	4/4

The following is a summary of the work performed by the ARMC during the year:

– Reviewed the audited annual results of the Group for the year ended 31 March 2025;

– Reviewed the interim results of the Group for the six months ended 30 September 2025;

– Reviewed the internal audit reports covering the evaluation of internal controls and risk management systems on financial, operational, compliance and risk management of the Group;

– Reviewed the auditors' remuneration and their performance and confirmed their independence;

– Reviewed the Corporate Governance Report of the Group for the year ended 31 March 2025;

– Reviewed the Environmental, Social and Governance Report of the Group for the year ended 31 March 2025;

– Reviewed the Dividend Policy of the Company; and

– Evaluated and assessed the effectiveness of the ARMC and the adequacy of the ARMC Charter and considered if any changes were required.

NOMINATION COMMITTEE

The NC is responsible for developing criteria to identify, assess the qualifications of and evaluate candidates for the Board. They identify individuals suitably qualified in terms of skills, knowledge and experience to become members of the Board in accordance with the board diversity policy adopted, taking into account of the existing composition of the Board in terms of skills, knowledge and experience and make recommendations to the Board for approval.

Attendance of each member of the NC at the NC meetings held during the year is set out below:

Members	Meetings Attended/Held
Mr. Jimmy Lee Yuen Ching *(Executive Director) – Committee Chairman*	2/2
Mr. Chan Kwok Wai *(INED)*	2/2
Mr. David Sun Dai Wai *(INED)*	2/2
Mr. Pius Ho *(INED)*	2/2
Mr. Loewe Lee Bon Chi *(Executive Director)* (ceased to be a member w.e.f. 27 June 2025)	1/2
Ms. Dorathy Lee Yuen Yu *(Non-Executive Director)* (appointed on 27 June 2025)	1/2

The following is a summary of the work performed by the NC during the year:

– Reviewed the board diversity policy which sets out the principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives;

– Reviewed the policy on nomination and appointment of Directors;

– Reviewed the current structure, size and composition (including skills, knowledge and experience) of the Board; and

– Assessed the independence of the INEDs.

REMUNERATION COMMITTEE

The Board has established the RC and its principal roles and functions are:

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

(b) to recommend the remuneration packages of the Directors and senior management; and

(c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Attendance of each member of the RC at the RC meetings held during the year is set out below:

Members	**Meetings Attended/Held**
Mr. David Sun Dai Wai *(INED) – Committee Chairman*	1/1
Mr. Chan Kwok Wai *(INED)*	1/1
Mr. Pius Ho *(INED)*	1/1
Mr. Jimmy Lee Yuen Ching *(Executive Director)*	1/1
Mr. Loewe Lee Bon Chi *(Executive Director)*	1/1

During the year, the RC assessed the performance of the executives and reviewed the remuneration policy of the Group and the remuneration packages of the Directors and the senior management.

The RC has adopted the model of making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. The Board will have final authority to approve the recommendations made by the RC.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 99(A) of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any Director holding office as Chairman or Managing Director, at each Annual General Meeting ("AGM"). The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election. The Company at any general meeting at which any Directors retire may fill the vacated offices.

Despite CG Code B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, in the opinion of the Board, the Chairman and Managing Director play a pivotal role in charting of corporate strategies and direction of the Group and should not be subject to retirement by rotation in consideration of the stability and continuity development of the Group. As such, the Board has exempted the Chairman and the Managing Director from retiring from office by rotation at AGM in accordance with Bye-law 99(A) of the Company.

NON-EXECUTIVE DIRECTORS

Each Non-executive and Independent Non-executive Director was appointed for a term of period up to his retirement by rotation and re-election at the AGM of the Company in accordance with Bye-law 99(A) of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmations of independence from each of the INEDs and considers all INEDs are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

BOARD INDEPENDENCE MECHANISMS

The Company has mechanisms in place to ensure independent views and input are available to the Board which is critical to good corporate governance. The implementation and effectiveness of such mechanisms will be reviewed by the Board on an annual basis.

The following is a summary of the mechanisms and findings of annual review by the Board:

1. **Number of INEDs and their time contribution**

   During the year under review, there were three INEDs (representing not less than one-third of the total number of Directors) and at least one of them possesses the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. The detail attendance rates of Board or Board Committee meetings and general meetings of each of the INEDs during the year under review is disclosed above in this Corporate Governance Report.

2. **Assessment or evaluation of INEDs' contribution**

   During the year, all the INEDs devoted sufficient time to the affairs of the Group and helped approve interim and annual results announcements and reports of the Group and appointment of INED.

3. Other channels where independent views are available

The Company has adopted a policy for all Directors (including the INEDs) to seek independent professional advice and assistance from external legal, accounting or other advisors (costs to be borne by the Company) to assist performance of their duties if necessary.

In view of the annual review findings of the Board independence mechanisms mentioned above, the Board considered that such mechanisms were properly implemented and remained effective for the year.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year, all Directors were provided with regular updates on the Group's performance as well as changes in the relevant laws and regulations applicable to the Group and the Directors.

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year, all Directors participated in continuous professional development by studying materials on topics related to corporate governance, Listing Rules and/or regulations, and/or attending or participating in external training, industry-specific seminars and conferences and provided a record of the training they received to the Company.

DIRECTORS	TYPE OF TRAINING RECEIVED
Executive Directors	
Mr. Jimmy Lee Yuen Ching	A, B
Mr. Loewe Lee Bon Chi	A, B
Mr. Leonard Lee Bon Yee (appointed on 29 June 2026)	A, B
Mr. Edward Lee Yuen Cheor	A, B
Mr. Ricky Wai Kwong Yuen	A, B
Non-Executive Directors	
Mr. James Lee Yuen Kui (resigned on 29 June 2026)	A, B
Ms. Dorathy Lee Yuen Yu	A, B
Independent Non-executive Directors	
Mr. Chan Kwok Wai	A, B
Mr. David Sun Dai Wai	A, B
Mr. Pius Ho	A, B

A: studying materials on topics related to corporate governance, Listing Rules and/or regulations
B: attending or participating external training, industry-specific seminars and conferences

COMPANY SECRETARY

During the year, Mr. Andy Wong Kam Kee ("Mr. Wong"), who continued to be the company secretary and authorised representative of the Company, took no less than 15 hours of relevant professional training required under Rule 3.29 of the Listing Rules. Mr. Wong has been a full-time employee of the Company since December 2010.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for overseeing the corporate governance duties of the Company. Terms of Reference of corporate governance functions are stipulated as follows:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the company policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD DIVERSITY POLICY

The Company has recognised the importance of board diversity to corporate governance and the board effectiveness in terms of examination and evaluation of corporate issues from different perspectives. As such, the Company adopted a board diversity policy (the "Diversity Policy") in 2016 which sets out the objectives and principles regarding board diversity.

Pursuant to the Diversity Policy, the Company considers board diversity from a number of aspects, including but not limited to gender, race, language, cultural and educational background, industry and professional experience. The ultimate decision would be based on merit and contribution that the selected candidates would bring to the Board as well as the Company's business needs.

Board composition of the Company
(composed of nine Directors[1])

Measurable objectives		Number of Directors	%	Findings of annual review
Gender	Male	8	88.89	**Both genders present in the Board** to ensure different views from different genders are considered
	Female	1	11.11	
Age	40-59	2	22.22	**Age of Board members span over at least a decade** to ensure a balanced mix of conservative and ambitious experience from relatively sophisticated veteran and energetic young Directors
	60-79	7	77.78	
Nationality	Canadian	6	66.67	**Nationality of Board members consist of more than a single nationality** to ensure international perspectives and global view are considered
	Chinese	3	33.33	
Year of service	below 9 years	2	22.22	**Difference in year of service** to ensure the consistency of business strategies implemented by the veteran Directors being complemented by new ideas from relatively new Directors
	9 years or above	7	77.78	
Directorship designation	Executive Directors	4	44.45	**Presence of substantial percentage of Non-executive Directors** to ensure interests of minority Shareholders and the Company as a whole are considered and/or to exert checks and balances on the Executive Directors
	Non-executive Directors	2	22.22	
	Independent Non-executive Directors	3	33.33	
Other public company directorship experience	Yes	1	11.11	**At least one Director having directorship experience with other public companies** to share directorship experience from other public companies and help the Board keep abreast of the current practices of other public companies
	No	8	88.89	

[1] The data reflects the Board composition during the financial year ended 31 March 2026. Mr. James Lee Yuen Kui resigned on 29 June 2026; and Mr. Leonard Lee Bon Yee was appointed on 29 June 2026.

Having reviewed the Diversity Policy and the Board's composition, the NC considered that the requirements set out in the Diversity Policy were met during the year.

GENDER DIVERSITY OF THE BOARD AND ACROSS THE WORKFORCE

There has been at least one female Director on the Board since 2004, and the Company will ensure that there will be at least one female Director at all times. To ensure that the Company shall continue to comply with gender diversity on its Board, the members of the NC are welcome to nominate any potential female candidate from time to time to register for a standby list which the Board can quickly refer to whenever the Board needs to recruit a female Director to achieve gender diversity on the Board. Where applicable, instruction will also be given to recruitment agents to specifically search for female candidates to fill any vacancy on the Board.

While the Diversity Policy applies to the Board only, the Group also maintains gender diversity in relation to employees of the Group who are not Directors.

The following table shows the gender ratio in the Board and the Group's workforce (excluding senior management) as at 31 March 2026:

	Female	**Male**
Board	11.11%	88.89%
Workforce	53.09%	46.91%

The Group does not have any specific plans or measurable objectives set for achieving gender diversity across the workforce (including senior management) as its recruitment policy has always been open to both genders. Under the recruitment process of the Group, a candidate will be appraised based on his/her qualifications, working experience, skills and competence rather than his/her gender.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group for each financial year which gives a true and fair view of the state of affairs of the Group. The reporting responsibilities of the Company's external auditors are set out in this annual report on pages 31 to 36.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS REVIEW FOR THE YEAR

The Board has an overall responsibility for the risk management framework, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems, and reviewing the effectiveness of such systems. The risk management and internal control systems of the Group aim to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure to achieve business objectives. The Board is also responsible for evaluating and determining the nature and extent of the significant risks (including, among others, material risks relating to ESG) it is willing to take in achieving the Group's objectives.

In view of the size, nature and complexity of the businesses of the Group, the Group has appointed external independent professionals to perform internal audit functions. As approved by the ARMC, the external independent professionals have made assessment on various business and operation risks of the Group. The ARMC reviewed the findings from the external independent professionals and discussed the recommended actions needed to be taken to develop and improve the effectiveness of the Group's risk management and internal control systems. The Board will continue to improve the Group's risk management and internal control systems through periodic reviews and adopting appropriate recommendations from the external auditors and external independent professionals.

The Board, through the ARMC, has conducted, on annual basis, a review of the effectiveness of the Group's internal control and risk management systems for the year to ensure that the Group maintains sound and effective controls to safeguard Shareholders' investment and the Group's assets, while the management is responsible for the design, implementation and monitoring of such systems. The review covered financial, operational and compliance controls and risk management functions. In its annual review of the effectiveness of the risk management and internal control systems (including the internal audit functions) of the Group, the Board considered the following factors:

- terms of reference, delegation of duties (i.e. scope of work) and acceptance levels of risks of the risk owners that have previously been tabled to the Board for approval;
- the extent and frequency of the reporting duties of the risk owners to the Board;
- the risk owners have been empowered under its terms of reference to have access to adequate resources, enabling it to discharge its duties, including but not limited to obtaining advice and assistance from internal or external legal, accounting or other advisors (costs to be borne by the Company) if necessary;
- the risk owners have the necessary qualifications, experience and competence to carry out their duties;
- training will made available to the risk owners (upon request);
- previous findings reported by the risk owners to the Board via the ARMC;
- the confirmation provided by ARMC that the risk management and internal control systems (including the internal audit functions) of the Group were effective and adequate, and that the Group's processes for financial and ESG reporting and the Listing Rules compliance were effective; and
- the discussion with the external auditors of the Company that no significant internal control deficiencies were identified by it during its annual audit of the Group.

Our approach to manage risks involves identification and assessment of principal risks from the external and internal environments at different organisation levels. The assessment considers the changes in nature and extent of significant risks and the Group's ability to respond to changes in its business and the external environment. Action plans have been developed and risk ownership has been assigned for each key principal risk. The risk owners coordinate the mitigation measures to ensure proper implementation of these action plans. The process is closely monitored by the ARMC.

The Board also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function. The Board considered the current risk management and internal control systems of the Group adequate and effective.

In the event that any material deficiency, failure or risk is reported by the risk owners to the Board via the ARMC, the Board should convene a Board meeting to consider ways to rectify the deficiency or failure, or to mitigate the risk or adverse impact, and decide whether any announcement of inside information to inform the Shareholders is necessary.

General rules for handling of inside information by Directors and other staff of the Group and/or monitoring of information disclosure pursuant to the SFO and the Listing Rules are summarised below:

- the Company adopts an upward reporting approach for identifying and escalating any potential inside information to the Board;

- employees of the Company shall bring any potential inside information promptly to the attention of their immediate superiors or the heads of business units or departments as appropriate;

- heads of business units or departments should promptly ascertain the facts and gather all relevant details reported by the staff and notify and escalate the details of any potential proposal, transaction or business development which may give rise to disclosure obligations to the Chief Financial Officer (for financial or accounting related matters) to verify and assess such details reported. After identifying any potential inside information, the Chief Financial Officer should notify the Managing Director and the Company Secretary;

- the Managing Director, with the assistance of the Company Secretary (if necessary), shall seek professional advice (where appropriate) and report to the Board or its delegate(s) and provide them with adequate details for review and assessment of the likely impact of such proposal, transaction or business development and ascertain whether it constitutes inside information or is subject to disclosure in order to avoid a false market of the Shares;

- the Board or its delegate(s) should review all relevant details and factors and decide whether disclosure is required and approve the relevant announcement and any further actions where applicable;

- inside information should be disseminated via the electronic publication system operated by the Stock Exchange before the information is released via other channels, such as the media or posting on the Company's official website;

- all Directors and employees are made aware of their obligations to maintain the confidentiality of any confidential information of the Group;

- no employee is permitted to disclose, discuss or share any confidential information about the Group with outside parties without the Company's prior approval;

- all Directors and employees are absolutely prohibited to deal or procure another person to deal in any securities of the Company when they possess any unpublished inside information; and

- any breach of the above obligations and professional conduct may result in internal disciplinary actions and where applicable, personal sanctions (civil or criminal) under applicable laws and regulations.

Taking the principal risks and mitigation actions into consideration, the Board believes that the Company has the ability to respond to any such changes in our businesses and the external environment.

EXTERNAL AUDITORS

The consolidated financial statements of the Company for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming AGM. The ARMC has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming AGM.

During the year, the remunerations payable to the Company's external auditors for audit and non-audit services performed by HLB Hodgson Impey Cheng Limited are set out below:

Type of services rendered	Fees payable HK$'000
Audit services	2,300
Non-audit services	188
Total	2,488

The non-audit services are relating to professional review services in accordance with the Listing Rules during the year.

The remuneration payable to other auditors of the Group in respect of audit services for the year amounted to approximately HK$1,097,000.

DIVIDEND POLICY

The Company intends to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders. According to the Dividend Policy adopted in 2019, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account various factors including, but not limited to:

- the Company's actual and expected results;
- the Group's liquidity position and financial covenants;
- the Group's expected working capital requirements and future expansion plans;
- the general economic and market conditions; and
- any other factors that the Board may deem appropriate and relevant.

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Bermuda Companies Act, any applicable laws, rule and regulations and the Memorandum and Bye-laws of the Company.

The Dividend Policy is subject to the review of and the changes to be made by the Board from time to time, and the Board may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

COMMUNICATION WITH SHAREHOLDERS

The Board is responsible for maintaining on-going communication with its Shareholders so as to comply fully with the disclosure requirements under the Listing Rules and other applicable laws and regulations. All Shareholders should have the equal rights of access to the information of the Company to enable them to make informed decisions.

AGM is an important channel for communicating with the Shareholders. Separate resolutions are proposed by the Chairman at the AGM for each substantially separate issue such as the nomination of persons as directors. The Chairman of the Board, as well as the chairmen of the ARMC, RC and NC, have attended the AGM to communicate directly with the Shareholders. The external auditors has also attended the AGM to answer relevant enquiries from the Shareholders.

All Shareholders can access the information of the Company through the Company's website at http://www.irasia.com/listco/hk/national/index.htm. The website provides updated information of the Group, including annual and interim reports, announcements and circulars, to the Shareholders. Shareholders are welcome to put to the Board any enquiries by contacting the Company Secretary, contact details of which are published on the IR Contact page of the Company's website.

The implementation and effectiveness of the above-mentioned Shareholder Communications Policy are reviewed by the Board on an annual basis. For the year under review, the Board was of the view that such policy remained adequate and effective in that: (a) such policy has provided multiple channels of communications to cater for different preferences of the Shareholders or stakeholders, including the Company's official website to disseminate the latest information about the Group (e.g. financial results and reports, announcements and circulars) to the Shareholders or stakeholders, correspondence and email addresses for them to communicate in writing, as well as telephone number and physical general meetings for them to communicate directly and verbally; (b) chairpersons of the Board and Board committees, Company Secretary and/or other professional advisers (if any) present at general meetings are available to answer questions raised by the Shareholders; and (c) designated officers (i.e. the Company Secretary) of the Company will be responsible for responding promptly to the enquiries or views from the Shareholders or stakeholders.

SHAREHOLDERS RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING ("SGM")

Pursuant to Section 74 of the Bermuda Companies Act 1981, Shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company shall have the right to request the directors of the Company to convene a SGM.

Requisitionist(s) who wish to convene a SGM must deposit a written requisition at the principal place of business of the Company in Hong Kong at Suite 1218, Prince's Building, 10 Chater Road, Central, Hong Kong, for the attention of the Company Secretary. The requisition must state clearly the name of the requisitionist(s) concerned, his/her/their address and shareholding in the Company, the purpose(s) to convene a SGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted at the SGM which should be signed by the requisitionist(s) concerned.

Such requisition will be verified by the Company's Share Registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all Shareholders.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any SGM to be convened by the Board.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981, the number of Shareholders necessary for a requisition for putting forward a proposal at an AGM, or SGM, shall be any number of Shareholders representing not less than 5% of the total voting rights at the date of the requisition; or not less than one hundred Shareholders.

Requisitionist(s) who wish to put forward proposal(s) or moving resolution(s) at AGM or SGM must deposit a written requisition at the principal place of business of the Company in Hong Kong at Suite 1218, Prince's Building, 10 Chater Road, Hong Kong, for the attention of the Company Secretary. The requisition must state clearly the name of the requisitionist(s) concerned, his/her/their address and shareholding in the Company and the details of business(es) proposed to be transacted at the AGM or SGM which should be signed by the requisitionist(s) concerned, together with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Such requisition will be verified by the Company's Share Registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to include the resolution(s) in the agenda of the AGM or SGM.

PROCEDURES FOR MAKING ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the IR contacts of the Company so published on the Company's website. Shareholders may also make enquiries to the Board at the general meetings of the Company. If Shareholders have any enquiries about their shareholdings and entitlements to dividend, they should direct their enquiries to Tricor Investor Services Limited, the Company's Branch Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There were no changes made to the Company's Bye-Laws during the year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Details of the environmental, social and governance of the Company will be set out in the Environmental, Social and Governance Report (the "ESG Report") to be published separately pursuant to Rule 13.91 and Appendix C2 to the Listing Rules, and posted on the websites of the Company (http://www.irasia.com/listco/hk/national/) and the Stock Exchange (http://www.hkexnews.hk).

HLB 國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE MEMBERS OF
NATIONAL ELECTRONICS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of National Electronics Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 131, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss, 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 a material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), 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 judgement, 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
Valuation of investment properties	
Refer to note 15 to the consolidated financial statements. The Group's investment properties amounted to HK$3,351,074,582 as at 31 March 2026. Increase in fair value of investment properties of HK$138,385,668 was recognised in the consolidated statement of profit or loss for the year then ended. We identified the valuation of investment properties as a key audit matter due to the key source of estimation uncertainty and the significant assumptions and judgements involved in the valuation. The Group engaged the independent qualified valuers to establish and determine the appropriate valuation techniques. The fair value of the Group's investment properties was determined by adopting the valuation techniques with significant unobservable inputs, assumptions of market conditions and judgements.	Our procedures in relation to the valuation of investment properties included but not limited to: • Evaluating the independent external valuers' competence, capabilities and objectivity; • Assessing the valuation methodologies used and the reasonableness of the key assumptions and parameters based on our knowledge of the property industry and using our auditors' valuation experts; and • Checking, on a sample basis, the accuracy and relevance of the input data used. We found the key assumptions were supportable by the available evidence.

Key audit matter (Cont'd)	How our audit addressed the key audit matter (Cont'd)
Assessment of the net realisable values of inventory of unsold properties	
Refer to note 25 to the consolidated financial statements. The Group's of inventory of unsold properties amounted to HK$1,579,024,941 as at 31 March 2026. We identified the assessment of the net realisable values of inventory of unsold properties as a key audit matter as the inventory of unsold properties is significant to the Group's consolidated financial statements as a whole; and the Group's assessment of the carrying values of properties for sale, being the lower of cost and net realisable value, takes into account the price ultimately expected to be realised.	Our procedures in relation to the net realisable values of inventory of unsold properties included but not limited to: • Obtaining and inspecting management's assessments and/or the valuation reports prepared by the external property valuers on which the management's assessment of the net realisable value of unsold properties was based, on a sample basis; • Discussing with management and/or external property valuers in relation to the net realisable value assessment and assessing the assessment methodologies applied with reference to the prevailing accounting standard; • With the assistance of our auditors' valuation experts, challenging the key estimates and assumptions adopted in the net realisable value assessment, including expected future selling prices, by comparing with market available data on a sample basis; and • Understanding management's controls and processes for assessing the recoverability of unsold properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. We found the key assumptions were supportable by the available evidence.

Other Information

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

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

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

Auditors' 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 auditors' report that includes our opinion, solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 judgement and maintain professional scepticism 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 auditors' 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

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 auditors' 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 auditors' report is Ng Ka Wah (practising certificate number: P06417).

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hong Kong, 29 June 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2026 (in HK Dollars)

	Notes	2026	2025
Revenue	7	**4,048,530,427**	502,305,226
Cost of sales		**(3,802,973,239)**	(375,280,700)
Gross profit		**245,557,188**	127,024,526
Other income, other gains or losses, net	8	**137,607,673**	79,782,120
Increase in fair value of investment properties	15	**138,385,668**	207,125,031
Distribution costs		**(176,310,013)**	(7,613,768)
Administrative expenses		**(138,700,996)**	(99,344,145)
Finance costs	9	**(153,902,432)**	(202,349,585)
Share of results of associates		**(4,451,583)**	(4,143)
Share of results of joint ventures		**(4,270,170)**	(30,686,139)
Profit before taxation	10	**43,915,335**	73,933,897
Income tax (expense)/credit	12	**(2,625,405)**	19,964,103
Profit for the year		**41,289,930**	93,898,000
Profit for the year attributable to owners of the Company		**41,289,930**	93,898,000
Earnings per share	14		
Basic		**4.5 HK cents**	10.3 HK cents
Diluted		**4.5 HK cents**	10.3 HK cents

The accompany notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026 (in HK Dollars)

	2026	2025
Profit for the year	**41,289,930**	93,898,000
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	**(107,603)**	333,385
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**37,203,324**	(44,069,375)
Change in fair value on other assets at fair value through other comprehensive income	**370,000**	(1,650,000)
Release of reserves and reclassification of reserves upon disposal of a subsidiary	**112,000**	–
Reclassification adjustment to profit or loss on other assets at fair value through other comprehensive income	**–**	(5,000,000)
	37,685,324	(50,719,375)
Other comprehensive income/(expense) for the year	**37,577,721**	(50,385,990)
Total comprehensive income for the year attributable to owners of the Company	**78,867,651**	43,512,010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026 (in HK Dollars)

	Notes	2026	2025
Non-current assets			
Investment properties	15	**3,351,074,582**	3,284,050,034
Property, plant and equipment	16	**42,571,979**	47,439,157
Right-of-use assets	17	**245,273,172**	250,484,092
Goodwill	18	**1,269,932**	1,269,932
Interests in associates	19	**–**	7,234,669
Interests in joint ventures	20	**30,050,196**	282,480,366
Other assets at fair value through other comprehensive income	21	**12,120,000**	13,750,000
Deferred tax assets	35	**10,921,550**	10,269,657
		3,693,281,411	3,896,977,907
Current assets			
Inventories	23	**40,993,190**	48,755,903
Financial assets at fair value through profit or loss	24	**106,775,286**	59,910,904
Inventory of unsold properties	25	**1,579,024,941**	12,504,347
Properties under development for sale	25	**–**	4,631,511,895
Bills receivables	26	**1,425,559**	508,747
Trade receivables, deposits and prepayments	27	**90,016,775**	316,148,274
Amount due from an associate	19	**4,954,588**	9,954,588
Tax recoverable		**797,652**	2,797,814
Bank balances and cash	28	**665,200,246**	534,090,057
		2,489,188,237	5,616,182,529
Current liabilities			
Trade and bills payables	29	**36,858,254**	48,816,011
Customers' deposits	30	**–**	699,126,837
Accrued expenses and other payables		**173,247,444**	273,935,279
Amount due to an associate	19	**–**	4,448,580
Amount due to a joint venture	20	**7,825**	168,167,825
Tax payable		**10,926,080**	4,471,376
Lease liabilities	31	**5,403,282**	5,048,304
Bank loans	32	**1,617,292,270**	3,860,818,248
Derivative financial instruments	22	**1,790,887**	–
		1,845,526,042	5,064,832,460
Net current assets		**643,662,195**	551,350,069
Total assets less current liabilities		**4,336,943,606**	4,448,327,976

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026 (in HK Dollars)

	Notes	2026	2025
Capital and reserves			
Share capital	33	**91,422,296**	91,554,296
Reserves		**2,562,990,558**	2,489,554,372
Total equity attributable to owners of the Company		**2,654,412,854**	2,581,108,668
Non-current liabilities			
Provision for long service payments	34	**1,775,015**	1,612,673
Lease liabilities	31	**18,147,830**	18,866,741
Bank loans	32	**1,606,715,669**	1,785,184,191
Derivative financial instruments	22	**563,562**	260,424
Deferred tax liabilities	35	**55,328,676**	61,295,279
		1,682,530,752	1,867,219,308
		4,336,943,606	4,448,327,976

The consolidated financial statements on pages 37 to 131 were approved and authorised for issue by the Board of Directors on 29 June 2026 and are signed on its behalf by:

JIMMY LEE YUEN CHING
Director

LOEWE LEE BON CHI
Director

The accompany notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2026 (in HK Dollars)

	Share capital	Share premium	Exchange reserve	Revaluation reserve	Fair value through other comprehensive income reserve	Contributed surplus	Capital redemption reserve	Retained profits	Total
At 1 April 2024	91,584,296	34,677,029	(86,132,018)	37,159,511	15,237,500	66,141,751	50,294,840	2,339,858,361	2,548,821,270
Profit for the year	–	–	–	–	–	–	–	93,898,000	93,898,000
Other comprehensive (expense)/income for the year	–	–	(44,069,375)	–	(6,650,000)	–	–	333,385	(50,385,990)
Total comprehensive (expense)/income for the year	–	–	(44,069,375)	–	(6,650,000)	–	–	94,231,385	43,512,010
Dividends paid	–	–	–	–	–	–	–	(10,989,619)	(10,989,619)
Repurchase of own shares	(30,000)	–	–	–	–	–	30,000	(234,993)	(234,993)
At 31 March 2025 and 1 April 2025	91,554,296	34,677,029	(130,201,393)	37,159,511	8,587,500	66,141,751	50,324,840	2,422,865,134	2,581,108,668
Profit for the year	–	–	–	–	–	–	–	41,289,930	41,289,930
Other comprehensive income/(expense) for the year	–	–	37,140,324	–	545,000	–	–	(107,603)	37,577,721
Total comprehensive income for the year	–	–	37,140,324		545,000	–	–	41,182,327	78,867,651
Dividends paid	–	–	–	–	–	–	–	(4,575,000)	(4,575,000)
Repurchase of own shares	(132,000)	–	–	–	–	–	132,000	(988,465)	(988,465)
At 31 March 2026	**91,422,296**	**34,677,029**	**(93,061,069)**	**37,159,511**	**9,132,500**	**66,141,751**	**50,456,840**	**2,458,483,996**	**2,654,412,854**

The contributed surplus represents the difference between the nominal amount of the shares issued by the Company and the shareholders' funds of the subsidiaries acquired pursuant to the Group reorganisation undertaken prior to the listing of the Company's shares.

The capital redemption reserve represents the nominal value of the share capital of the Company repurchased and cancelled.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2026 (in HK Dollars)

	2026	2025
Operating activities		
Profit before taxation	**43,915,335**	73,933,897
Adjustments for:		
Finance costs	**153,902,432**	202,349,585
Share of results of associates	**4,451,583**	4,143
Share of results of joint ventures	**4,270,170**	30,686,139
Impairment loss on interest in an associate	**2,783,086**	–
Allowance for credit losses on amount due from an associate	**5,000,000**	–
Allowance for credit losses on trade receivables	**3,957,266**	–
Waiver of amount due to an associate	**(4,448,580)**	–
Provision of write-down of inventories	**26,644**	477,547
Provision for long service payments	**253,573**	244,880
Depreciation of property, plant and equipment	**6,087,792**	6,063,622
Depreciation of right-of-use assets	**9,972,580**	12,238,943
Interest income	**(9,864,211)**	(15,124,715)
Increase in fair value of investment properties	**(138,385,668)**	(207,125,031)
Loss on disposal of investment properties	**–**	597,253
Gain on disposal of property, plant and equipment	**(720,136)**	(37,643,010)
Gain on disposal of other assets at fair value through other comprehensive income	**–**	(5,000,000)
(Gain)/Loss on disposal of subsidiaries	**(4,090,157)**	895,337
Gain on dissolution of a subsidiary	**–**	(186,074)
Gain on fair value changes of financial assets at fair value through profit or loss	**(29,153,141)**	(3,393,652)
Gain on lease modification	**–**	(77,693)
Loss/(Gain) on fair value changes of derivative financial instruments	**3,745,962**	(168,894)
Operating cash flows before movements in working capital	**51,704,530**	58,772,277
Decrease/(Increase) in inventories	**7,736,069**	(3,175,344)
Increase in properties under development for sale	**(69,457,457)**	(505,088,888)
Decrease in inventory of unsold properties	**3,393,458,529**	–
(Increase)/Decrease in bills receivables	**(916,812)**	545,405
Decrease/(Increase) in trade receivables, deposits and prepayments	**118,835,413**	(161,716,362)
Increase in financial assets at fair value through profit or loss	**(17,446,259)**	(4,246,025)
Increase in amount due to an associate	**–**	(4,476)
(Decrease)/Increase in trade and bills payables	**(11,957,757)**	20,522,847
(Decrease)/Increase in customers' deposits	**(724,547,143)**	168,521,539
(Decrease)/Increase in accrued expenses and other payables	**(82,399,371)**	22,236,372
Decrease in amount due to a joint venture	**(168,160,000)**	(1,400,000)
Decrease in provision for long service payments	**(198,834)**	(6,402)
Cash generated from/(used in) operations	**2,496,650,908**	(405,039,057)
Hong Kong Profits Tax paid	**(919,472)**	(2,998,007)
Overseas income tax refunded	**221,789**	2,663,723
Net cash generated from/(used in) operating activities	**2,495,953,225**	(405,373,341)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2026 (in HK Dollars)

	2026	2025
Investing activities		
Additions to investment properties	**(1,312,209)**	(79,906,638)
Purchase of property, plant and equipment	**(1,860,512)**	(10,262,292)
Proceeds from disposal of subsidiaries	**4,865,157**	40,134,595
Proceed from disposal of investment properties	**103,794,797**	13,219,347
Proceed from disposal of property, plant and equipment	**736,763**	42,391,310
Proceed from disposal of other assets at fair value through other comprehensive income	**2,000,000**	11,570,000
Dividends received from a joint venture	**248,160,000**	–
Interest received	**9,864,211**	15,124,715
Net cash generated from investing activities	**366,248,207**	32,271,037
Financing activities		
New bank loans raised	**1,191,566,530**	2,061,185,255
Interest paid	**(268,350,321)**	(327,253,717)
Dividends paid	**(4,575,000)**	(10,989,619)
(Payment of)/Receipt from derivative financial instruments	**(1,651,937)**	649,005
Repayment of bank loans	**(3,643,380,555)**	(1,280,753,789)
Repayment of lease liabilities	**(5,125,593)**	(5,152,074)
Repurchase of own shares	**(988,465)**	(234,993)
Net cash (used in)/generated from financing activities	**(2,732,505,341)**	437,450,068
Net increase in cash and cash equivalents	**129,696,091**	64,347,764
Cash and cash equivalents at 1 April	**534,090,057**	475,025,611
Effect of foreign exchange rate changes	**1,414,098**	(5,283,318)
Cash and cash equivalents at 31 March	**665,200,246**	534,090,057

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts and property development and investment.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Company.

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 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 April 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to 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.

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

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

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

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.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

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

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

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

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

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

- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policy information are set out below.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Basis of consolidation

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Business combinations or asset acquisitions (Cont'd)

Business combinations (Cont'd)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Goodwill

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

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Investments in associates and joint ventures (Cont'd)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of associates and joint ventures 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 or a joint venture 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 or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, 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 assess whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, 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 or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture 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 or joint venture.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Investments in associates and joint ventures (Cont'd)

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

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

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

Revenue from contracts with customers

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

A performance obligation represents a good and service that is distinct or a series of distinct goods or services that are substantially the same.

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

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

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

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

Revenue from the sale of watches and watch movements directly to the customers is recognised at the point that the control of the finished products has passed to the customers, which is primarily upon the delivery of the products to the customers.

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties pre-sold prior to the date of revenue recognition were included in the consolidated statement of financial position under "customers' deposits".

The Group's accounting policy for recognition of revenue from leases is described in the accounting policy for leasing below.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leases

Definition of a lease

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

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group also 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.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Right-of-use assets (Cont'd)

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.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Lease liabilities (Cont'd)

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

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

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

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

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

Lease modification

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 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. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leases (Cont'd)

The Group as a lessor

Classification and measurement of leases

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

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

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

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

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

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 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 (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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) 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 the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs and termination benefits

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 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).

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Retirement benefit costs and termination benefits (Cont'd)

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.

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 expense or income; and

- remeasurement.

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 paragraph 70 for the gross benefits.

For LSP obligation, the Group accounts for the employer Mandatory Provident Fund ("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 measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring cost.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Short-term and other long-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 Standards requires or permits the inclusion of the benefit in the cost of an asset.

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Taxation (Cont'd)

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises 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, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings and freehold land held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than properties under construction 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.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to properties under development. The property's deemed cost for subsequent accounting as properties under development is its fair value at the date of change in use.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. 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. 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. 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) 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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development for sale includes land cost, construction cost, borrowing costs capitalised and other direct development expenditure.

Inventories

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

Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of financial asset within the timeframe established by the market concerned.

All recognised financial assets are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Classification and subsequent measurement of financial assets

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

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

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

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

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

A financial asset is classified as held for trading if:

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Amortised cost and interest income

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments, other than purchased or originated credit-impaired financial assets, 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. 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. If, in subsequent reporting periods, 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.

Financial assets at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Financial assets at FVTPL

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

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including bills receivables, trade receivables, deposits, other receivables, amount due from an associate and bank balances). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether the 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 debtors;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the aforegoing, 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Definition of default

The Group considers an event of default occurs when (i) there is a breach of financial covenants by the counterparty; or (ii) 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 analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Measurement and recognition of ECL

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

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

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

- Nature of financial instruments;
- 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.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

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 Company 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 or at FVTPL.

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

Financial liabilities at FVTPL (Cont'd)

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

Financial liabilities at amortised cost

Financial liabilities including trade and bills payables, accrued expenses and other payables, amount due to an associate, amount due to a joint venture, lease liabilities and bank loans are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Cash and cash equivalents

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

(a) cash, which comprises cash on hand, 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 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.

Related parties

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

(a) the party is a person or a close member of that person's family and that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

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

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

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

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

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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Net realisable value of inventory of unsold properties

Management performs a regular review on the carrying amounts of inventory of unsold properties. Based on management's review, write-down of inventory of unsold properties will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of inventory of unsold properties, management refers to prevailing market data such as recent sales transactions and internally available information, as bases for evaluation.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company is responsible for the determination of the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group's management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments and the investment properties. Notes 6(c) and 15 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which includes bank loans under non-current liabilities) and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

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

	2026	2025
Debt [(i)]	**1,606,715,669**	1,785,184,191
Equity [(ii)]	**2,654,412,854**	2,581,108,668
Gearing ratio	**61%**	69%

(i) Debt is defined as non-current loans as detailed in note 32.

(ii) Equity includes all capital and reserves attributable to owners of the Company.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2026	2025
Financial assets		
Financial assets at fair value through profit or loss	**106,775,286**	59,910,904
Other assets at fair value through other comprehensive income	**12,120,000**	13,750,000
Financial assets at amortised cost		
– Bills receivables	**1,425,559**	508,747
– Trade receivables, deposits and other receivables	**61,711,274**	219,923,701
– Amount due from an associate	**4,954,588**	9,954,588
– Bank balances and cash	**665,200,246**	534,090,057
	733,291,667	764,477,093
Financial liabilities		
Derivative financial instruments	**2,354,449**	260,424
Financial liabilities at amortised cost		
– Trade and bills payables	**36,858,254**	48,816,011
– Accrued expenses and other payables	**173,247,444**	273,935,279
– Amount due to an associate	**–**	4,448,580
– Amount due to a joint venture	**7,825**	168,167,825
– Lease liabilities	**23,551,112**	23,915,045
– Bank loans	**3,224,007,939**	5,646,002,439
	3,457,672,574	6,165,285,179

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal analysis which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to mitigate these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the management of the Company in relation to the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity.

Market risk

(i) Foreign currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 69% (2025: 27%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost nil (2025: 1%) of costs are denominated in the group entity's respective functional currencies.

The carrying amounts of the Group's foreign currencies, including functional currency equals to foreign currency, denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2026	2025	**2026**	2025
Canadian Dollar ("CAD")	**84,379,926**	1,630,725,502	**172,386,427**	60,293,979
Japanese Yen ("JPY")	**93,064,951**	102,828,212	**36,487,793**	25,434,598
United States Dollar ("USD")	**28,920,003**	21,908,646	**218,804,743**	207,121,358
Renminbi ("RMB")	**612,883**	590,828	**4,859,856**	58,949,845

The currencies of carrying amounts of HK$67,004,051 (2025: HK$45,493,389) and HK$84,379,926 (2025: 1,630,725,502) of assets and liabilities respectively denominated in CAD are same as the functional currency of its foreign operation.

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

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in JPY and CAD.

The following table details the Group's sensitivity to a 5% increase and decrease in HKD against the relevant foreign currencies. 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 outstanding foreign currency denominated monetary items and adjusts its translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and equity where HKD strengthen 5% against the relevant currencies. For a 5% weakening of HKD against the relevant currencies, there would be an equal and opposite impact on the profit and equity and the balances below would be negative.

	Impact of JPY(i)		**Impact of CAD**(ii)	
	2026	2025	**2026**	2025
Profit or loss	**3,363,000**	4,474,000	**–**	–
Equity	**–**	–	**33,308,000**	12,683,000

(i) This is mainly attributable to the exposure outstanding on bills payables and import loans denominated in JPY.

(ii) This is mainly attributable to the exposure outstanding on loans to foreign operation within the Group denominated in CAD.

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate short term bank deposits and lease liabilities, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings (see note 32 for details of these borrowings).

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances, HIBOR, LIBOR, compounded reference rate or prime rate arising from the Group's bank loans denominated in HKD, USD, JPY and CAD. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank loans at the end of the reporting period. For variable-rate bank loans, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$16,120,000 (2025: HK$16,312,000).

(iii) Other price risk

The Group is exposed to price risk through its financial assets at fair value through profit or loss and other assets at fair value through other comprehensive income. The management will monitor the price risk and take appropriate actions should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risk at the reporting date.

If prices had been 5% higher/lower, the Group's post-tax profit for the year would increase/decrease by approximately HK$5,945,000 (2025: HK$3,683,000).

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Credit risk

The Group's credit risk is primarily attributable to bills receivables, trade receivables, deposits and other receivables, amount due from an associate and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantees issued by the Group as disclosed in note 36.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

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

Internal credit rating	Description	Bills receivables/Deposits and other receivables/Amount due from an associate
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

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

Financial assets at amortised cost	Notes	12m or lifetime ECL	Gross carrying amount 31/03/2026	Gross carrying amount 31/03/2025
Bills receivables	26	12m ECL	**1,425,559**	508,747
Trade receivables	27	Lifetime ECL (not credit-impaired) (collective basis)	**17,146,696**	19,272,779
		Credit-impaired	**17,382,325**	16,960,344
			34,529,021	36,233,123
Deposits and other receivables	27	12m ECL	**44,126,881**	196,568,730
Amount due from an associate	19	12m ECL	**9,954,588**	9,954,588

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Bills receivables

The Group accepts bills issued by major banks in Hong Kong with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for trade receivables. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually. To measure the expected credit losses, these trade receivables have been based on past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. Debtors which are credit-impaired with gross carrying amount of HK$17,382,325 (2025: HK$16,960,344) as at 31 March 2026 were assessed individually.

	Current	31 – 90 days past due	More than 90 days past due	Total
As at 31 March 2026				
Expected loss rate	**0%**	**0%**	**97%**	
Gross carrying amount	**15,709,283**	**1,437,413**	**17,382,325**	**34,529,021**
Loss allowance provision	**–**	**–**	**16,944,628**	**16,944,628**
As at 31 March 2025				
Expected loss rate	0%	0%	76%	
Gross carrying amount	15,059,693	4,213,086	16,960,344	36,233,123
Loss allowance provision	–	–	12,878,152	12,878,152

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Trade receivables (Cont'd)

The following table shows reconciliation of loss allowances that has been recognised for trade receivables:

	Lifetime ECL (credit impaired)
At 1 April 2024	14,603,554
Bad debt written off	(1,652,373)
Exchange realignment	(73,029)
At 31 March 2025 and 1 April 2025	12,878,152
Impairment loss recognised	3,957,266
Exchange realignment	109,210
At 31 March 2026	**16,944,628**

Deposits and other receivables

The management considered that the credit risk of these financial assets has not significantly increased since initial recognition. The Group has assessed and concluded that the expected credit loss rate for these receivables is immaterial under 12-month ECL method after taken into account the historical default experience, historical settlement records as well as the loss upon default in each case and are adjusted with forward-looking information.

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Amount due from an associate

The directors of the Company continuously monitor the credit quality and financial positions of the counterparty and the level of exposure to ensure that the follow-up action is taken to recover the debts.

The following table shows reconciliation of loss allowances that has been recognised for amount due from an associate:

	12m ECL
At 31 March 2024, 31 March 2025 and 1 April 2025	–
Impairment loss recognised	5,000,000
At 31 March 2026	**5,000,000**

Bank balances

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows.

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity tables

	Weighted average interest rate	On demand or less than 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31/03/2026
Non-derivative financial liabilities							
Trade and bills payables	–	36,858,254	–	–	–	36,858,254	36,858,254
Accrued expenses and other payables	–	173,247,444	–	–	–	173,247,444	173,247,444
Amount due to a joint venture	–	7,825	–	–	–	7,825	7,825
Lease liabilities	6.25%	6,734,208	6,459,393	14,338,038	–	27,531,639	23,551,112
Bank loans	4.44%	1,708,246,422	602,373,542	942,232,399	168,493,543	3,421,345,906	3,224,007,939
Financial guarantees issued	–	20,000	–	–	–	20,000	–

	Weighted average interest rate	On demand or less than 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31/03/2025
Non-derivative financial liabilities							
Trade and bills payables	–	48,816,011	–	–	–	48,816,011	48,816,011
Accrued expenses and other payables	–	273,935,279	–	–	–	273,935,279	273,935,279
Amount due to an associate	–	4,448,580	–	–	–	4,448,580	4,448,580
Amount due to a joint venture	–	168,167,825	–	–	–	168,167,825	168,167,825
Lease liabilities	6.90%	6,546,531	5,066,208	13,065,056	4,136,832	28,814,627	23,915,045
Bank loans	5.66%	4,066,230,162	631,537,057	1,108,362,508	195,900,867	6,002,030,594	5,646,002,439
Financial guarantees issued	–	106,433,023	–	–	–	106,433,023	–

6. FINANCIAL INSTRUMENTS (Cont'd)

c. Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets/(liabilities) that are measured at fair value on a recurring basis

Some of the Group's financial assets/(liabilities) are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets/(liabilities) are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/(liabilities)	Fair value as at 31/03/2026	Fair value as at 31/03/2025	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Listed equity security classified as financial assets at fair value through profit or loss	**HK$1,472,000**	–	Level 1	Quoted bid prices in an active market	N/A	N/A
Unlisted equity securities classified as financial assets at fair value through profit or loss	**HK$7,559,032**	–	Level 2	Quoted market prices provided by financial institution	N/A	N/A
Unlisted fund investments classified as financial assets at fair value through profit or loss	**HK$97,744,254**	HK$59,910,904	Level 3	Asset approach	Net asset value	Higher the net asset value, higher the fair value

6. FINANCIAL INSTRUMENTS (Cont'd)

c. Fair value measurements of financial instruments (Cont'd)

(i) Fair value of the Group's financial assets/(liabilities) that are measured at fair value on a recurring basis (Cont'd)

Financial assets/(liabilities)	Fair value as at 31/03/2026	Fair value as at 31/03/2025	Fair value hierarchy	Valuation technique and key input(s)
Interest rate swaps classified as derivative financial instruments	**HK$(967,723)**	HK$(260,424)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties
Foreign currency forward contract classified as derivative financial instruments	**HK$(1,386,726)**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties

There were no transfers between the levels of the fair value hierarchy during the years ended 31 March 2026 and 2025.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors considers that the carrying amounts of financial assets and financial liabilities approximate to their fair value.

6. FINANCIAL INSTRUMENTS (Cont'd)

c. Fair value measurements of financial instruments (Cont'd)

(iii) Reconciliation of Level 3 fair value measurements

	Unlisted fund investments
At 1 April 2024	53,199,751
Purchase	5,419,761
Settlement	(633,204)
Total gains in profit or loss	1,924,596
At 31 March 2025 and 1 April 2025	59,910,904
Purchase	7,699,309
Total gains in profit or loss	30,134,041
At 31 March 2026	**97,744,254**

7. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue from its major products and services:

	2026	2025
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by products or services		
Watches and watch movements	**423,445,015**	383,753,379
Sale of properties	**3,490,128,898**	–
	3,913,573,913	383,753,379
Revenue from other sources		
Rental income	**134,956,514**	118,551,847
	4,048,530,427	502,305,226

Disaggregation of revenue from contracts with customers

	2026	2025
Timing of revenue recognition		
A point in time	**3,913,573,913**	383,753,379

7. REVENUE AND SEGMENT INFORMATION (Cont'd)

Transaction price allocated to the remaining performance obligations from contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2026 and 2025 and the expected timing of recognising revenue as follows:

	2026	2025
Sale of properties		
Within one year	–	2,596,122,248

Revenue from watches and watch movements is for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The reportable segments of the Group are strategic business units that offer different products and services. They are managed separately because each business unit requires different resources and marketing strategies and have different customer base.

Specifically, the Group's reportable and operating segments are as follows:

1. Manufacture of watches and trading of watch movements – manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts.

2. Residential and other property development and investment – development and sale of residential and other properties, and holding of such properties for investment and leasing purposes.

3. Commercial property investment – holding of commercial properties for investment and leasing purposes.

7. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 March 2026

	Manufacture of watches and trading of watch movements	Residential and other property development and investment	Commercial property investment	Consolidated
REVENUE				
External sales	423,445,015	3,490,128,898	134,956,514	4,048,530,427
RESULT				
Segment result	6,599,259	(83,525,762)	267,779,122	190,852,619
Bank interest income				9,864,211
Unallocated other income				34,002,406
Unallocated other expenses				(32,269,873)
Gain on disposal of a subsidiary				4,090,157
Finance costs				(153,902,432)
Share of results of associates				(4,451,583)
Share of results of joint ventures				(4,270,170)
Profit before taxation				43,915,335

7. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment revenue and results (Cont'd)

For the year ended 31 March 2025

	Manufacture of watches and trading of watch movements	Residential and other property development and investment	Commercial property investment	Consolidated
REVENUE				
External sales	383,753,379	–	118,551,847	502,305,226
RESULT				
Segment result	5,080,072	62,243,758	227,838,761	295,162,591
Bank interest income				15,124,715
Unallocated other income				36,615,897
Unallocated other expenses				(38,622,923)
Loss on disposal of investment properties				(597,253)
Loss on disposal/dissolution of subsidiaries, net				(709,263)
Finance costs				(202,349,585)
Share of results of associates				(4,143)
Share of results of joint ventures				(30,686,139)
Profit before taxation				73,933,897

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned/(loss incurred) by each segment without allocation of central administration costs, share of results of associates and joint ventures, bank interest income, certain other income and expenses, and finance costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

7. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	2026	2025
Manufacture of watches and trading of watch movements	**142,053,129**	160,325,791
Residential and other property development and investment	**2,200,966,843**	5,621,213,397
Commercial property investment	**2,745,534,010**	2,555,243,558
Total segment assets	**5,088,553,982**	8,336,782,746
Interests in associates	**–**	7,234,669
Interests in joint ventures	**30,050,196**	282,480,366
Amount due from an associate	**4,954,588**	9,954,588
Unallocated	**1,058,910,882**	876,708,067
Consolidated assets	**6,182,469,648**	9,513,160,436

Segment liabilities

	2026	2025
Manufacture of watches and trading of watch movements	**63,901,794**	63,373,518
Residential and other property development and investment	**123,000,833**	926,935,933
Commercial property investment	**11,521,515**	18,861,395
Total segment liabilities	**198,424,142**	1,009,170,846
Amount due to an associate	**–**	4,448,580
Amount due to a joint venture	**7,825**	168,167,825
Unallocated	**3,329,624,827**	5,750,264,517
Consolidated liabilities	**3,528,056,794**	6,932,051,768

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates and joint ventures, amount due from an associate, other assets at fair value through other comprehensive income, deferred tax assets, financial assets at fair value through profit or loss, tax recoverable, bank balances and cash, and other unallocated corporate assets; and

- all liabilities are allocated to operating segments other than amounts due to an associate and a joint venture, tax payable, bank loans, derivative financial instruments, deferred tax liabilities and other unallocated corporate liabilities.

7. REVENUE AND SEGMENT INFORMATION (Cont'd)

Other segment information

For the year ended 31 March 2026

	Manufacture of watches and trading of watch movements	Residential and other property development and investment	Commercial property investment	Unallocated	Consolidated
Capital additions	**24,311**	**233,111,467**	**908,355**	**101,498**	**234,145,631**
Depreciation of property, plant and equipment	**2,097,797**	**1,158,969**	**1,559,793**	**1,271,233**	**6,087,792**
Depreciation of right-of-use assets	**3,136,013**	**–**	**732,608**	**6,103,959**	**9,972,580**
Provision of write-down of inventories	**26,644**	**–**	**–**	**–**	**26,644**
(Decrease)/Increase in fair value of investment properties	**–**	**(55,180,282)**	**193,565,950**	**–**	**138,385,668**
Gain/(Loss) on disposal of property, plant and equipment	**567,243**	**160,841**	**(7,948)**	**–**	**720,136**
Allowance for credit losses on financial assets	**3,957,266**	**–**	**–**	**5,000,000**	**8,957,266**

For the year ended 31 March 2025

	Manufacture of watches and trading of watch movements	Residential and other property development and investment	Commercial property investment	Unallocated	Consolidated
Capital additions	28,241,364	736,848,445	2,374,967	1,363,302	768,828,078
Depreciation of property, plant and equipment	1,903,130	1,248,287	1,439,442	1,472,763	6,063,622
Depreciation of right-of-use assets	4,982,310	4,751,483	1,080,738	1,424,412	12,238,943
Provision of write-down of inventories	477,547	–	–	–	477,547
Increase in fair value of investment properties	–	47,452,032	159,672,999	–	207,125,031
Gain/(Loss) on disposal of property, plant and equipment	1,867,235	535,209	(2,872)	35,243,438	37,643,010

7. REVENUE AND SEGMENT INFORMATION (Cont'd)

Geographical information

The Group's main operations are located in Hong Kong and other regions in the People's Republic of China (the "PRC"), North America and Europe.

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

	Revenue from external customers		Non-current assets	
	2026	2025	**2026**	2025
Hong Kong and the PRC	**1,409,609,342**	489,547,720	**3,447,815,901**	3,507,126,072
North America	**2,631,063,281**	700,194	**83,188,887**	225,026,478
Europe	**7,352,548**	11,610,727	**139,235,073**	140,805,700
Others	**505,256**	446,585	**–**	–
	4,048,530,427	502,305,226	**3,670,239,861**	3,872,958,250

Note: Non-current assets excluded other assets at fair value through other comprehensive income 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
Customer A[1]	**N/A[2]**	94,506,989

[1] Revenue from manufacture of watches and trading of watch movements.

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

8. OTHER INCOME, OTHER GAINS OR LOSSES, NET

	2026	2025
Bank interest income	**9,864,211**	15,124,715
Net gain on fair value changes of financial assets at fair value through profit or loss	**29,153,141**	3,393,652
Gain on disposal of property, plant and equipment	**720,136**	37,643,010
Gain/(Loss) on disposal of subsidiaries	**4,090,157**	(895,337)
Gain on dissolution of a subsidiary	**–**	186,074
Loss on disposal of investment properties	**–**	(597,253)
Gain on disposal of other assets at fair value through other comprehensive income	**–**	5,000,000
Gain on lease modification	**–**	77,693
Occupancy income *(note)*	**74,058,051**	18,910,281
Project management fee	**10,290,000**	–
Impairment loss on interest in an associate	**(2,783,086)**	–
Waiver of amount due to an associate	**4,448,580**	–
Net foreign exchange gain	**6,033,612**	–
Sundry income	**1,732,871**	939,285
	137,607,673	79,782,120

Note: The occupancy income represents the interim occupancy income generated from the sold residential condominium in Canada.

9. FINANCE COSTS

	2026	2025
Interest on:		
Bank loans and overdrafts	**244,998,808**	352,677,342
Lease liabilities (note 17)	**1,506,131**	1,852,164
Total borrowing costs	**246,504,939**	354,529,506
Less: Amounts capitalised to investment properties and properties under development	**(92,602,507)**	(152,179,921)
	153,902,432	202,349,585

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 5.64% (2025: 7.00%) per annum to expenditure on qualifying assets.

10. PROFIT BEFORE TAXATION

	2026	2025
Profit before taxation has been arrived at after charging/(crediting):		
Staff costs including directors' emoluments	**88,522,161**	86,107,403
Depreciation of property, plant and equipment	**6,087,792**	6,063,622
Depreciation of right-of-use assets	**9,972,580**	12,238,943
Auditors' remuneration	**3,397,086**	4,009,372
Cost of inventories recognised as an expense	**3,763,806,913**	343,279,959
Net foreign exchange (gain)/loss	**(6,033,612)**	6,379,306
Loss/(Gain) on fair value changes of derivative financial instruments	**3,745,962**	(168,894)
Expenses relating to short-term leases	**604,161**	1,264,633
Allowance for credit losses on		
– trade receivables	**3,957,266**	–
– amount due from an associate	**5,000,000**	–
Provision of write-down of inventories (included in cost of sales)	**26,644**	477,547
Gross rental income from investment properties	**(134,956,514)**	(118,551,847)
Less: Outgoings	**36,249,073**	28,045,774
Net rental income from investment properties	**(98,707,441)**	(90,506,073)

11. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

	Executive Director					Non-executive Director		Independent Non-executive Director				
	Mr. Jimmy Lee Yuen Ching	Mr. Loewe Lee Bon Chi	Mr. James Lee Yuen Kui notes (i) and (iii)	Mr. Edward Lee Yuen Cheor	Mr. Ricky Wai Kwong Yuen	Mr. James Lee Yuen Kui notes (i) and (iii)	Ms. Dorathy Lee Yuen Yu	Mr. William Chan Chak Cheung note (ii)	Mr. Chan Kwok Wai	Mr. Sun Dai Wai David	Mr. Pius Ho	Total
For the year ended 31 March 2026												
Fees	**50,000**	**50,000**	**–**	**50,000**	**50,000**	**50,000**	**50,000**	**–**	**396,000**	**396,000**	**396,000**	**1,488,000**
Other emoluments												
Salaries, allowance and benefits	**11,389,916**	**9,776,000**	**–**	**1,233,600**	**1,872,000**	**–**	**–**	**–**	**–**	**–**	**–**	**24,271,516**
Retirement benefit scheme contributions	**18,000**	**18,000**	**–**	**18,000**	**18,000**	**–**	**–**	**–**	**–**	**–**	**–**	**72,000**
	11,457,916	**9,844,000**	**–**	**1,301,600**	**1,940,000**	**50,000**	**50,000**	**–**	**396,000**	**396,000**	**396,000**	**25,831,516**
For the year ended 31 March 2025												
Fees	50,000	50,000	19,726	50,000	50,000	30,274	50,000	165,000	396,000	396,000	396,000	1,653,000
Other emoluments												
Salaries, allowance and benefits	6,884,400	7,570,500	1,228,635	1,233,600	1,872,000	–	–	–	–	–	–	18,789,135
Retirement benefit scheme contributions	18,000	18,000	7,500	18,000	18,000	–	–	–	–	–	–	79,500
	6,952,400	7,638,500	1,255,861	1,301,600	1,940,000	30,274	50,000	165,000	396,000	396,000	396,000	20,521,635

Notes:

(i) Mr. James Lee Yuen Kui was redesignated from Executive Director to Non-executive Director with effect from 23 August 2024.

(ii) Mr. William Chan Chak Cheung resigned as Independent Non-executive Director with effect from 23 August 2024.

(iii) Mr. Leonard Lee Bon Yee was appointed as an Executive Director and Mr. James Lee Yuen Kui was resigned as Non-executive Director with effect from 29 June 2026.

The executive directors' remuneration shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

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

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

Besides above remuneration, four (2025: four) of the Group's properties are provided to the directors as an accommodation. The rateable value of the properties is amounting to HK$4,875,420 (2025: HK$4,712,700).

11. DIRECTORS' AND EMPLOYEES' REMUNERATION (Cont'd)

(b) Five highest paid individuals

The five highest paid individuals of the Group during the year included three directors (2025: three directors), details of whose emoluments are disclosed above. The emoluments of the remaining two (2025: two) highest paid individual of the Group are as follows:

	2026	2025
Salaries, allowances and other benefits	**4,598,400**	4,406,000
Retirement benefit scheme contributions	**36,000**	36,000
	4,634,400	4,442,000

The emoluments of the two (2025: two) remaining individual fell within the band from HK$2,000,001 to HK$2,500,000 (2025: from HK$2,000,001 to HK$2,500,000).

During the years ended 31 March 2026 and 2025, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which any of the five highest paid individuals waived or agreed to waive any remuneration during the year (2025: nil).

12. INCOME TAX EXPENSE/(CREDIT)

	2026	2025
Hong Kong Profits Tax		
Current year	**3,045,888**	250,730
Under provision in prior years	**4,339,845**	1,462,090
	7,385,733	1,712,820
Other jurisdictions		
Current year	**4,840**	–
Under provision in prior years	**1,769,223**	558,776
	1,774,063	558,776
Deferred tax (note 35)		
Current year	**(6,534,391)**	(22,235,699)
	2,625,405	(19,964,103)

12. INCOME TAX EXPENSE/(CREDIT) (Cont'd)

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Canadian subsidiaries are subject to Canadian Corporate Income Tax, which is 26.5% for both years.

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

During the year ended 31 March 2025, the Group was subject to enquiries from the Inland Revenue Department (the "IRD") concerning its Hong Kong tax affairs for the year of assessment 2017/18. The IRD issued protective Profits Tax assessment in March 2025 for tax of approximately HK$16,364,000 to a subsidiary of the Group. The directors of the subsidiary consider that the protective Profits Tax assessment was not final and conclusive. Accordingly, the subsidiary had lodged objection against the protective assessment. During the year ended 31 March 2025, the tax reserve certificate of HK$16,364,000 has been purchased by the subsidiary. There are no further actions from the IRD up to the date of approval of the consolidated financial statements.

The taxation charge/(credit) for the year can be reconciled to profit before taxation per the consolidated statement of profit or loss as follows:

	2026	2025
Profit before taxation	**43,915,335**	73,933,897
Tax at Hong Kong Profits Tax rate of 16.5%	**7,246,030**	12,199,093
Tax effect of share of result of an associate	**734,511**	684
Tax effect of share of results of joint ventures	**704,578**	5,063,213
Tax effect of expenses not deductible for tax purpose	**36,980,992**	40,126,513
Tax effect of income not taxable for tax purpose	**(43,010,021)**	(68,192,984)
Tax effect of tax losses not recognised	**21,464,885**	20,581,471
Tax effect of different tax rates of operations in other jurisdictions	**(8,293,870)**	(5,993,607)
Tax reduction	**(171,000)**	(168,000)
Utilisation of tax losses previously not recognised	**(21,404,028)**	(16,384,893)
Under provision in prior years	**6,109,068**	2,020,866
Others	**2,264,260**	(9,216,459)
Taxation charge/(credit) for the year	**2,625,405**	(19,964,103)

13. DIVIDENDS

	2026	2025
Dividends recognised as distribution during the year		
2025 Final – 0.5 HK cent (2024: 1.2 HK cents) per share	**4,575,000**	10,989,619

Subsequent to the end of the reporting period, a final dividend of 1.2 HK cents (2025: A final dividend of 0.5 HK cent) per share in respect of the year ended 31 March 2026 have been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2026	2025
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**41,289,930**	93,898,000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**914,951,181**	915,768,315

No diluted earnings per share is presented for both years as there were no potential ordinary shares in issue.

15. INVESTMENT PROPERTIES

FAIR VALUE	
At 1 April 2024	5,059,548,397
Additions	116,731,426
Increase in fair value recognised in profit or loss	207,125,031
Transfer to properties under development for sale	(2,069,000,000)
Disposals	(13,816,600)
Exchange realignment	(16,538,220)
At 31 March 2025 and 1 April 2025	3,284,050,034
Additions	5,380,572
Increase in fair value recognised in profit or loss	138,385,668
Disposals	(103,794,797)
Exchange realignment	27,053,105
At 31 March 2026	**3,351,074,582**

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

The fair values of the Group's investment properties located in Hong Kong at 31 March 2026 have been arrived at on the basis of valuations carried out by Jones Lang LaSalle Limited, Cushman & Wakefield Limited, Knight Frank Petty Limited and Savills Valuation and Professional Services Limited (2025: Jones Lang LaSalle Limited, Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited), independent qualified professional valuers not connected with the Group, respectively.

The fair values of the Group's investment properties located in the PRC at 31 March 2026 and 2025 have been arrived at on the basis of a valuation carried out by Knight Frank Petty Limited, independent qualified professional valuer not connected with the Group.

The fair values of the Group's investment properties located in United Kingdom at 31 March 2026 and 2025 have been arrived at on the basis of a valuation carried out by Savills (UK) Limited, independent qualified professional valuer not connected with the Group.

The fair value of the Group's investment property located in Canada at 31 March 2026 and 2025 has been arrived at on the basis of a valuation carried out by CBRE Limited, independent qualified professional valuer not connected with the Group.

The fair values of the completed investment properties located in Hong Kong, United Kingdom and Canada at 31 March 2026 (2025: completed investment properties located in Hong Kong and United Kingdom and the investment properties under construction located in Canada) were determined based on direct comparison approach, where the values are assessed by reference to the recent transacted prices of comparable properties in close proximity and adjusted for differences in key attributes such as property size, location, time and quality.

The fair values of the investment properties under construction located in the PRC at 31 March 2026 and 2025 were determined by using residual approach with the basis that the investment properties will be developed and completed in accordance with the latest development proposals and taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

During the year ended 31 March 2025, the Group's investment properties with carrying amounts of HK$2,069,000,000 were transferred to properties under development for sale at fair value of HK$2,069,000,000 at the date of transfer due to change in use of the properties such that the properties ceased to meet the definition of investment properties. The change in use of the properties is evidenced by the commencement of development with a view to sale.

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

15. INVESTMENT PROPERTIES (Cont'd)

Details of the Group's investment properties and information about the fair value hierarchy at the end of the reporting period are as follows:

Investment properties	Fair value as at 31/03/2026	31/03/2025	Fair value hierarchy	Valuation technique	Significant unobservable inputs
Commercial and residential properties located in Hong Kong	**HK$2,870,000,000**	HK$2,674,000,000	Level 3	Direct comparison approach	Adjusted average price per square foot, ranging from HK$19,661 to HK$38,874 (2025: HK$19,310 to HK$38,294) (note (i))
Residential properties located in United Kingdom	**HK$139,235,072**	HK$140,805,700	Level 3	Direct comparison approach	Adjusted average price per square foot, ranging from HK$33,972 to HK$46,433 (2025: HK$36,673 to HK$45,799) (note (i))
Industrial property under construction located in the PRC	**HK$259,720,350**	HK$245,281,900	Level 3	Residual approach	Adjusted average price per square metre of HK$5,104 to HK$6,124 (2025: HK$4,927 to HK$5,998) (note (i))
					Expected developer's profit margin at 15% (2025: 15%) (note (ii))
Residential properties located in Canada	**HK$82,119,160**	HK$223,962,434	Level 3	Direct comparison approach	Adjusted average price per square foot of HK$5,205 (2025: HK$6,646) (note (i))

Notes:

(i) A significant increase in the price per square foot/metre would result in a significant increase in fair value, and vice versa.

(ii) A slight increase in the expected profit would result in a significant decrease in fair value, and vice versa.

There were no transfers into or out of Level 3 during the both years.

The Group's investment properties with an aggregate carrying amount of HK$3,009,235,072 (2025: HK$3,038,768,134) have been pledged to secure banking facilities granted to the Group.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings in Hong Kong	Freehold land and buildings outside Hong Kong	Leasehold improvements	Plant and machinery	Motor vehicles and yacht	Furniture, fixtures and office equipment	Antiques and pictures	Tools and moulds	Total
COST									
At 1 April 2024	28,801,961	5,181,144	40,111,966	49,919,783	29,478,549	99,795,963	20,895,476	26,785,430	300,970,272
Exchange realignment	–	(21,264)	–	–	–	(167,393)	–	–	(188,657)
Additions	–	–	613,728	21,506	–	9,627,058	–	–	10,262,292
Disposals/Written-off	–	(5,159,880)	(763,125)	(11,729,898)	(10,293,915)	(25,289,198)	–	(23,837,971)	(77,073,987)
At 31 March 2025 and 1 April 2025	28,801,961	–	39,962,569	38,211,391	19,184,634	83,966,430	20,895,476	2,947,459	233,969,920
Exchange realignment	–	–	–	–	–	93,936	–	–	93,936
Additions	–	–	–	–	–	1,860,512	–	–	1,860,512
Disposals/Written-off	–	–	(8,000)	(18,929,700)	(791,991)	(9,602,417)	–	–	(29,332,108)
Derecognised on disposal of a subsidiary	–	–	–	–	(668,000)	–	–	–	(668,000)
At 31 March 2026	**28,801,961**	**–**	**39,954,569**	**19,281,691**	**17,724,643**	**76,318,461**	**20,895,476**	**2,947,459**	**205,924,260**
DEPRECIATION AND IMPAIRMENT									
At 1 April 2024	13,137,953	3,570,453	24,758,428	49,818,104	26,769,850	91,605,472	16,711,983	26,531,782	252,904,025
Exchange realignment	–	(14,664)	–	–	–	(96,533)	–	–	(111,197)
Provided for the year	528,817	91,707	1,506,768	12,853	224,359	3,229,035	361,059	109,024	6,063,622
Eliminated upon disposals/written-off	–	(3,647,496)	(731,302)	(11,729,898)	(8,826,027)	(23,552,993)	–	(23,837,971)	(72,325,687)
At 31 March 2025 and 1 April 2025	13,666,770	–	25,533,894	38,101,059	18,168,182	71,184,981	17,073,042	2,802,835	186,530,763
Exchange realignment	–	–	–	–	–	54,207	–	–	54,207
Provided for the year	528,817	–	1,566,712	10,192	124,752	3,433,158	349,163	74,998	6,087,792
Eliminated upon disposals/written-off	–	–	(8,000)	(18,921,021)	(791,991)	(9,594,469)	–	–	(29,315,481)
Eliminated upon disposal of a subsidiary	–	–	–	–	(5,000)	–	–	–	(5,000)
At 31 March 2026	**14,195,587**	**–**	**27,092,606**	**19,190,230**	**17,495,943**	**65,077,877**	**17,422,205**	**2,877,833**	**163,352,281**
CARRYING VALUES									
At 31 March 2026	**14,606,374**	**–**	**12,861,963**	**91,461**	**228,700**	**11,240,584**	**3,473,271**	**69,626**	**42,571,979**
At 31 March 2025	15,135,191	–	14,428,675	110,332	1,016,452	12,781,449	3,822,434	144,624	47,439,157

16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account of their estimated residual values at the following rates per annum:

Category of assets	**Estimated useful lives**
Freehold land	Indefinite
Buildings outside Hong Kong	2% – 4%
Buildings in Hong Kong	Over the shorter of the terms of leases, or 50 years
Leasehold improvements	$14^1/_3$% – $33^1/_3$%
Plant and machinery	25%
Motor vehicles and yacht	10% – 25%
Furniture, fixtures and office equipment	$14^1/_3$% – 25%
Antiques and pictures	10%
Tools and moulds	15% – $33^1/_3$%

As at 31 March 2026, the Group has pledged buildings with a net book value of HK$14,606,374 (2025: HK$15,135,191) to secure general banking facilities granted to the Group.

17. RIGHT-OF-USE ASSETS

	Leasehold land	**Leased properties**	**Total**
As at 31 March 2026			
Carrying amounts	**224,065,180**	**21,207,992**	**245,273,172**
As at 31 March 2025			
Carrying amounts	228,816,664	21,667,428	250,484,092
For the year ended 31 March 2026			
Depreciation charges	**4,751,483**	**5,221,097**	**9,972,580**
For the year ended 31 March 2025			
Depreciation charges	4,751,483	7,487,460	12,238,943

	2026	2025
Gain on lease modification (note 8)	**–**	77,693
Interest expenses (note 9)	**1,506,131**	1,852,164
Expense relating to short-term leases	**604,161**	1,264,633
Total cash outflow for leases	**7,235,885**	8,268,871
Additions to right-of-use assets	**4,761,660**	21,390,342

17. RIGHT-OF-USE ASSETS (Cont'd)

For both years, the Group leases land and properties for its operations. Lease contracts except for land are entered into for fixed term of 3 to 7 years (2025: 3 to 7 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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.

Some lease contracts include an option to renew for an additional period after the end of the initial contract term. Where practicable, the Group seeks to include in all leases such extension options exercisable by the Group to provide operational flexibility. The Group assesses at the lease commencement date the likelihood of exercising the extension options, and only include those reasonably certain to be exercised in the measurement of lease liabilities.

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.

As at 31 March 2026, the Group has pledged leasehold land with a carrying amount of HK$224,065,180 (2025: HK$228,816,664) to secure general banking facilities granted to the Group.

18. GOODWILL

COST	
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	1,269,932
IMPAIRMENT	
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	–
CARRYING VALUES	
At 31 March 2026	**1,269,932**
At 31 March 2025	1,269,932

For the purposes of impairment testing, goodwill has been allocated to two individual cash-generating units (CGUs) in the commercial property investment segment.

	2026	2025
Roebuck Investments Limited (Unit A)	**678,126**	678,126
Ally Vantage Limited (Unit B)	**591,806**	591,806
	1,269,932	1,269,932

During the years ended 31 March 2026 and 2025, management of the Group determines that there are no impairments of any of its CGUs containing goodwill.

18. GOODWILL (Cont'd)

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A and Unit B

The recoverable amount of Units A and B have been determined on the basis of value in use calculations. Their recoverable amounts are based on certain similar key assumptions. The value in use calculation of Unit A uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 11.14% (2025: 10.88%). The value in use calculation of Unit B uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 11.26% (2025: 10.89%). Both sets of cash flows beyond the 5-year period are extrapolated using a steady 2.20% (2025: 2.40%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and direct costs, such estimation is based on the CGUs' past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Unit A and Unit B to exceed the respective aggregate recoverable amount of Unit A and Unit B.

19. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM/TO AN ASSOCIATE

	2026	2025
Cost of unlisted investment in associates	**3,013,396**	3,013,396
Share of post-acquisition (losses)/profits and other comprehensive (expense)/income, net of dividends received	**(230,310)**	4,221,273
Impairment loss recognised	**(2,783,086)**	–
	–	7,234,669

Particulars of the Group's associates at the end of the reporting period are as follows:

Name of associate	Form of entity	Place of incorporation/ operation	Class of shares held	Percentage of ownership interests held by the Group **2026**	2025	Principal activities
Eden Bay Corporation ("Eden Bay")	Incorporated	British Virgin Islands/ Hong Kong	Ordinary	**20%**	20%	Investment holding
Dobree Investments Limited ("Dobree")	Incorporated	British Virgin Islands/ Hong Kong	Ordinary	**50%**	50%	Investment holding

The amount due from an associate included in the Group's current assets represents an amount of HK$4,954,588 (2025: HK$9,954,588) due by Dobree to the Group, which is unsecured, interest-free and repayable on demand. The maximum outstanding balance during the year ended 31 March 2026 is HK$9,954,588 (2025: HK$9,954,588).

The amount due to an associate included in the Group's current liabilities represents an amount of HK$4,448,580 due by the Group to Eden Bay as at 31 March 2025, which is unsecured, interest-free and repayable on demand.

19. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM/TO AN ASSOCIATE (Cont'd)

Summarised financial information of associates

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRS Accounting Standards.

The associates are accounted for using the equity method in these consolidated financial statements.

Eden Bay	**2026**	2025
Current assets	**–**	22,712,016
Non-current assets	**–**	–
Current liabilities	**–**	454,100
Non-current liabilities	**–**	–
Revenue	**–**	–
Loss for the year	**(22,257,916)**	(20,713)
Loss and total comprehensive expense for the year	**(22,257,916)**	(20,713)
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Eden Bay recognised in the consolidated financial statements:

	2026	2025
Net assets of Eden Bay	**–**	22,257,916
Proportion of the Group's ownership interest in Eden Bay	**20%**	20%
	–	4,451,583
Goodwill	**–**	2,783,086
Carrying amount of the Group's interest in Eden Bay	**–**	7,234,669

19. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM/TO AN ASSOCIATE (Cont'd)

Summarised financial information of associates (Cont'd)

Dobree	**2026**	2025
Current assets	**–**	–
Non-current assets	**–**	–
Current liabilities	**19,909,176**	20,129,949
Non-current liabilities	**–**	–
Revenue	**–**	–
Profit/(Loss) for the year	**220,773**	(160,773)
Profit/(Loss) and total comprehensive income/(expense) for the year	**220,773**	(160,773)
Dividends received from the associate during the year	**–**	–

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

	2026	2025
Net liabilities of Dobree	**(19,909,176)**	(20,129,949)
Proportion of the Group's ownership interest in Dobree	**50%**	50%
	(9,954,588)	(10,064,975)
Cumulative unrecognised share of loss and other comprehensive expense	**9,954,588**	10,064,975
Carrying amount of the Group's interest in Dobree	**–**	–

20. INTERESTS IN JOINT VENTURES/AMOUNT DUE TO A JOINT VENTURE

	2026	2025
Costs of unlisted investments in joint ventures	**317,813,998**	317,813,998
Share of post-acquisition losses and other comprehensive expense, net of dividends received	**(287,763,802)**	(35,333,632)
	30,050,196	282,480,366

Particulars of the Group's joint ventures at the end of the reporting period are as follows:

Name of joint venture	**Form of entity**	**Place of incorporation/ operation**	**Class of shares held**	**Percentage of ownership interests held by the Group 2026**	2025	**Principal activities**
Tania Investments Holdings Limited ("Tania")	Incorporated	British Virgin Islands/ Hong Kong	Ordinary	**50%**	50%	Property development and investment
Harvest Sun Holdings Limited ("Harvest Sun")	Incorporated	British Virgin Islands/ Hong Kong	Ordinary	**50%**	50%	Property investment

As at 31 March 2026, the amount due to a joint venture included in the Group's current liabilities represents an amount of HK$7,825 (2025: HK$168,167,825) is unsecured, interest-free and repayable on demand.

20. INTERESTS IN JOINT VENTURES/AMOUNT DUE TO A JOINT VENTURE (Cont'd)

Summarised financial information of joint ventures

Summarised financial information in respect of each of the Group's joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRS Accounting Standards.

All of these joint ventures are accounted for using the equity method in these consolidated financial statements.

Tania	**2026**	2025
Current assets	**71,319,666**	681,499,214
Non-current assets	**–**	–
Current liabilities	**11,219,274**	108,654,118
Non-current liabilities	**–**	8,264,136

Tania	**2026**	2025
Revenue	**343,000,000**	303,000,000
Loss for the year	**(8,160,568)**	(61,752,050)
Loss and total comprehensive expense for the year	**(8,160,568)**	(61,752,050)
Dividends received from Tania during the year	**248,160,000**	–

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

	2026	2025
Net assets of Tania	**60,100,392**	564,580,960
Proportion of the Group's ownership interest in Tania	**50%**	50%
Carrying amount of the Group's interest in Tania	**30,050,196**	282,290,480

20. INTERESTS IN JOINT VENTURES/AMOUNT DUE TO A JOINT VENTURE (Cont'd)

Summarised financial information of joint ventures (Cont'd)

Harvest Sun	**2026**	2025
Current assets	**–**	454,533
Non-current assets	**–**	–
Current liabilities	**22,883**	74,761
Non-current liabilities	**–**	–

Harvest Sun	**2026**	2025
Revenue	–	–
(Loss)/profit for the year	**(661,876)**	848,041
(Loss)/profit and total comprehensive (expense)/income for the year	**(402,655)**	380,850
Dividends received from Harvest Sun during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Harvest Sun recognised in the consolidated financial statements:

	2026	2025
Net (liabilities)/assets of Harvest Sun	**(22,883)**	379,772
Proportion of the Group's ownership interest in Harvest Sun	**50%**	50%
	(11,441)	189,886
Cumulative unrecognised share of loss and other comprehensive income	**11,441**	–
Carrying amount of the Group's interest in Harvest Sun	**–**	189,886

21. OTHER ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026	2025
Club debentures	**12,120,000**	13,750,000

At the end of the reporting period, all other assets at fair value through other comprehensive income are stated at fair value.

Details of the Group's other assets at fair value through other comprehensive income and information about the fair value hierarchy at the end of the reporting period are as follows:

Other assets at fair value through other comprehensive income	**Fair value as at 31/03/2026**	31/03/2025	**Fair value hierarchy**	**Valuation technique and key input**
Club debentures	**HK$12,120,000**	HK$13,750,000	Level 2	Market prices in secondary markets

22. DERIVATIVE FINANCIAL INSTRUMENTS

	2026	2025
Derivatives not under hedge accounting		
Foreign currency forward contract	**(1,386,726)**	–
Interest rate swaps	**(967,723)**	(260,424)
	(2,354,449)	(260,424)

As at 31 March 2026 and 2025, the above contracts will mature within 1-2 years from the end of the reporting period.

23. INVENTORIES

	2026	2025
Raw materials and consumables	**1,027,712**	1,630,737
Work in progress	**959,676**	977,178
Finished goods	**39,005,802**	46,147,988
	40,993,190	48,755,903

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2026	2025
Listed securities:		
– Equity securities listed in Hong Kong	**1,472,000**	–
Unlisted equity securities	**7,559,032**	–
Unlisted fund investments	**97,744,254**	59,910,904
	106,775,286	59,910,904

The fair value of the listed securities are determined based on quoted market bid price available on the relevant stock exchange.

The fair value of the unlisted equity securities are determined based on quoted market prices provided by financial institution.

The fair value of the unlisted fund investments determined based on the reported net asset values of the funds as the fund investments are redeemable at their net asset values.

25. PROPERTIES UNDER DEVELOPMENT FOR SALE/INVENTORY OF UNSOLD PROPERTIES

Properties under development for sale

	2026	2025
Expected to be completed within 12 months	**–**	4,631,511,895

The Group's properties under development for sale with an aggregate carrying amount of HK$4,631,511,895 have been pledged to secure banking facilities granted to the Group as at 31 March 2025.

Inventory of unsold properties

As at 31 March 2026 and 2025, all of the inventory of unsold properties were completed properties and the Directors reviewed the carrying amounts of the completed properties with reference to prevailing market conditions and the estimated selling prices.

The Group's inventory of unsold properties with an aggregate carrying amount of HK$1,437,533,271 have been pledged to secure banking facilities granted to the Group as at 31 March 2026.

26. BILLS RECEIVABLES

Bills receivables of HK$1,425,559 (2025: HK$508,747) are aged within 30 days.

27. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2026	2025
Trade receivables	**34,529,021**	36,233,123
Less: allowance for credit losses	**(16,944,628)**	(12,878,152)
	17,584,393	23,354,971
Deposits	**35,359,578**	167,911,442
Prepayments	**28,305,501**	96,224,573
Other receivables	**8,767,303**	28,657,288
	90,016,775	316,148,274

As at 31 March 2026, the deposits of HK$27,078,061 (2025: HK$161,353,208) is related to the unreleased customers' deposits held in trust for the properties in Canada.

As at 31 March 2025, the prepayments of HK$68,912,946 (equivalent to CAD12,707,884) represented the sales commission in connection with the sales of properties. The Group has capitalised the amounts and will charge them to profit or loss as the distribution expenses when the revenue from the related property sale is recognised. During the year ended 31 March 2026, HK$68,870,294 (equivalent to CAD12,244,479) (2025: nil) was charged to profit or loss.

The Group has a policy of allowing an average credit period of 30 days to its trade customers. The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period.

	2026	2025
Within 30 days	**15,709,283**	15,059,693
31 to 90 days	**1,437,413**	4,213,086
91 to 180 days	**183,117**	143,894
Over 180 days	**254,580**	3,938,298
	17,584,393	23,354,971

The Group does not hold any collateral over these balances.

Details of impairment assessment are set out in note 6(b).

28. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances carry interest rates ranging from 0.001% to 3.850% (2025: 0.001% to 4.830%) per annum.

Included in bank balances and cash are bank deposits of HK$328,000,000 (2025: HK$278,000,000) which are subject to the charges to secure general banking facilities granted to the Group. These bank deposits are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

29. TRADE AND BILLS PAYABLES

The following is an ageing analysis of trade and bills payables presented based on the invoice date:

	2026	2025
Within 30 days	**26,431,914**	31,514,427
31 to 90 days	**10,013,375**	16,893,603
91 to 180 days	**–**	–
Over 180 days	**412,965**	407,981
	36,858,254	48,816,011

The average credit period is 30 days.

30. CUSTOMERS' DEPOSITS

	2026	2025
Customers' deposits	**–**	699,126,837

The Group receives certain percentage of the contract value as a deposit from customers when the Group signs the sale and purchase agreement with the customers. This deposit is recognised as a contract liability until the properties are completed and legally assigned to the customer.

HK$721,519,751 (equivalent to CAD128,279,300) which was included in the customers' deposits balance at the beginning of the year (2025: nil) has been recognised as revenue during the year ended 31 March 2026.

As at 31 March 2025, customers' deposits of HK$699,126,837 (equivalent to CAD128,922,400) are expected to be recognised as revenue in the consolidated statement of profit or loss within one year.

31. LEASE LIABILITIES

	2026	2025
Lease liabilities payable:		
Within one year	**5,403,282**	5,048,304
Within a period of more than one year but not more than two years	**5,447,158**	3,864,739
Within a period of more than two years but not more than five years	**12,700,672**	11,020,499
Within a period of more than five years	**–**	3,981,503
	23,551,112	23,915,045
Less: Amount due for settlement with 12 months shown under current liabilities	**(5,403,282)**	(5,048,304)
Amount due for settlement after 12 months shown under non-current liabilities	**18,147,830**	18,866,741

The weighted average incremental borrowing rates applied to lease liabilities range from 3.3% to 7.1% (2025: from 5.5% to 7.1%).

32. BANK LOANS

	2026	2025
Secured bank loans	**2,986,918,394**	4,999,166,490
Unsecured bank loans	**237,089,545**	646,835,949
	3,224,007,939	5,646,002,439
Carrying amount repayable:		
On demand or within one year	**1,617,292,270**	3,860,818,248
More than one year, but not more than two years	**564,335,369**	577,941,357
More than two years, but not more than five years	**913,818,834**	1,067,670,909
More than five years	**128,561,466**	139,571,925
	3,224,007,939	5,646,002,439
Less: Amounts due within one year shown under current liabilities	**(1,617,292,270)**	(3,860,818,248)
Amounts shown under non-current liabilities	**1,606,715,669**	1,785,184,191

32. BANK LOANS (Cont'd)

Bank loans denominated in currencies other than the functional currency of the relevant group companies are analysed as follows:

	2026	2025
USD	**19,293,993**	13,560,033
Pound sterling ("GBP")	**81,553,946**	81,827,170
JPY	**66,550,741**	62,413,144
CAD	**–**	1,488,379,326

All the Group's borrowings are variable-rate borrowings which carry interest at HIBOR, LIBOR, compounded reference rate or prime rate plus certain basis points and subject to cash flow interest rate risk. Interest is repricing every month and the range of interest rates is from 0.70% to 6.97% (2025: 1.98% to 8.15%) per annum.

Certain of the Group's bank loans are subject to the fulfilment of covenants relating to certain financial requirements. The Group regularly monitors its compliance with these covenants.

33. SHARE CAPITAL

	Number of shares		Amount	
	2026	2025	**2026**	2025
Ordinary shares of HK$0.1 each				
Authorised:				
At beginning of the year and at end of the year	**1,500,000,000**	1,500,000,000	**150,000,000**	150,000,000
Issued and fully paid:				
At beginning of the year	**915,542,962**	915,842,962	**91,554,296**	91,584,296
Cancelled on repurchase of shares	**(1,320,000)**	(300,000)	**(132,000)**	(30,000)
At end of the year	**914,222,962**	915,542,962	**91,422,296**	91,554,296

During the year, the Company repurchased certain of its own shares on the Stock Exchange. As at 31 March 2026, there are shares repurchased by the Company which has not yet been cancelled.

The issued share capital of the Company was reduced by the nominal value of these shares with a corresponding increase in the capital redemption reserve. The premium paid on repurchase was charged to retained profits.

Month of repurchase	Number of shares	Price per share Highest	Lowest	Aggregate consideration paid (including expenses)
April 2025	186,000	0.405	0.370	71,520
May 2025	140,000	0.385	0.370	53,930
December 2025	776,000	0.355	0.340	271,766
January 2026	224,000	0.380	0.345	81,881
February 2026	766,000	0.390	0.370	292,151
March 2026	554,000	0.390	0.385	217,217
	2,646,000			988,465

34. PROVISION FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

The most recent actuarial valuation of the present value of the obligations under long service payments was carried out at 31 March 2026 and 2025 by Towers Watson Hong Kong Limited, who is a Fellow of the Society of Actuaries. The present value of the obligations under long service payments and the related current service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2026	2025
Discount rate	**2.60%**	3.00%
Expected rate of salary increase	**3.00%**	3.00%
Expected rate of return on MPF balances	**4.90%**	4.70%
Expected rate of increase to maximum MPF relevant income	**2.50%**	2.50%

Amounts recognised in comprehensive income in respect of the obligations under long service payments are as follows:

	2026	2025
Current service cost	**207,603**	187,252
Interest cost	**45,970**	57,628
Components of defined benefit costs recognised in profit or loss	**253,573**	244,880
Remeasurement on the net defined benefit liability:		
Actuarial losses/(gains) arising from experience adjustments	**65,687**	(376,534)
Actuarial losses arising from changes in financial assumptions	**42,027**	43,266
Actuarial gains arising from changes in demographic assumptions	**(111)**	(117)
Components of defined benefit expense/(income) recognised in other comprehensive income	**107,603**	(333,385)
Total	**361,176**	(88,505)

The amounts included in the consolidated statement of financial position arising from the Group's obligations under long service payments are as follows:

	2026	2025
Present value of the obligations under long service payments	**1,775,015**	1,612,673

34. PROVISION FOR LONG SERVICE PAYMENTS (Cont'd)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2026	2025
At beginning of the year	**1,612,673**	1,707,580
Current service cost	**207,603**	187,252
Interest cost	**45,970**	57,628
Remeasurement losses/(gains):		
– Actuarial losses/(gains) arising from experience adjustments	**65,687**	(376,534)
– Actuarial losses arising from changes in financial assumptions	**42,027**	43,266
– Actuarial gains arising from changes in demographic assumptions	**(111)**	(117)
Benefits paid	**(198,834)**	(6,402)
At end of the year	**1,775,015**	1,612,673

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected rate of salary increase, expected return on MPF balances and maximum MPF relevant income. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 25 basis points higher (lower), the defined benefit obligation would decrease by HK$27,178 (2025: HK$23,215) (increase by HK$27,995 (2025: HK$23,916)).

- If the expected rate of salary increase is 25 basis points higher (lower), the defined benefit obligation would increase by HK$2,464 (2025: HK$2,351) (decrease by HK$2,436 (2025: HK$2,324)).

- If the expected rate of return on MPF balances is 25 basis points higher (lower), the defined benefit obligation would decrease by HK$1,346 (2025: HK$2,029) (increase by HK$1,347 (2025: HK$2,025)).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

The weighted average duration of the defined benefit obligation as at 31 March 2026 is 6.4 years (2025: 6.0 years).

The expected defined benefit costs during the next financial year is HK$293,231 (2025: HK$253,573).

35. DEFERRED TAXATION

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

	2026	2025
Deferred tax assets	**10,921,550**	10,269,657
Deferred tax liabilities	**(55,328,676)**	(61,295,279)
	(44,407,126)	(51,025,622)

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

	Accelerated tax depreciation	**Revaluation of properties**	**Revaluation of investment properties**	**Tax losses**	**Total**
At 1 April 2024	62,839,006	7,342,907	65,922,222	(62,849,480)	73,254,655
Credit to profit or loss for the year	(1,081,907)	–	(13,019,240)	(8,134,552)	(22,235,699)
Exchange differences	–	–	–	6,666	6,666
At 31 March 2025 and 1 April 2025	61,757,099	7,342,907	52,902,982	(70,977,366)	51,025,622
Charge/(Credit) to profit or loss for the year	2,876,049	–	(8,798,650)	(611,790)	(6,534,391)
Exchange differences	–	–	–	(84,105)	(84,105)
At 31 March 2026	**64,633,148**	**7,342,907**	**44,104,332**	**(71,673,261)**	**44,407,126**

At the end of the reporting period, the Group has unused tax losses of approximately HK$1,586,059,000 (2025: HK$1,414,161,000) available for offset against future profits. A deferred tax asset of HK$71,673,261 (2025: HK$70,977,366) has been recognised in respect of approximately HK$434,393,000 (2025: HK$336,968,000) of such losses.

No deferred tax asset has been recognised in respect of the remaining approximately HK$1,151,666,000 (2025: HK$1,077,193,000) of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$329,000 (2025: HK$442,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

36. FINANCIAL GUARANTEE CONTRACTS

	2026	2025
Guarantee given to bank in respect of banking facilities to a joint venture[(note (a))]	–	106,413,023
Other guarantees[(note (b))]	**20,000**	20,000
	20,000	106,433,023

Notes:

(a) At 31 March 2025, the Company issued financial guarantee to a bank in respect of banking facilities granted to a joint venture. The maximum guarantee amount borne by the Company under the guarantee was HK$385,782,130, of which approximately HK$106,413,000 has been utilised by the joint venture. As at 31 March 2025, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts.

(b) The fair values of the financial guarantees at initial recognition are not significant and therefore the directors are of the opinion that no provision for financial guarantees should be made.

37. CAPITAL COMMITMENTS

	2026	2025
Contracted for but not provided:		
Construction of properties	**16,633,450**	62,627,453

38. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Minimum lease payments receivable on leases are as follows:

	2026	2025
Within one year	**3,717,114**	4,684,109
More than one year but within two years	**1,400,629**	–
More than two year but within three years	**150,938**	–
	5,268,681	4,684,109

39. RETIREMENT BENEFIT SCHEME

Commencing from 1 December 2000, the Group's employees are required to join the MPF Scheme. Under the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK$1,500 per month (with effect from 1 June 2014) whichever is the smaller to the scheme. There is no forfeiture of employer's contribution from leaving scheme members under the MPF Scheme.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total cost charged to profit or loss of HK$2,955,194 (2025: HK$3,201,089) represents contributions payable to these schemes by the Group in respect of the current accounting period.

40. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the banking facilities:

	2026	2025
Investment properties	**3,009,235,072**	3,038,768,134
Leasehold land (included in right-of-use assets)	**224,065,180**	228,816,664
Buildings in Hong Kong	**14,606,374**	15,135,191
Properties under development for sale	–	4,631,511,895
Inventory of unsold properties	**1,437,533,271**	–
Bank deposits	**328,000,000**	278,000,000

41. RELATED PARTY TRANSACTIONS

(a) Details of outstanding balances with related parties of the Group at the end of the reporting period are set out in notes 19 and 20.

(b) Details of financial guarantee given to a bank by the Group in respect of banking facilities granted to a joint venture is set out in note 36.

(c) Compensation of key management personnel is disclosed in note 11.

(d) On 24 September 2024, the Group entered into the sale contract with a connected person of the Group, a son of Mr. Jimmy Lee (an executive Director) and a brother of Mr. Loewe Lee (an executive Director) to dispose a freehold land and building outside Hong Kong. For details, please refer to the announcement of the Company dated 24 September 2024.

(e) During the year ended 31 March 2026, the Group received project management fee of HK$10,290,000 from Tania, a joint venture of the Group.

42. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 26 August 2019 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 25 August 2029. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2026 and 2025. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Consideration at HK$1 is payable on the grant of an option. Options may be exercised in accordance with the terms of the Scheme at any time during the period as the Board of Directors may determine in granting the share options, but in any event not exceeding ten years from the date of grant. The exercise price is determined by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities	**Bank loans**	**Total**
At 1 April 2024	9,361,932	4,929,299,867	4,938,661,799
Financing cash flows	(7,004,238)	455,029,913	448,025,675
Interest expenses	1,852,164	352,677,342	354,529,506
Lease modification	(1,685,155)	–	(1,685,155)
Additions	21,390,342	–	21,390,342
Transfer to interest payables	–	(27,275,789)	(27,275,789)
Exchange realignment	–	(63,728,894)	(63,728,894)
At 31 March 2025 and 1 April 2025	23,915,045	5,646,002,439	5,669,917,484
Financing cash flows	(6,631,724)	(2,718,658,215)	(2,725,289,939)
Interest expenses	1,506,131	244,998,808	246,504,939
Additions	4,761,660	–	4,761,660
Transfer from interest payables	–	21,845,382	21,845,382
Exchange realignment	–	29,819,525	29,819,525
At 31 March 2026	**23,551,112**	**3,224,007,939**	**3,247,559,051**

44. DISPOSAL OF SUBSIDIARIES

(a) Sonic Run Investments Limited ("SR")

In October 2024, the Group disposed of its 100% equity interest in SR at a consideration of GBP4,000,000 (equivalent to HK$40,560,000). The net assets of SR at the date of disposal were as follows:

Consideration received	
Cash received	40,560,000
Analysis of assets and liabilities over which control was lost:	
Financial assets at fair value through profit or loss	41,029,932
Net assets disposed of	41,029,932
Loss on disposal of a subsidiary:	
Consideration received	40,560,000
Cost of disposal	(425,405)
Net assets disposed of	(41,029,932)
	(895,337)
Net cash inflow arising on disposal:	
Cash consideration received	40,560,000
Less: Cost of disposal	(425,405)
	40,134,595

44. DISPOSAL OF SUBSIDIARIES (Cont'd)

(b) Parkcrest International Limited ("PI")

In July 2025, the Group disposed of its 100% equity interest in PI at a consideration of HK$5,100,000. The net assets of PI at the date of disposal were as follows:

Consideration received

Cash received	5,100,000

Analysis of assets and liabilities over which control was lost:

Property, plant and equipment	663,000
Shareholder's loan	(1,311,074)
Net liabilities disposed of	(648,074)

Gain on disposal of a subsidiary:

Consideration received	4,865,157
Reclassification of cumulative exchange reserve on disposal of a subsidiary	63,000
Release of FVTOCI reserve upon disposal of a subsidiary	(175,000)
Assignment of loan	(1,311,074)
Net liabilities disposed of	648,074
	4,090,157

Net cash inflow arising on disposal:

Cash consideration received	5,100,000
Less: Cost of disposal	(234,843)
	4,865,157

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place/ country of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of ownership interests held directly/indirectly by the Company 2026	2025	Principal activities
Direct subsidiary						
National Electronics (Consolidated) Limited	Hong Kong	Ordinary	HK$1,000	**100%**	100%	Investment holding and trading of electronic products
National Properties Holdings Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Investment holding and property management
Indirect subsidiary						
88 Queen Partnership	Ontario, Canada	N/A	CAD31,282,871 Partners' capital	**100%**	100%	Property development
88 North Tower Developments Limited Partnership	Ontario, Canada	N/A	CAD7,947,911 Partners' equity	**100%**	100%	Property development
88 South Tower Phase I Developments Limited Partnership	Ontario, Canada	N/A	CAD10,621,804 Partners' capital	**100%**	100%	Property development
88 South Tower Phase II Developments Limited Partnership	Ontario, Canada	N/A	CAD7,906,432 Partners' capital	**100%**	100%	Property development
99 Bonham Management Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	Property management
Ally Vantage Limited	British Virgin Islands	Ordinary	US$1,000	**100%**	100%	Investment holding
Asiatic Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Property development and investment

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/ country of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of ownership interests held directly/indirectly by the Company 2026	2025	Principal activities
Indirect subsidiary (Cont'd)						
Baccarat Investments Limited	British Virgin Islands/ Hong Kong	Ordinary	US$1	**100%**	100%	Investment holding
Banyan Villas Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	US$2	**100%**	100%	Investment holding
Batilone Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Property development and investment
Bentley Investments Limited	Hong Kong	Ordinary	HK$10,000	**100%**	100%	Property development and investment
Brady Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Property investment
Cheer Rise Global Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	Property investment
Chirac Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Investment holding
Clare Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	Property investment
Clare Holding Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
Duprey Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Trading of electronic products
Eastbond (Hong Kong) Limited	Hong Kong	Ordinary	HK$10	**100%**	100%	Manufacture and sale of plastic products

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/ country of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of ownership interests held directly/indirectly by the Company 2026	2025	Principal activities
Indirect subsidiary (Cont'd)						
Fatron Electronics Company Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Manufacturing of electronic products
Forthright Investment Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Property investment
Globics Technology Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	Development and sale of hybrid and smart watches and wearables
Harbour Horizon Holdings Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	Property investment
Jervois Management Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	Property management
Joyful Asia Group Limited	British Virgin Islands/ Hong Kong	Ordinary	US$100	**100%**	100%	Property investment and development
Lens Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Property development and investment
Majorell Limited	Hong Kong	Ordinary	HK$1,000	**100%**	100%	Property investment and investment holding
Miyota Trading Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Trading of electronic products
National Commercial Developments Limited	Hong Kong	Ordinary	HK$10,000	**100%**	100%	Investment holding

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/ country of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of ownership interests held directly/indirectly by the Company 2026	2025	Principal activities
Indirect subsidiary (Cont'd)						
National Commercial Developments Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
National Ebauch Limited	Hong Kong	Ordinary	HK$1,000	**100%**	100%	Investment holdings and trading of electronic products
National Electronics and Watch Company Limited	Hong Kong	Ordinary Non-voting deferred (note)	HK$1,000 HK$2,000,000	**100%**	100%	Manufacture and sale of liquid crystal display and quartz analogue watches
National Hotel Holdings Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Investment holding
National Hotel Holdings Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
National Hotel Management Limited	Hong Kong	Ordinary	HK$2	**100%**	100%	Property management and investment holding
National Hotel Management Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
National Properties Holdings Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	Investment holding
National Telecommunication System Limited	Hong Kong	Ordinary Non-voting deferred (note)	HK$1,000 HK$2,000,000	**100%**	100%	Provision of inspection service
National Time Limited	Hong Kong	Ordinary Non-voting deferred (note)	HK$1,000 HK$550,000	**100%**	100%	Trading of electronic watches

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/ country of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of ownership interests held directly/indirectly by the Company 2026	2025	Principal activities
Indirect subsidiary (Cont'd)						
One96 Management Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	Property management
Phoenix Investment S.à.r.l.	Luxembourg	Ordinary	EUR12,500	**100%**	100%	Investment holding
RNG Studios Inc.	United States of America	Ordinary	US$100,000	**100%**	100%	Provision of liaison services and investment holding
Roebuck Investments Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
Seafield Capital Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	Investment holding
Smart Plus Group Limited	British Virgin Islands	Ordinary	US$1,000	**100%**	100%	Investment holding
St. Thomas Commercial Developments Incorporated	Ontario, Canada	Common	CAD6,664,528	**100%**	100%	Investment holding
St. Thomas Developments Incorporated	Ontario, Canada	Common	CAD2,100	**100%**	100%	Property development
Susanne Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
Sun Shine Limited	Hong Kong	Ordinary	HK$2	**100%**	100%	Investment holding
Tania Investments Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
The Putman Management Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Property management

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/ country of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of ownership interests held directly/indirectly by the Company 2026	2025	Principal activities
Indirect subsidiary (Cont'd)						
Unionville Development Limited Partnership	Ontario, Canada	N/A	CAD13,162 Partners' capital	**100%**	100%	Property development
Verde Group Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	Investment holding
中霸電子科技(南寧)有限公司*	PRC	Registered capital	HK$94,427,800	**100%**	100%	Manufacture of electronic products
東富塑膠五金製品(深圳)有限公司*	PRC	Registered capital	HK$5,000,000	**100%**	100%	Manufacture of metal and plastic products
威日實業(深圳)有限公司*	PRC	Registered capital	HK$5,000,000	**100%**	100%	Trading of electronic products

* A wholly foreign owned enterprise

Note: The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. All these subsidiaries are wholly-owned and private limited companies.

None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year. The Group had no subsidiaries which have material non-controlling interests for the years ended 31 March 2026 and 2025.

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2026	2025
Non-current assets		
Interests in subsidiaries	**944,520,878**	944,520,878
Other assets at fair value through other comprehensive income	**–**	2,000,000
	944,520,878	946,520,878
Current assets		
Other receivables	**7,881,624**	77,786
Amount due from subsidiaries	**549,533,513**	544,052,726
Bank balances	**1,295,390**	8,176,236
	558,710,527	552,306,748
Current liabilities		
Accrued expenses	**9,923,440**	10,015,072
Financial guarantee contracts	**60,326,483**	123,725,729
Amounts due to subsidiaries	**725,411,718**	714,343,222
Bank loans	**62,680,836**	118,704,000
	858,342,477	966,788,023
Net current liabilities	**(299,631,950)**	(414,481,275)
Total assets less current liabilities	**644,888,928**	532,039,603
Capital and reserves		
Share capital	**91,422,296**	91,554,296
Reserves	**494,496,962**	440,485,307
Total equity	**585,919,258**	532,039,603
Non-current liability		
Bank loans	**58,969,670**	–
	644,888,928	532,039,603

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 29 June 2026 and are signed on its behalf by:

JIMMY LEE YUEN CHING
Director

LOEWE LEE BON CHI
Director

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Cont'd)

Movement in the Company's reserves

	Share premium	Contributed surplus	Capital redemption reserve	Retained profits	Total
At 1 April 2024	34,677,029	90,854,039	50,294,840	243,247,099	419,073,007
Profit for the year	–	–	–	32,606,912	32,606,912
Dividends paid	–	–	–	(10,989,619)	(10,989,619)
Repurchase of own shares	–	–	30,000	(234,993)	(204,993)
At 31 March 2025 and 1 April 2025	34,677,029	90,854,039	50,324,840	264,629,399	440,485,307
Profit for the year	–	–	–	59,443,120	59,443,120
Dividends paid	–	–	–	(4,575,000)	(4,575,000)
Repurchase of own shares	–	–	132,000	(988,465)	(856,465)
At 31 March 2026	**34,677,029**	**90,854,039**	**50,456,840**	**318,509,054**	**494,496,962**

SCHEDULE OF MAJOR PROPERTIES HELD BY THE GROUP

Details of the major properties held by the Group at 31 March 2026 are as follows:

INVESTMENT PROPERTIES

Location	Lease term	Group's interest	Type
The Putman No. 202 Queen's Road Central, Sheung Wan, Hong Kong	Long term	100%	Commercial
99 Bonham Nos. 99, 101-103 Bonham Strand and No. 127 Wing Lok Street, Sheung Wan, Hong Kong	Long term	100%	Commercial
One96 No. 196 Queen's Road Central, Sheung Wan, Hong Kong	Long term	100%	Commercial
The Jervois No. 89 Jervois Street, Sheung Wan, Hong Kong	Long term	100%	Commercial
Two parcels of land located at Nos. 10 and 12 Nali Road, Yinkai Industrial Park, Economic and Technological Development Area, Nanning, Guangxi Zhuangzu Autonomous Region, the PRC	Medium term	100%	Industrial
Apartment 306, Burlington Gate, together with Parking Space 7, 25 Cork Street, London W1S 3NB, United Kingdom	Long term	100%	Residential
Apartment 503, Burlington Gate, together with Parking Space 49, 25 Cork Street, London W1S 3NB, United Kingdom	Long term	100%	Residential
House No. 26, Le Palais, No. 8 Pak Pat Shan Road, Hong Kong	Medium term	100%	Residential
18 Remaining residential units in Phase III at 88 Queen Street East, Toronto, Ontario, Canada	Freehold	100%	Residential

INVENTORY OF UNSOLD PROPERTIES

Location	Group's interest	Residential (sq. ft.)	Development status
The unsold portion of "1 South Bay Close", No. 1 South Bay Close, Repulse Bay, Hong Kong	100%	11,393	Completed
31 Remaining residential units in Phase III at 88 Queen Street East, Toronto, Ontario, Canada	100%	21,003	Completed

FINANCIAL SUMMARY

Results:

	Year ended 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**4,048,530**	502,305	578,222	501,313	694,564
Cost of sales	**(3,802,973)**	(375,281)	(457,295)	(393,513)	(606,742)
Gross profit	**245,557**	127,024	120,927	107,800	87,822
Other income, other gains or losses, net	**137,608**	79,782	36,869	(11,059)	(37,026)
Increase in fair value of investment properties	**138,385**	207,125	223,301	298,698	134,757
Distribution costs	**(176,310)**	(7,614)	(8,333)	(8,792)	(8,253)
Administrative expenses	**(138,701)**	(99,344)	(98,612)	(170,208)	(115,233)
Finance costs	**(153,902)**	(202,349)	(213,297)	(140,266)	(74,851)
Share of results of associates	**(4,452)**	(4)	(6)	(67)	25
Share of results of joint ventures	**(4,270)**	(30,686)	(18,606)	(10,608)	96,833
Profit before taxation	**43,915**	73,934	42,243	65,498	84,074
Income tax (expense)/credit	**(2,625)**	19,964	(1,207)	(16,654)	7,204
Profit for the year	**41,290**	93,898	41,036	48,844	91,278
Profit/(Loss) for the year attributable to:					
– Owners of the Company	**41,290**	93,898	41,133	48,869	91,357
– Non-controlling interests	**–**	–	(97)	(25)	(79)
	41,290	93,898	41,036	48,844	91,278
Earnings per share					
– Basic	**4.5 HK cents**	10.3 HK cents	4.5 HK cents	5.2 HK cents	9.5 HK cents
– Diluted	**4.5 HK cents**	10.3 HK cents	4.5 HK cents	5.2 HK cents	9.5 HK cents

Assets and liabilities:

	At 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**6,182,470**	9,513,161	8,580,597	8,508,307	8,338,780
Total liabilities	**3,528,057**	6,932,052	6,031,776	5,962,158	5,722,175
Net assets	**2,654,413**	2,581,109	2,548,821	2,546,149	2,616,605
Equity attributable to owners of the Company	**2,654,413**	2,581,109	2,548,821	2,544,789	2,615,220
Non-controlling interests	**–**	–	–	1,360	1,385
Total equity	**2,654,413**	2,581,109	2,548,821	2,546,149	2,616,605

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HYBRID WATCH

PURA

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www.pininfarinahybridwatch.com

The Group is currently marketing the special duplex units at 1 South Bay Close, its luxurious residential development in Repulse Bay.
本集團現正推廣位於淺水灣豪華住宅發展項目南灣坊1號之特色複式單位。


CY TWOMBLY
PHOTOGRAPHS
1951–2007
LIAIGRE
Flammarion
REGZA
Isamu Noguchi
Sculptural Design
彼得·林德伯格
未
知
PETER

THE JERVOIS