

MOS HOUSE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1653

Annual Report

2024





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Simon Tso (*Chairman and Chief Executive Officer*)
Ms. Tsui To Fei

Independent Non-executive Directors

Mr. Ng Wang To (*retired on 18 September 2023*)
Mr. Woo King Hang, JP
Mr. Hui Chun Tak, PDSM
Dr. Lam Lee G., BBS, JP (*appointed on 1 October 2023 & resigned on 15 February 2024*)
Mr. Wong Chun Ping, MH, JP (*appointed on 31 July 2024*)

AUDIT COMMITTEE

Mr. Woo King Hang, JP (*chairman*)
Mr. Ng Wang To (*retired on 18 September 2023*)
Mr. Hui Chun Tak, PDSM
Dr. Lam Lee G., BBS, JP (*appointed on 1 October 2023 & resigned on 15 February 2024*)
Mr. Wong Chun Ping, MH, JP (*appointed on 31 July 2024*)

REMUNERATION COMMITTEE

Mr. Ng Wang To (*chairman, retired on 18 September 2023*)
Ms. Tsui To Fei
Mr. Woo King Hang, JP
Mr. Hui Chun Tak, PDSM (*appointed as chairman on 1 October 2023*)

NOMINATION COMMITTEE

Mr. Simon Tso (*chairman*)
Mr. Ng Wang To (*retired on 18 September 2023*)
Mr. Hui Chun Tak, PDSM
Dr. Lam Lee G., BBS, JP (*appointed on 1 October 2023 & resigned on 15 February 2024*)
Mr. Wong Chun Ping, MH, JP (*appointed on 31 July 2024*)

CORPORATE GOVERNANCE COMMITTEE

Mr. Woo King Hang, JP (*chairman, redesignated as member on 1 October 2023*)
Mr. Ng Wang To (*retired on 18 September 2023*)
Mr. Hui Chun Tak, PDSM
Dr. Lam Lee G., BBS, JP (*chairman, appointed on 1 October 2023 & resigned on 15 February 2024*)
Mr. Wong Chun Ping, MH, JP (*chairman, appointed on 31 July 2024*)

COMPANY SECRETARY

Mr. Chan Cheung, CPA

AUTHORISED REPRESENTATIVES

Mr. Simon Tso
Ms. Tsui To Fei

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

Wong Heung Sum & Lawyers

AUDITOR

CL Partners CPA Limited

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1001, 10/F, Plaza 228
228 Wan Chai Road,
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

1653

COMPANY'S WEBSITE

www.rbmsgroup.org

CHAIRMAN'S STATEMENT

On behalf of the board (the “Board”) of directors (the “Directors”) of MOS House Group Limited (the “Company”, together with its subsidiaries, the “Group”), I am pleased to present to the shareholders of the Company (the “Shareholders”) the audited consolidated results of the Group for the year ended 31 March 2024.

RESULTS

The Group recorded a total revenue of approximately HK\$122.6 million for the year ended 31 March 2024, representing a decrease of approximately 20.3% as compared to approximately HK\$153.9 million for the year ended 31 March 2023. The decrease in revenue was mainly due to the decline in retail sales. Such decrease was attributed to the adverse impact of high interest rate coupled with volatile market environment leading to low consumer spending sentiments which in turn affected the performance of the Group's retail sales.

The Group's gross profit (i.e. revenue from the sales of tiles and bathroom fixtures minus cost of inventories sold) amounted to approximately HK\$79.6 million, representing a gentle decrease of approximately 1.85% from approximately HK\$81.1 million for the year ended 31 March 2023. Despite the decrease in gross profit, the overall product margin increased from approximately 52.9% for the year ended 31 March 2023 to approximately 65.3% for the year ended 31 March 2024. Such increase in product margin was mainly attributable to the sales of tile products with higher profit margins accounted for most of the non-retail sales for the year ended 31 March 2024; while compared to the same period last year, the sales of bathroom and fixtures products with lower profit margins accounted for most of the non-retail sales.

For the year ended 31 March 2024, the Group's net profit attributable to owners of the Company was approximately HK\$1.7 million, representing an increase of approximately 57.1% as compared to approximately HK\$1.4 million for the year ended 31 March 2023.

BUSINESS REVIEW

The Group was principally engaged in two business segments, being (i) the trading of tiles, bathroom fixtures and other products through its retail shops in Hong Kong and non-retail channels in Hong Kong and Macau; and (ii) the property investment in Hong Kong, where the Group earns rental income.

During the year under review, persistent high interest rates and low consumer spending power have posted challenges to the Group which have had significant impacts on its retail business. For the year ended 31 March 2024, revenue generated from the retail sales of tile, bathroom fixture and other products decreased by approximately 37.5% to approximately HK\$58.9 million, compared to HK\$94.2 million for the year ended 31 March 2023.

The Group remained committed to expanding its product portfolio to enhance the diversity of its product offerings. With the gradual resumption of economic activities during the year, the Group strived to further expand its business in non-retail sales by selling high-end European tiles to non-retail customers, leading to the gentle increase in non-retail sales by approximately 6.6% from approximately HK\$59.3 million for the year ended 31 March 2023 to approximately HK\$63.2 million for the year ended 31 March 2024.

CHAIRMAN'S STATEMENT

In addition, the Group earned rental income of approximately HK\$0.5 million (2023: approximately HK\$0.5 million) from its investment property for the year ended 31 March 2024. The rental income remained stable.

On 31 January 2024, the Group completed to acquire 50% of the equity interest in a company engaged in project management for solar panel installation for residential, industrial and commercial buildings and other value-added services. The acquisition will enable the Group to offer more comprehensive packages to the customers with the combination of tile products of the Group and energy savings service solutions and value-added services, which will enhance the Group's competitive advantages.

OUTLOOK

With the Hong Kong government's removal of all "spicy" measures for residential properties in late February this year, the Group expects that demand for home improvement, remodelling and furnishing materials from retail customers will increase following the rebound in property transactions.

To strengthen our market position and enhance our competitiveness, the Group will continue to expand its product mix and enhance the diversity of its product offerings. The Group will continue to offer comprehensive branded products to meet different needs and specifications, providing our retail customers solutions for different purposes and functionality whether for residential or commercial use.

In terms of non-retail sales, including distribution sales and project sales, the Group will focus on increasing revenue from non-retail sales by enhancing our collaboration with existing distributors and project customers (including interior designing companies, construction contractors, property developers) and exploring more potential distributors and project customers.

In addition, the Group will endeavor to offer more comprehensive service packages to the customers with the combination of tile products, energy savings service solutions and fitting-out works. As mentioned above, the Group completed to acquire 50% of the equity interest in a company engaged in project management for solar panel installation for residential, industrial and commercial buildings and other value-added services, which provides an ideal business opportunity to further expand the Group's business in the renewable energy industry by gaining access to the business network of green industry, and also to diversify and broaden source of income and customer base of the Group.

The Group remains cautious on the outlook for the retail industry and anticipates that volatile market combined with high interest rates will undoubtedly continue to have a significant impact on the retail business. Meanwhile, the Group will remain alert to the changes in the business environment and strive to enhance its operational efficiency to ensure sustainability. In addition, the Group will continue to explore and identify opportunities to further diversify its sources of revenue, so as to boost the financial performance of the Group.

APPRECIATION

I would like to take this opportunity, on behalf of the Board, to express my heartfelt gratitude to all employees and Directors for their hard work, and to all our customers, business partners and Shareholders for their support to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Group was principally engaged in two business segments, being (i) the trading of tiles and bathroom fixture products through its retail shops in Hong Kong and non-retail channels in Hong Kong, and Macau; and (ii) the property investment in Hong Kong, where the Group earns rental income. For the year ended 31 March 2024, the Group recorded a total revenue of approximately HK\$122.6 million, representing a decrease of approximately 20.3% as compared to approximately HK\$153.9 million for the year ended 31 March 2023.

Despite a decline in revenue, the Group achieved a net profit attributable to owners of the Company of approximately HK\$2.2 million for the year ended 31 March 2024, representing an increase of approximately 57.1% as compared to approximately HK\$1.4 million for the year ended 31 March 2023. This was attributed to (i) an improved sales mix of products with higher margins; (ii) the decrease in staff costs and (iii) the decrease in product delivery expenses which was in line with the decrease in purchases during the year.

i) Trading of tiles and bathroom fixture products

The Group is a retailer and supplier of overseas manufactured tiles and bathroom fixtures in Hong Kong. Apart from retail sales, the Group also supplies tile and non-tile products on project basis for large-scale property development projects, residential and commercial property renovation projects and hotel renovation projects in Hong Kong and Macau, as well as selling tiles and bathroom fixtures to distributors in the PRC.

During the year under review, persistent high interest rates and low consumer spending power have posted challenges to the Group which have had significant impacts on its retail business. For the year ended 31 March 2024, revenue generated from the retail sales of tile, bathroom fixture and other products decreased by approximately 37.5% to approximately HK\$58.9 million, compared to HK\$94.2 million for the year ended 31 March 2023.

The Group remained committed to expanding its product portfolio to enhance the diversity of its product offerings. With the gradual resumption of economic activities during the year, the Group strived to further expand its business in non-retail sales by selling high-end European tiles to non-retail customers, leading to the gentle increase in non-retail sales by approximately 6.6% from approximately HK\$59.3 million for the year ended 31 March 2023 to approximately HK\$63.2 million for the year ended 31 March 2024.

ii) Property investment

The Group earned rental income of approximately HK\$0.5 million (2023: approximately HK\$0.5 million) from its investment property for the year ended 31 March 2024. The rental income remained stable.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2024, the Group recorded a total revenue of approximately HK\$122.6 million, representing a decrease of approximately 20.3% as compared to approximately HK\$153.9 million for the year ended 31 March 2023.

Revenue generated from the sale of tiles, bathroom fixtures and other products was approximately HK\$122.1 million (2023: HK\$153.4 million), of which retail sales was approximately HK\$58.9 million (2023: HK\$94.2 million) and non-retail sales was approximately HK\$63.2 million (2023: HK\$59.2 million). Revenue from the sale of tiles and bathroom fixture products accounted for approximately 99.6% (2023: 99.7%) of the Group's total revenue for the year ended 31 March 2024.

Revenue generated from the property investment segment was rental income of approximately HK\$0.5 million (2023: HK\$0.5 million), which accounted for approximately 0.4% (2023: 0.3%) of the Group's total revenue for the year ended 31 March 2024.

Gross profit and product margin

The Group's gross profit (i.e. revenue from the sale of tiles, bathroom fixtures and other products minus cost of inventories sold) amounted to approximately HK\$79.7 million for the year ended 31 March 2024, representing a decrease of approximately 1.7% from approximately HK\$81.1 million for the year ended 31 March 2023. Nevertheless, the overall product margin increased from approximately 52.9% for the year ended 31 March 2023 to approximately 65.3% for the year ended 31 March 2024. Such increase in product margin was mainly due to the sales of tile products with higher profit margins which accounted for most of the non-retail sales for the year ended 31 March 2024; while compared to the same period last year, the sales of bathroom and fixtures products with lower profit margins accounted for most of the non-retail sales.

Staff costs

Staff costs for the year ended 31 March 2024 was approximately HK\$17.4 million (2023: HK\$20.6 million). The decrease in staff costs was a result of decrease in headcount.

Property related expenses/Depreciation on right-of-use assets

In respect of the rented premises, the Group recorded property related expenses of approximately HK\$2.3 million (2023: HK\$2.1 million), the depreciation on right-of-use assets of approximately HK\$35.8 million (2023: HK\$38.7 million) and the relevant interest expense on lease liabilities of approximately HK\$2.3 million (2023: HK\$2.2 million). The decrease in depreciation on right-of-use assets was due to the closure of underperforming retail shops during the year.

Other expenses

The Group recorded other expenses of approximately HK\$14.8 million and HK\$18.6 million for the years ended 31 March 2024 and 2023 respectively. The Group's other expenses for the year ended 31 March 2024 mainly consisted of audit fee of approximately HK\$0.6 million (2023: HK\$0.8 million), bank charges of approximately HK\$1.2 million (2023: HK\$1.5 million), products delivery expenses of approximately HK\$4.0 million (2023: HK\$8.1 million), legal and professional fees of approximately HK\$2.7 million (2023: HK\$3.2 million), utility and office expenses of approximately HK\$2.5 million (2023: HK\$2.4 million) and sundry items of approximately HK\$3.8 million (2023: HK\$2.5 million). The decrease in other expenses for the year ended 31 March 2024 was mainly due to the decrease in product delivery expenses of approximately HK\$4.1 million arising from the decrease in purchases of inventories.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit attributable to owners of the Company

For the year ended 31 March 2024, the Group's profit attributable to owners of the Company was approximately HK\$2.2 million, representing an increase of approximately 57.1% as compared to approximately HK\$1.4 million for the year ended 31 March 2023. Such increase was mainly due to (i) decrease in staff costs by approximately HK\$3.2 million; (ii) decrease in other expenses by approximately HK\$3.8 million as mentioned above; and (iii) net decrease in lease-related expenses (including property related expenses, depreciation on right-of-use assets and interest on lease liabilities) by approximately HK\$2.6 million. The aforesaid factors were partially offset by (i) decrease in gross profit from sale of tile and bathroom fixture products by approximately HK\$1.4 million as a result of decrease in revenue; (ii) decrease in other income by approximately HK\$1.6 million, including approximately HK\$1.8 million in connection with the government subsidies recorded last year; (iii) impairment loss on trade receivables of approximately HK\$1.5 million compared with reversal of impairment losses of approximately HK\$1.5 million recorded last year; and (iv) increase in finance costs by approximately HK\$2.4 million as a result of high interest rates on bank borrowings.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital structure

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 stakeholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

As at 31 March 2024, the Group's pledged bank deposit and bank and cash balances totalled approximately HK\$16.5 million (2023: HK\$21.3 million), including approximately HK\$16.2 million (2023: HK\$21.0 million) denominated in Hong Kong dollars and approximately HK\$0.3 million (2023: HK\$0.3 million) denominated in Euro, US dollars and Renminbi.

Indebtedness

As at 31 March 2024, the Group had bank borrowings of approximately HK\$92.1 million (2023: HK\$80.7 million) of which all borrowings were denominated in Hong Kong dollars and were secured by the Group's investment property and the deposit pledged to a bank of the Group.

As at 31 March 2024, the Group's gearing ratio was approximately 0.64 time (2023: 0.63 time) which is calculated based on total bank borrowings divided by total equity attributable to owners of the Company as at 31 March 2024. The Board, taking into account the nature and scale of operations of the Group, considered that the gearing ratio as at 31 March 2024 was reasonable. The Board would keep monitoring the financial and liquidity position of the Group closely and make appropriate financing strategy for the Group from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange exposure

The Group incurs its cost of purchases in Euro while it receives its revenue in Hong Kong dollars. Accordingly, the Group is exposed to the currency risk and fluctuations in foreign currency exchange rates, in particular, Euro, can increase or decrease the Group's profit margin and affect the results of its operations.

In addition, fluctuations in exchange rates between HK\$ and other currencies, primarily Euro, US\$ and RMB, affect the translation of the Group's non-HK\$ denominated assets and liabilities into HK\$ when the Group prepares its financial statements and result in foreign exchange gains or losses which will affect its financial condition and results of operations.

The Group had not used any financial instruments for hedging purposes during the year. The Group currently does not have any foreign currency hedging policy. However, the Group's management closely monitors its exposure to foreign currency risk and will consider hedging significant foreign currency exposure should the need arise.

Securities in issue

On 31 January 2024, the Company allotted and issued 44,117,000 new Shares with par value of HK\$0.01 each in the share capital of the Company as the consideration for the acquisition of 50% equity interest in Smart Asian Limited at the issue price of HK\$0.34 per share.

As at 31 March 2024, the total issued share capital of the Company was HK\$28,411,700 divided into 284,117,000 ordinary shares with par value of HK\$0.1 each.

Significant investment held, material acquisition or disposal of subsidiaries and affiliated companies and plans for material investment or capital assets

On 14 September 2023, Unique City Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ms. Ho Tsz Yi (the "**Vendor**") to acquire 50% interest in Smart Asian Limited ("**Smart Asian**") at a consideration of HK\$15.0 million which was settled by way of allotment and issue of 44,117,000 consideration shares at the issue price of HK\$0.34 each. The acquisition was completed on 31 January 2024. Following the completion, Smart Asian has become an associate company of the Company.

For further details, please refer to the announcements of the Company dated 14 September 2023, 10 October 2023 and 22 December 2023.

Except for the aforementioned transaction, there was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies and plans for material investment or capital assets during the reporting period.

Commitments

As at 31 March 2024, the Group had outstanding contracted capital commitments in respect of property, plant and equipment of approximately HK\$1.0 million (2023: approximately HK\$1.0 million).

Charge on assets

As at 31 March 2024, the Group had pledged its investment property at the carrying value of approximately HK\$34.3 million and bank deposit of approximately HK\$15.0 million as securities for the Group's bank borrowings.

Contingent liabilities

As at 31 March 2024, the Group and the Company did not have any significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and remuneration policies

The Group had approximately 51 employees (2023: 65 employees) as at 31 March 2024. The Group's staff costs, including Directors' emoluments, were approximately HK\$17.4 million and HK\$20.6 million for the years ended 31 March 2024 and 2023 respectively. The remuneration policy of the Group is based on merit, performance and individual competence.

The Directors and the senior management of the Group (the "**Senior Management**") receive compensation in the form of salaries and discretionary bonuses with reference to salaries paid by comparable companies, time commitment of each of the Directors and Senior Management and the performance of the Group. The Group regularly reviews and determines the remuneration and compensation package of the Directors and the Senior Management by reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the Senior Management and the performance of the Group.

The remuneration committee of the Board reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to the Group and the performance of the Group. The Directors may also receive options to be granted under the share option scheme adopted by the Company on 20 September 2018. During the year ended 31 March 2024, no share option was granted to relevant participants pursuant to such scheme.

Dividend

The Directors do not recommend any payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

PROSPECTS

With the Hong Kong government's removal of all "spicy" measures for residential properties in late February this year, the Group expects that demand for home improvement, remodelling and furnishing materials from retail customers will increase following the rebound in property transactions.

To strengthen our market position and enhance our competitiveness, the Group will continue to expand its product mix and enhance the diversity of its product offerings. The Group will continue to offer comprehensive branded products to meet different needs and specifications, providing our retail customers solutions for different purposes and functionality whether for residential or commercial use.

In terms of non-retail sales, including distribution sales and project sales, the Group will focus on increasing revenue from non-retail sales by enhancing our collaboration with existing distributors and project customers (including interior designing companies, construction contractors, property developers) and exploring more potential distributors and project customers.

In addition, the Group will endeavor to offer more comprehensive service packages to the customers with the combination of tile products, energy savings service solutions and fitting-out works. As mentioned above, the Group completed to acquire 50% of the equity interest in a company engaged in project management for solar panel installation for residential, industrial and commercial buildings and other value-added services, which provides an ideal business opportunity to further expand the Group's business in the renewable energy industry by gaining access to the business network of green industry, and also to diversify and broaden source of income and customer base of the Group.

The Group remains cautious on the outlook for the retail industry and anticipates that volatile market combined with high interest rates will undoubtedly continue to have a significant impact on the retail business. Meanwhile, the Group will remain alert to the changes in the business environment and strive to enhance its operational efficiency to ensure sustainability. In addition, the Group will continue to explore and identify opportunities to further diversify its sources of revenue, so as to boost the financial performance of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Simon Tso (曹思豪), aged 51, was appointed as our Director on 25 September 2015 and re-designated as our executive Director on 17 December 2015. Mr. Tso is the founder, chairman and chief executive officer of our Group and a controlling Shareholder. Mr. Tso is also the chairman of the nomination committee of the Company. He is responsible for the overall strategic planning, operations and management of our Group. Mr. Tso has over 20 years of experience in trading of tiles and building materials. Mr. Tso is a director of Pok Oi Hospital, a charitable organisation principally engaged in the provision of medical, social and educational services. He is also the president of Wanchai and Central & Western District Industries and Commerce Association, an industrial and commercial organisation. Mr. Tso obtained a bachelor's degree in engineering from the University of Manchester Institute of Science and Technology (which was merged with the Victoria University of Manchester, now known as the University of Manchester) in the United Kingdom in July 1997. He also received a master's degree in business administration from the University of Liverpool in United Kingdom in December 1998. Mr. Tso did not hold any other directorship in listed public companies in the last three years. Mr. Tso is the spouse of Ms. Tsui To Fei.

Ms. Tsui To Fei (徐道飛), aged 55, was appointed as our executive Director on 26 January 2018. Ms. Tsui joined our Group as the director of Regent Building Material Supplies Company Limited since June 2000. Ms. Tsui is also a member of the remuneration committee of the Company. She is primarily responsible for the overall strategic planning, operations and management of our Group. Ms. Tsui has also been a director of Asian Wealth Limited since June 2009 and Cyber Building Limited since July 2000, they are both investment holding companies, which Ms. Tsui has been responsible for making investment decisions. Prior to joining our Group, Ms. Tsui was involved in family textile business.

Ms. Tsui is the honorary vice president of Hangzhou Residents Association, the vice president of Hong Kong Central and Western District Women Entrepreneurs Association Limited, the vice-chairlady of Hong Kong Tianjin Business and Professional Women Association and the honorary president of Hong Kong Island Women's Association Limited. She was previously the president of Rotary Club of Manhattan Hong Kong Limited (2020–2021), Ms. Tsui completed her college education in South Hills Academy in the United States in 1990. Ms. Tsui did not hold any other directorship in listed public companies in the last three years. Ms. Tsui is the spouse of Mr. Tso.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Woo King Hang, J.P. (胡勁恒) (“Mr. Woo”)

Mr. Woo, aged 62, was appointed as an independent non-executive Director (“INED”) of the Company on 1 December 2021. He is currently the chairman of the audit committee and a member of the corporate governance committee and the remuneration committee of the Company. He has extensive experience in financial and business management. Mr. Woo is currently an independent non-executive director and a member of each of the audit committee, remuneration committee and nomination committee of Digital Domain Holdings Limited (“Digital Domain”); an independent non-executive director, a member of audit committee and nomination committee of Crocodile Garments Limited (“Crocodile”) and a senior advisor of a technology start-up company.

Mr. Woo was the vice chairman of the board of directors and a non-executive director of Centenary United Holdings Limited (“Centenary United”) between May 2020 and May 2024. He was an independent non-executive director of Hans Energy Company Limited (“Hans Energy”) from June 2019 to December 2021.

Mr. Woo is a Justice of the Peace appointed by the Chief Executive of the HKSAR and an adjunct professor at the Department of Public and International Affairs, City University of Hong Kong.

Mr. Woo is a fellow member of each of the Institute of the Chartered Accountants in England and Wales, the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Certified Public Accountants.

He holds a Master’s Degree of Business Administration from Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Bachelor’s Degree of Laws from Peking University and a Master’s Degree of Laws from the City University of Hong Kong.

Mr. Woo is an honorary officer of the Auxiliary Medical Service, an advisor of School of Chinese Medicine of the Chinese University of Hong Kong and a member of each of the Hospital Governing Committee, the Queen Elizabeth Hospital and Hong Kong Advisory Council on AIDS. He serves as a member of each of the Advisory Committee on Admission of Quality Migrants and Professionals and the Police Education and Welfare Trust Management Committee. He is a vice chairman of Hong Kong PHAB Association and the chairman of Kwun Tong District Senior Police Call Honorary President Council.

Mr. Woo was a project controller of NWS Service Management Limited from January 2019 to April 2019, and served as a financial controller and an executive director of Hip Hing Construction Company Limited from February 2006 to June 2010 and from July 2010 to December 2018 respectively, both companies being wholly-owned subsidiaries of NWS Holdings Limited (“NWSHL”). He was also a director of Bell Tea Overseas Limited (“BTO”, formerly known as Hip Hing Overseas Limited) from 2 July 2010 to 18 October 2018. BTO was a wholly-owned subsidiary of NWSHL and incorporated in Hong Kong on 13 April 1993 and was principally engaged in the business of construction overseas. On 19 September 2018, a winding up order (the “Order”) was granted by the High Court of Hong Kong (the “High Court”) on BTO. On 5 July 2021, the High Court ordered that BTO be dissolved. Mr. Woo confirmed that the Order was in relation to the non-payment for a sum arising from an arbitration case involving contractual dispute relating to the construction works of a building in Dubai which commenced in or about 2007 and was completed in or about 2011 between the petitioner of the Order and a joint venture entity (the “BTO JV”) in which BTO had 30% interests. An award (the “Award”) was granted by an arbitration institution in Dubai in favor of the said petitioner, which then enforced the whole amount of the Award in the High Court against, among others, BTO. Mr. Woo further confirmed that he was not involved in any of the matters concerning the operations of the BTO JV, the construction works or the said arbitration or matters leading to the granting of the Order.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The shares of each of Digital Domain (stock code: 547), Crocodile (stock code: 122), Centenary United (stock code: 1959), Hans Energy (stock code: 554) and NWSHL (stock code: 659) are listed on the main board of the Stock Exchange.

Mr. Hui Chun Tak, PDSM (許鎮德), aged 61, joined the Company as an INED and a member of the audit committee, the nomination committee and the corporate governance committee on 8 December 2021. He is currently the chairman of the remuneration committee and a member of each of the audit committee, the nomination committee and the corporate governance committee of the Company.

He is the Administration Director for Transport International Holdings Limited, a leading public transport operator in Hong Kong and Mainland China (“TIH”, stock code: 62). Mr. Hui was appointed executive director of Sun Bus Limited (“SBL”) from 1 January 2019 to 19 June 2019. SBL is a wholly owned subsidiary of TIH. Mr. Hui was an independent non-executive director, the chairman of the remuneration committee, a member of the audit committee and the nomination committee of Centenary United Holdings Limited (“Centenary United”, stock code: 1959) between 20 May 2020 and 19 July 2024.

Mr. Hui started his police career as an inspector in 1986 and had worked in various key command, operational and management posts. As a superintendent, he was seconded to the office of the Chief Executive of Hong Kong (the “Chief Executive”) and served as the Aide-de-Camp to the Chief Executive from 2007 to 2010. He became a directorate officer in 2014 and worked in succession as chief superintendent, Police Public Relations Branch; District Commander, Sham Shui Po Police District; chairman, chief inspector to Superintendent Promotion Board; and finally, the assistant commissioner, Information Systems, in which capacity he retired and received the Police Distinguished Service Medal in 2018.

Mr. Hui holds a master’s degree in general management from Macquarie University, Australia. He had also undertaken many leadership, command and management programmes at the Chinese Academy of Governance, Tsinghua University and the John F. Kennedy School of Government, Harvard University, the United States of America.

Mr. Wong Chun Ping, MH, JP (黃春平), aged 59, joined the Company as an INED on 31 July 2024. He is currently the chairman of the corporate governance committee and a member of each of the audit committee and the nomination committee of the Company.

Mr. Wong has extensive experience in social and district administration work in Hong Kong. He is an appointed member of Kwun Tong District Council since 1 January 2024. He was also a member of Kwun Tong District Council from 2012 to 2019. He has been the Vice Chairman of Kowloon Federation of Associations since 2006. Mr. Wong was the deputy secretary-general of the Kowloon Federation of Associations in June 2003. He was appointed as one of the presidents of the Kwun Tong Resident Association in 2019. Mr. Wong was a member of Kwun Tong District Civic Education Committee in April 2005, the Election Committee of Hong Kong in 2011, 2016 and 2021, the Appeal Board of the Travel Industry Council of Hong Kong from 2017 to 2022 and Guangdong Provincial Committee of the Chinese People’s Political Consultative Conference in 2023. He was one of the co-founders of Hong Kong Coalition.

Mr. Wong was awarded the Medal of Honor by the Hong Kong Government in 2018. He is a Justice of the Peace appointed by the Chief Executive of Hong Kong in 2023.

Mr. Wong holds a Master’s Degree of Management from Sun Yat-sen University.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chan Cheung (陳璋), aged 68, is the company secretary of our Group. Mr. Chan joined our Group in 29 November 2017 and he is responsible for the overall company secretarial matters of our Group. Mr. Chan has nearly 30 years of experience in banking, accounting, financial management and company secretarial matters. Prior to joining our Group, Mr. Chan was the company secretary of Richful Deyong International Business (China) Limited, a professional consulting service provider, from February 2017 to July 2017, where he was primarily responsible for company secretarial matters. From April 2009 to June 2016, Mr. Chan served as the chief financial officer and company secretary of Neo-Neon Holdings Limited (stock code: 1868), a company listed on the Main Board and principally engaged in the manufacturing and sales of LED decorative lighting, where he was primarily responsible for full spectrum of finance, taxation, general management and company secretarial works. From August 2007 to February 2009, Mr. Chan served as chief financial officer and company secretary of Sun East Technology (Holdings) Limited (now known as Sino ICT Holdings Limited) (stock code: 365), a company listed on the Main Board and principally engaged in equipment manufacturing, finance lease and factoring, where he was primarily responsible for the company's finance and control, management information system, and statutory reporting. From October 2002 to March 2004, Mr. Chan was employed by Lung Kee Metal Limited and served as the group finance manager, a subsidiary of Lung Kee (Bermuda) Holdings Limited (stock code: 255), a mould bases manufacturer primarily listed on the Main Board and secondarily listed on the Singapore Exchange Securities Trading Limited (stock code: L09), where he was primarily responsible for the overall financial and accounting functions and tax matters of the group. Mr. Chan served various positions relating to accounts, financial management and banking services in various companies where he was responsible for bond dealings, credit and marketing, preparing accounts and/or financial reporting from 1983 to 1990 and 1995 to 2002.

Mr. Chan has been a member of HKICPA since January 2001 and a member of The Association of Chartered Certified Accountants of the United Kingdom since November 2000. Mr. Chan obtained a bachelor's degree in social science from The Chinese University of Hong Kong in December 1983.

Ms. Kwan Wai Fun (關偉芬), aged 50, joined our group as financial controller in June 2022 and is responsible for the Group's accounting, financial reporting and management accounting matters. Prior to joining our Group, she was in charge of the accounting department in a garment and watch cases manufacturing group where she was primarily responsible for accounting, taxation and internal control of its Hong Kong and PRC companies as well as preparing the consolidated accounts.

Ms. Kwan has been a member of The Hong Kong Institute of Certified Public Accountants since 2014. She obtained her bachelor's degree in Accounting in 2006 from the Open University of Hong Kong (now known as Hong Kong Metropolitan University).

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 March 2024.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate governance standards and procedures, so as to emphasis on accountability, independence, responsibility, fairness and transparency for the Group, and to protect the interests and create value for the Shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "Code") in Appendix C1 of the Listing Rules. Throughout the year, to the best knowledge of the Board and after the review of the Company's performance of its corporate governance practices, the Company has complied with all the applicable code provisions set out in the Code, save for the following deviations:

Non-compliance with Rules 3.10(1), 3.21 and 3.27A of the Listing Rules

The Board has only two INEDs which fell short of the minimum number (namely three independent non-executive directors) as required under Rule 3.10(1) of the Listing Rules. The required composition of the audit committee and nomination committee did not meet the requirements under Rule 3.21 and Rule 3.27A of the Listing Rules: (i) the audit committee currently comprises of two INEDs which fails to comply with the requirement of Rule 3.21 of the Listing Rules that the audit committee must comprise a minimum of three members; and (ii) the nomination committee currently comprises of one executive Director and one INED, which fails to comply with the requirement of Rule 3.27A of the Listing Rules in respect of having a majority members being independent non-executive directors.

The Company has taken active steps to identify suitable candidates meeting the relevant requirements (including but not limited to familiarity with the industry in which the Company operates and Board diversity) to be appointed as an INED and to fill the vacancy in the audit committee and the nomination committee of the Company.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with Rules 3.10(1), 3.21 and 3.27A of the Listing Rules and has extended the period for filling the vacancy to 14 August 2024.

Code Provision C.1.6

Under Code Provision C.1.6 of the Code, independent non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. An INED was unable to attend the annual general meeting of the Company held on 18 September 2023 due to other business engagements. The Company will request all the INEDs to attend all future general meetings in order to comply with Code Provision C.1.6 of the Code.

CORPORATE GOVERNANCE REPORT

Code Provision C.2.1

Under Code Provision C.2.1 of the Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the year ended 31 March 2024, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Tso is the chairman and also the chief executive officer of the Company and is responsible for overseeing the operations of the Group during the year. In view of the present composition of the Board, Mr. Tso's in-depth knowledge and experience in the industry in which the Group operates and his familiarity with the operations of the Group, the Company believes that it is in the best interest of the Group for Mr. Tso to assume both roles as the chairman and the chief executive officer of the Company. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

BOARD OF DIRECTORS

Roles and responsibilities

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs in the best interest of the Company and its Shareholders at all times. The key responsibilities of the Board include formulation of the Group's overall strategies, setting management targets and supervision of the management's performance. Under the leadership of the executive Directors, the management of the Company are delegated with the authority and responsibility by the Board to operate the businesses and to carry out the day-to-day administration of the Group; whereas the INEDs are responsible for ensuring a high standard of financial and management reporting to the Board and Shareholders as well as a balanced composition in the Board so that there is a strong independent element in the Board. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "Board Committees"). Further details of the Board Committees are set out in this annual report.

Composition of the Board

Up to the date of this annual report, the Board comprises four Directors, including two executive Directors and two INEDs. In particular, the composition of the Board is set out as follow:

Executive Directors

Mr. Simon Tso (*Chairman and Chief Executive Officer*)
Ms. Tsui To Fei

Independent non-executive Directors

Mr. Woo King Hang, JP
Mr. Hui Chun Tak, PDSM

Independent non-executive Directors

The Board has only two INEDs which fell short of the minimum number (namely three independent non-executive directors) as required under Rule 3.10(1) of the Listing Rules. The required composition of the audit committee and nomination committee did not meet the requirements under Rule 3.21 and Rule 3.27A of the Listing Rules. The Company has obtained a waiver from the Stock Exchange for strict compliance with Rules 3.10(1), 3.21 and 3.27A of the Listing Rules. Following the appointment of Mr. Wong as an INED, a member of each of the audit committee and the nomination committee and the chairman of the corporate governance committee of the Company, the Company has met the minimum one-third requirement for INEDs and re-complied with Rules 3.10(1), 3.21 and 3.27A of the Listing Rules:

- (i) the Board has three INEDs which meets the minimum number (namely three INEDs) as required under Rule 3.10 (1) of the Listing Rules;
- (ii) the audit committee of the Company comprises three INEDs which meets the requirement of Rule 3.21 of the Listing Rules that the audit committee must comprise a minimum of three members; and
- (iii) the nomination committee of the Company comprises one executive Director and two INEDs, which meets the requirement of Rule 3.27A of the Listing Rules in respect of having a majority members being INEDs.

Amongst the INEDs, Mr. Woo King Hang, JP has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules.

The Company has entered into a letter of appointment with each of the INEDs for a term of one year, which shall be automatically renewed for successive terms of one year and may be terminated earlier by no less than one month's written notice served by either party on the other.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence pursuant to Rule 3.13 of the Listing Rules. In this connection, the Company has received the positive annual confirmations from all of the INEDs. Based on the confirmations received and after annual assessment by the nomination committee of the Company at a meeting held on 28 June 2024, the Company considers all INEDs to be independent under the Listing Rules.

Board diversity

The Board has adopted a board diversity policy in December 2018, which sets out its approach to achieve diversity in the Board by annual review and assessment as well as recommendation by the nomination committee of the Company on any new appointment, re-election or any succession plan of any Director to the Board, and to ensure that the Board has a balance of skills, experience and diversity which is appropriate to the needs of the Company's business. The selection of candidates for any new directorship will be based on a range of criteria, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The appointment of Directors will continue to be made based on merit and potential contribution by the candidate to the Board and the Company. Each Director's respective biographical details is set out in the section "Biographical Details of Directors and Senior Management" of this annual report. The Board considers that each Director has the necessary skills and experience appropriate for discharging his/her duties as Director in the best interest of the Company and its Shareholders.

CORPORATE GOVERNANCE REPORT

The Board has achieved gender diversity as it currently has one female executive Director. The Board will maintain at least one female Director to be a member of the Board. To develop a pipeline of potential successors to the Board to achieve gender diversity, the Company has adopted relevant hiring policies for considering candidates of senior management positions which would take into account diversity perspectives including gender diversity.

As at 31 March 2024, the ratio of male and female in the workforce (including the executive Directors and senior management) is 69% and 31% respectively.

As such, the Company's workforce (including the executive Directors and senior management) has achieved gender diversity between males and females. The Company would continue to take into account of diversity perspectives including gender diversity in its hiring.

To ensure that independent views and input are available to the Board, the Company has established mechanisms including (i) strengthening the INEDs' recruitment process to include criteria such as each candidates' available time commitments and qualification; (ii) reviewing the number of INEDs on an annual basis; (iii) performing additional assessment or evaluation of INEDs' contribution; and (iv) where necessary, engaging external independent professional advisors to assess performance of Directors' duties. The Board reviews the implementation and effectiveness of the above mechanisms on an annual basis.

After annual assessment by the nomination committee of the Company at a meeting held on 28 June 2024, the Company considers that, all Directors demonstrated themselves in their respective fields of expertise to perform a check and balance function with diversity of skills, knowledge, varied background and experience required for running an effective Board.

Re-election of Directors

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. As such, Mr. Wong Chun Ping, MH, JP shall hold office until the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, has offered himself for re-election.

Pursuant to Article 84 of the articles of association of the Company (the "Articles"), one-third of the Directors for the time being (or if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Woo King Hang, JP and Mr. Hui Chun Tak, PDSM will retire from office as Directors, and being eligible, will offer themselves for re-election at the AGM.

Board and general meetings

During the year ended 31 March 2024, seven board meetings and one general meeting were held to approve, among others, the results of the Group for the six months ended 30 September 2023, the acquisition of 50% equity interest in Smart Asian Limited and the change of auditor, etc. The AGM will be held on Thursday, 12 September 2024.

CORPORATE GOVERNANCE REPORT

The attendance of each Director at the Board meetings and the Company's general meeting held during the year ended 31 March 2024 are set out below:

	Annual General Meeting attended/held	Board Meetings attended/held
Executive Directors		
Mr. Simon Tso (<i>Chairman and Chief Executive Officer</i>)	1/1	7/7
Ms. Tsui To Fei	1/1	6/7
Independent non-executive Directors		
Mr. Ng Wang To (<i>retired on 18 September 2023</i>)	1/1	3/3
Mr. Woo King Hang, JP	1/1	7/7
Mr. Hui Chun Tak, PDSM	0/1	7/7
Dr. Lam Lee G., BBS, JP (<i>appointed on 1 October 2023 and resigned on 15 February 2024</i>)	N/A	2/2

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

To facilitate the decision-making process, the Directors are free to have access to the management for enquiries and to obtain further information when required. The Directors can also seek independent professional advice in appropriate circumstances, at the Company's expense in discharging their duties to the Company. All Directors have unrestricted access to the company secretary who is responsible for ensuring that the Board/committee procedures are complied with, and for advising the Board/committees on compliance matters.

Directors' and officers' liability

The Company has arranged appropriate insurance cover in respect of possible legal action against its Directors and senior officers.

Relationships between Board members

Mr. Simon Tso (the Chairman, executive Director and chief executive officer of the Company) is the spouse of Ms. Tsui To Fei (an executive Director). Save as disclosed in this paragraph and "Biographical Details of Directors and Senior Management" section of the Report of the Directors, none of the Directors has any financial, business, family or other material/relevant relationships with one another.

Code of conduct for securities transactions by Directors

The Company has adopted the required standard of dealings set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors in respect of the Shares (the "Code of Conduct"). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the year ended 31 March 2024.

CORPORATE GOVERNANCE REPORT

Induction and continuous professional development

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Group's operations and business as well as their responsibilities under relevant statutes, laws, rules and regulations.

The Company also arranges regular seminars to provide the Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills.

The training received by the Directors during the year ended 31 March 2024 is summarized as follows:

Name of directors	Nature of continuous professional development courses
Executive Directors	
Mr. Simon Tso	Attending seminars and reading relevant materials
Ms. Tsui To Fei	Attending seminars and reading relevant materials
Independent non-executive Directors	
Mr. Ng Wang To (<i>retired on 18 September 2023</i>)	Attending seminars and reading relevant materials
Mr. Woo King Hang, JP	Attending seminars and reading relevant materials
Mr. Hui Chun Tak, PDSM	Attending seminars and reading relevant materials
Dr. Lam Lee G., BBS, JP (<i>appointed on 1 October 2023 and resigned on 15 February 2024</i>)	Attending seminars and reading relevant materials

Board committees

The Board has established a number of functional committees in compliance with the relevant Listing Rules and to assist the Board to discharge its duties. Currently, four committees have been established:

1. The Audit Committee was established on 20 September 2018 with its terms of reference in compliance with Rule 3.21 of the Listing Rules, and Code Provision D.3.3 of the Code;
2. The Remuneration Committee was established on 20 September 2018 with its terms of reference in compliance with Rule 3.25 of the Listing Rules and Code Provision E.1 of the Code;
3. The Nomination Committee was established on 20 September 2018 with its terms of reference in compliance with Code Provision B.3 of the Code; and
4. The Corporate Governance Committee was established on 20 September 2018 with its terms of reference in compliance with the Code.

The functions and responsibilities of these committees have been set out in the relevant terms of reference which are not less stringent than that stated in the Code. The relevant terms of reference of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee can be found on the Company's website (www.rbmsgroup.org) and the website of the Stock Exchange. All committees have been provided with sufficient resources and support from the Group to discharge their duties.

Audit Committee

As at 31 March 2024, the Audit Committee comprises two members, namely, Mr. Woo King Hang, JP and Mr. Hui Chun Tak, PDSM, all of whom are INEDs and is chaired by Mr. Woo King Hang, JP who has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

With reference to the terms of reference of the Audit Committee, the primary responsibilities of the Audit Committee are, among others:

1. to make recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditors, and approve the remuneration and terms of engagement of the Company's external auditors;
2. to review and monitor the Company's external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
3. to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and review significant financial reporting judgments contained in them;
4. to discuss with the Company's external auditors questions and doubts arising from the audit of annual accounts;
5. to review the statement about the Company's internal control system (if any) as included in the Company's annual report prior to submission for the Board's approval;
6. to review the Company's financial reporting, financial controls, internal control and risk management systems;
7. to discuss the internal control system with the Company's management to ensure that management has performed its duty to have an effective internal control system;
8. to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
9. to review the financial and accounting policies and practices of the Group;
10. to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or systems of control and management's response;
11. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and
12. to review the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2024, the Audit Committee held six meetings. The attendance of the members of the Audit Committee is summarised below:

	Meetings attended/held
Mr. Ng Wang To (<i>retired on 18 September 2023</i>)	2/2
Mr. Woo King Hang, JP (<i>Chairman</i>)	6/6
Mr. Hui Chun Tak, PDSM	6/6
Dr. Lam Lee G., BBS, JP (<i>appointed on 1 October 2023 and resigned on 15 February 2024</i>)	1/1

The Audit Committee makes arrangement for holding at least two meetings and meeting external auditor twice to discuss the audit plan and timeline and to review the Company's annual report and accounts during each financial year. During the year ended 31 March 2024, the Audit Committee held six meetings to conduct the following works:

- (1) reviewed the audited financial statements, annual results announcement and annual report of the Group for the year ended 31 March 2023;
- (2) reviewed the unaudited financial statements, interim results announcement and interim report of the Group for the six months ended 30 September 2023; and
- (3) made recommendations to the Board on the change of the Company's external auditor.

It is confirmed that there is no disagreement between the Board and the Audit Committee's view on the change of external auditor, and they both agreed to recommend the re-appointment of CL Partners CPA Limited ("CL Partners") as the Company's external auditor for the ensuing year at the 2024 AGM of the Company.

Remuneration Committee

As at 31 March 2024, the Remuneration Committee comprises three members, namely Mr. Hui Chun Tak, PDSM (Chairman), Ms. Tsui To Fei and Mr. Woo King Hang, JP. Mr. Hui Chun Tak, PDSM and Mr. Woo King Hang, JP are INEDs and Ms. Tsui To Fei is an executive Director.

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include, among others:

1. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
4. to make recommendations to the Board on the remuneration of non-executive Directors;

CORPORATE GOVERNANCE REPORT

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
8. to ensure that no Director or any of his/her close associates is involved in deciding his/her own remuneration.

During the year ended 31 March 2024, the Remuneration Committee held one meeting to confirm the remuneration of a senior management and to review and make recommendation to the Board for the emoluments payable to the executive Directors for the year ended 31 March 2023. The attendance of the members of the Remuneration Committee is summarised below:

	Meetings attended/held
Mr. Ng Wang To (<i>Chairman, retired on 18 September 2023</i>)	1/1
Ms. Tsui To Fei	1/1
Mr. Woo King Hang, JP	1/1

During the year ended 31 March 2024 and up to the date of this annual report, the Remuneration Committee reviewed and made recommendations on the remuneration package of Directors. The Board is of the view that the Remuneration Committee had properly discharged its duties and responsibilities during the year ended 31 March 2024 and up to the date of this annual report.

Nomination Committee

The Nomination Committee comprises two members, namely Mr. Simon Tso (Chairman) and Mr. Hui Chun Tak, PDSM. Mr. Hui Chun Tak, PDSM is an INED and Mr. Simon Tso is an executive Director, the Chairman of the Board and the chief executive officer of the Company.

With reference to the terms of reference of the Nomination Committee, the primary responsibilities of the Nomination Committee include, among others:

1. to review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board and make recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;
2. to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

CORPORATE GOVERNANCE REPORT

- 3. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- 4. to assess the independence of INEDs; and
- 5. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

During the year ended 31 March 2024, the Nomination Committee held one meeting. The attendance of the members of the Nomination Committee is summarised below:

	Meetings attended/held
Mr. Simon Tso (<i>Chairman</i>)	1/1
Mr. Ng Wang To (<i>retired on 18 September 2023</i>)	1/1
Mr. Hui Chun Tak, PDSM	1/1

During the year ended 31 March 2024 and up to the date of this annual report, the Nomination Committee reviewed and assessed (i) the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) the performance of each of the Directors; (iii) the independence of all INEDs and (iv) made recommendations to the Board on re-appointment of Directors. The Board is of the view that the Nomination Committee had properly discharged its duties and responsibilities during the year ended 31 March 2024 and up to the date of this annual report.

Corporate Governance Committee

As at 31 March 2024, the Corporate Governance Committee comprises two members, namely Mr. Woo King Hang, JP and Mr. Hui Chun Tak, PDSM. Mr. Woo King Hang, JP and Mr. Hui Chun Tak, PDSM are INEDs.

With reference to the terms of reference of the Corporate Governance Committee, its primary duties are, among others (i) to develop and review the Group’s policies and practices on corporate governance and make recommendations to the Board; (ii) to review and monitor the training and continuous professional development of the Directors and senior management; (iii) to review and monitor the Group’s policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) to review the Company’s compliance with the Code and disclosure in the corporate governance report.

CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2024, the Corporate Governance Committee held one meeting. The attendance of the members of the Corporate Governance Committee is summarised below:

	Meetings attended/held
Mr. Ng Wang To (<i>retired on 18 September 2023</i>)	1/1
Mr. Woo King Hang, JP	1/1
Mr. Hui Chun Tak, PDSM	1/1
Dr. Lam Lee G., BBS, JP (<i>appointed on 1 October 2023 and resigned on 15 February 2024</i>)	N/A

During the year ended 31 March 2024 and up to the date of this annual report, the Corporate Governance Committee (i) reviewed and monitored the Group's policies and practices on corporate governance and compliance with legal and regulatory requirements; (ii) reviewed and monitored the training and continuous professional development of the Directors and senior management; (iii) reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors; (iv) reviewed the Company's compliance with the Code and disclosure in the corporate governance report; and (v) adopted the updated Shareholders' communication policy. The Board is of the view that the Corporate Governance Committee had properly discharged its duties and responsibilities during the year ended 31 March 2024 and up to the date of this annual report.

DIVIDEND POLICY

A dividend policy has been adopted by the Board in December 2018. Please refer to the paragraph headed "Dividend Policy" in the section "Management Discussion and Analysis" of this annual report for details of the Company's dividend policy.

AUDITOR'S REMUNERATION

During the year ended 31 March 2024, the Group engaged CL Partners as the Group's external auditor. The Company's consolidated financial statements for the year ended 31 March 2024 have been audited by CL Partners. The remuneration paid or payable to CL Partners and Mazars (the Group's external auditor for the year ended 31 March 2023) for the years ended 31 March 2024 and 2023 is respectively set out as follows:

Services rendered

	Fees payable for the year ended 31 March	
	2024	2023
	(HK\$'000)	(HK\$'000)
Statutory audit services	600	740
Non-audit services, mainly tax compliance	20	115

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Chan Cheung (“Mr. Chan”) is the company secretary of the Company. Please refer to the section headed “Biographical details of Directors and Senior Management” of this annual report for his biographical information.

Mr. Chan has confirmed that he took not less than 15 hours of relevant professional training during the year ended 31 March 2024 in compliance with rule 3.29 of the Listing Rules.

ANTI-CORRUPTION

We strictly adhere to business ethics and integrity and comply with requirements of the statutory laws, rules and regulations, such as the Prevention of Bribery Ordinance (Cap. 201). We are dedicated to stipulating an anti-corruption and transparent environment in the business operations.

WHISTLEBLOWING POLICY

A whistle-blowing channel has been launched to allow the employees to report any irregularities regards to fraud and bribery. Furthermore, our accounting staff will check any payments that did not incur in the ordinary course of sales transactions to prevent bribery from third-parties.

During the year ended 31 March 2024, there were no legal cases regarding corruption brought against the Group and its employees. There were also no whistle-blowing reports received.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for reviewing the effectiveness of the risk management and internal control systems of the Group. The scope of the review is determined and recommended by the Audit Committee and approved by the Board annually. The review covers:

1. all material controls, including but not limited to financial, operational and compliance controls;
2. risks management functions; and
3. the adequacy of resources, qualifications and experience of staff in connection with the accounting and financial reporting function of the Group and their training programmes and relevant budget.

During the year ended 31 March 2024, the Board assessed once the risk management and internal control environment of the Group and reviewed once the internal control procedural manual of the Group and considers that the Group’s risk management and internal control systems effective and adequate. The systems are designed in consideration of the nature of business and the organisation structure. Further, the systems are designed to manage rather than eliminate the risk of failure in operational system and to provide reasonable, but not absolute, assurance against material misstatement or loss. The system is designed further to safeguard the Group’s assets, maintain appropriate accounting records and financial reporting, achieve efficiency of operations and ensure compliance with the Listing Rules and all other applicable laws and regulations.

During the year ended 31 March 2024, the Group has engaged external independent professionals to review its risk management and internal control systems and further enhance its risk management and internal control systems as appropriate.

CORPORATE GOVERNANCE REPORT

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

In order to enhance the Group's system of handling inside information and to ensure timely and accurate disclosure of such information pursuant to the relevant provisions under the SFO and the Listing Rules, the Group has also adopted and implemented an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of disclosure requirements in relation to the Group, which include:

- all Directors, employees or any services providers, who are in possession of possible inside information, covenant to keep such information remains confidential until it is authorized for publication;
- confidentiality clause is included when the Group is at a stage of preliminary negotiation with any party;
- the dissemination of inside information is timely, efficiently and consistently made when it is the subject of decision of the Board;
- notification of blackout period or prohibition period to deal in securities of the Company to all Directors and employees who are in possession of inside information; and
- the Group continually keeps all Directors and employees updated of the latest and new amendments on legal disclosure requirements of inside information.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the Listing Rules. The Directors are of the view that the consolidated financial statements of the Group for each financial year have been prepared on this basis.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Statement of the Company's external auditor's responsibilities in respect of the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

CORPORATE GOVERNANCE REPORT

COMMUNICATIONS WITH SHAREHOLDERS

The AGM is a forum in which the Board and the Shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group and its future developments, etc. At the AGM, the Directors (including INEDs) are available to attend to questions raised by the Shareholders. The external auditor of the Company is also invited to be present at the AGM to address to queries of the Shareholders concerning the audit procedures and the auditors' report.

The AGM will be held on Thursday, 12 September 2024, the notice of which shall be sent to the Shareholders at least 21 clear days prior to the AGM.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting on requisition by Shareholders

Pursuant to Article 58 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting ("EGM"). EGMs shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisition(s) as a result of the failure of the Board shall be reimbursed to the requisition(s) by the Company.

Procedures for Shareholders' nomination of Directors

Pursuant to Article 85 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgment of the notices required under the Article will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company's share registrars. Shareholders may also make a request for the Company's information to the extent that such information has been made publicly available by the Company. All written enquiries or requests may be forwarded to the Company's head office or by fax at (852) 2572 3778.

The addresses of the Company's head office and the Company's share registrars can be found in the section "Corporate Information" of this annual report.

INVESTOR RELATIONS

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meeting, public announcement and financial reports. The investors are also able to access the latest news and information of the Group via the Company's website (www.rbmsgroup.org).

In addition to publication of information, the AGM of the Company provides a channel for communication between Shareholders and Directors. The chairman of the Board in person chairs the AGM to ensure Shareholders' views are communicated to the Board. Moreover, the questions and answers session at the AGM allow Shareholders to stay informed of the Group's strategies and goals.

After the Board has reviewed the implementation and effectiveness of the Shareholders' communication policy including steps taken at the AGM and the handling of queries received (if any) which were conducted during the year ended 31 March 2024, the Shareholders' communication policy was found to be effective and adequate.

The Shareholders may also forward their enquiries and suggestions in writing to the Company to the following address:

Address: Unit 1001, 10/F, Plaza 228
228 Wan Chai Road,
Wanchai
Hong Kong

1. INTRODUCTION

About this Report

MOS House Group Limited (“MOS House” or the “Company”) and its subsidiaries, (collectively known as the “Group” or “we”) are pleased to present our 2024 Environmental, Social and Governance (“ESG”) Report (the “Report”).

This Report outlines our sustainable development approaches, describes measures implemented and summarizes the Group’s ESG performance. We understand that ESG performances are connected with the long-term growth and value of our business, and being a responsible corporate citizen benefits our stakeholders.

Scope of Reporting

This Report covers our principal operation, which includes retailing and supplying high-end European imported porcelain, ceramic and mosaic tiles in Hong Kong and Macau. The reporting period is from 1 April 2023 to 31 March 2024 (the “Reporting Period”). There are no significant changes in the reporting scope as compared to last year’s report. The performance data of the previous year is also listed in the Report for reference and comparison.

This Report is published in both Chinese and English, and is available on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company respectively.

Reporting Standards

This Report is prepared in accordance with the requirements of the “Environmental, Social and Governance Reporting Guide” (the “HKEx ESG Reporting Guide”) as set out in Appendix C2 under the Rules Governing the Listing of Securities on Main Board of The Stock Exchange. A content index of the HKEx ESG Reporting Guide is provided at the end of the Report for the convenience of the stakeholders. The Report has also adopted recommendations from the Task Force on Climate-related Financial Disclosures (“TCFD”).

In preparation of this Report, due diligence has been taken to adhere to the reporting principles stipulated in the HKEx ESG Reporting Guide:

- “Materiality” — The materiality assessment detailed on page 31 has ensured the Report addresses the most material ESG topics pertaining to our businesses.
- “Quantitative” — The Report strives to disclose quantitative metrics and related targets whenever possible, to demonstrate our impact.
- “Balance” — The Report presents an unbiased representation of our ESG management approach and performance. It avoids misleading omissions and presentation.
- “Consistency” — Whenever deemed material, the Report details the standards, tools, assumptions and/or source of conversion factors used, as well as explanations of any inconsistencies to previous reports. For the Group’s corporate governance practices, please refer to the “Corporate Governance Report” contained in this annual report.

Reporting Period

This Report specifies the ESG activities, challenges and measures taken during the financial year ended 31 March 2024.

Comments and Feedback

We welcome any comments on our ESG issues, stakeholder opinions and suggestions as these motivate and impact our improvements and future developments in regard to sustainability.

If you have any enquiries or comments, feel free to submit them by mail. Our address is: Unit 1001, 10/F, Plaza 228, 228 Wan Chai Road, Wanchai, Hong Kong.

2. ESG GOVERNANCE

Board Statement

The Board evaluates the materiality of the identified ESG risks and oversees the progress made against ESG related targets and initiatives. The Board sets the overall direction for the Group's ESG strategies, integrating ESG considerations as part of the business decision-making process.

The Board has delegated the management to systematically identify and manage ESG issues. The management designates relevant personnel from functional departments to collect and analyze relevant ESG data, monitor and evaluate the Group's ESG performance, track and review the Group's progress towards the ESG-related targets, ensure compliance with ESG-related laws and regulations, and assist in materiality assessment and prepare ESG report. The management arranges meetings at least once a year to evaluate, determine, monitor and manage the ESG-related risks and the effectiveness of the ESG management system.

Internal Control and Risk Management

The Group understands the importance of internal control and risk management. A structured internal control and risk management system is closely related to the sustainable development of an enterprise. Therefore, the Board continues to monitor our internal control system, risk assessment and risk management system, so as to identify unfavourable factors that may adversely affect our business. These include the risks in the areas of operation, finance, compliance, social and environmental protection, etc. Corresponding measures will be implemented once these risks are identified.

Additionally, the Company's Audit Committee performs internal audits and risk management annually to ensure an effective internal control monitoring system is maintained. In order to further enhance our risk management and internal control system, we have engaged an internal control consultant as our independent external adviser to conduct reviews over our risk management and internal control system, so as to ensure the sustainability of our business and to adopt enhancement measures if necessary. The Group's sustainable development policies are expected to be complemented by the continuous monitoring and improvement of our internal control and risk management system, further contributing to the Group's effort in achieving its goal of sustainable development.

For more information about our policies and procedures on corporate governance, please refer to the "Corporate Governance Report" in this annual report.

3. MATERIALITY ASSESSMENT

As we treasure every opinion from our stakeholders, we conducted a materiality assessment as to identify the ESG topics that are significant to our business. Based on their comments, we were able to identify, prioritize and manage the ESG issues that may potentially affect our business. We formulated a 3-step approach for our materiality assessment:

- Step 1 – Identify Relevant ESG Issues: We identify ESG issues relevant to the Group with reference to the HKEx ESG Reporting Guide, previous engagement results and routine communications with stakeholders.
- Step 2 – Stakeholders Engagement: We invite our stakeholders to provide feedback through an online survey on the importance of these issues to the Group and to comment on the Group’s work in sustainability.
- Step 3 – Analyse Results and Management Evaluation: The data collected from the survey were analysed and combined with the management’s evaluation to conclude on the materiality of the ESG issues.

After conducting and analysing the responses, we identified the relevant ESG issues and assessed their importance in relation to the Group’s businesses and stakeholders. These issues are shown in the table below, together with the aspects of the HKEx ESG Reporting Guide to which they relate:

The most material topics

1. Quality of goods and services
2. Health and safety of goods and customers
3. Customer communication and satisfaction

Other material topics

Environment	Employment	Operating Practices	Community
Air pollution and emission control	Workplace diversity, anti-discrimination and equal opportunity	Suppliers' selection, assessment and continuous supervision	Charitable donations
Climate change mitigation and adaptation	Occupational health and safety	Supplier's sustainability and social responsibility	Participation in voluntary activities
Waste handling and management	Training and development of employees	Anti-fraud/anti-corruption	
Energy and water conservation	Employment relationship and communication with employees	Disaster/emergency response and management	
Sustainable use of other resources and green packaging	Talent attraction and employee retention	Customer data protection and privacy	
Green procurement	Employee benefits	Complaint handling	
		Protection of intellectual properties and rights	
		Advertising management	
		Prevention of child labour and forced labour	

The Group has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the contents disclosed herein are in compliance with the requirements of the HKEx ESG Reporting Guide. This Report will pay attention to the aforementioned issues and respond to stakeholders' concerns in the relevant sections.

4. TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We have summarised our climate-related risks with reference to the four core elements recommended by TCFD which are governance, strategy, risk management, metrics and targets.

Governance

The Board evaluates the materiality of the identified ESG risks and oversees the progress made against ESG related targets and initiatives. The Board sets the overall direction for the Group's ESG strategies, integrating ESG considerations as part of the business decision-making process.

Strategy

Climate change is a prevalent issue for companies across all sectors and geographical regions.

Physical climate risks come in the form of extreme weather conditions in greater frequency and intensity, as well as rise in sea level. Extreme weather (e.g. more frequent and intense typhoons) and changes in climate patterns (e.g. higher humidity) can affect the safety of our employees and can cause damage to our physical retail locations.

The Group recognizes the transition risks and opportunities presented by climate change. The Group will continue to disclose our ESG-related information annually with reference to the HKEx ESG Reporting Guide and TCFD framework.

Risk Management

The Group understands the importance of internal control and risk management. A structured internal control and risk management system is closely related to the sustainable development of an enterprise. Therefore, the Board continues to monitor our internal control system, risk assessment and risk management system, so as to identify climate change risks and opportunities to enhance the Group's resilience.

Metrics and Targets

As the potential impacts of climate change on our future businesses are growing, the Group plans to enhance the strategies and performance on decarbonization. We aim to reduce our carbon emissions year-on-year, and we have implemented many measures to reduce energy and water use during daily operation to achieve this target.

The metrics used to assess climate-related risks and opportunities, to manage relevant strategies and review performance mainly include carbon emissions, energy use, and water consumption. Detailed figures are listed in the "Environmental" Section of this Report.

5. STAKEHOLDER ENGAGEMENT

Maintaining an open dialogue with stakeholders is important for the continuous development of the Company on its sustainable journey. We regularly review ESG related policies to respond to our stakeholders' concerns, as well as rebalance the resources on different ESG issues. By doing so, the Company is able to identify the most material issues that matter to our business. Concurrently, we can mitigate risks and spot opportunities through this process.

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the community on a continuous basis. We have engaged with our major stakeholders such as customers, suppliers, shareholders and investors, employees, other business partners, government and regulatory authorities through various communication channels.

The Group uses diversified engagement methods and communication channels as shown below:

Stakeholders	Expectations and Concerns	Key Communication Methods
Customers	<ul style="list-style-type: none"> High quality products and services Protection of the rights of customers 	<ul style="list-style-type: none"> Daily front-line communications Regular business exchanges and meetings Customer feedback Questionnaire survey
Suppliers and contractors	<ul style="list-style-type: none"> Supplier appointment Sustainable supply chain Fair and open procurement Stable business relationship 	<ul style="list-style-type: none"> Business visits Annual meetings Questionnaire survey
Shareholders and investors	<ul style="list-style-type: none"> Return on investment Corporate governance Business compliance 	<ul style="list-style-type: none"> Company website Annual and interim reports Annual general meetings and other shareholders' meetings
Employees	<ul style="list-style-type: none"> Employees' compensation and benefits Career development Healthy and safe working environment 	<ul style="list-style-type: none"> Employees' performance appraisal Regular departmental meetings Questionnaire survey
Other business partners	<ul style="list-style-type: none"> Fair and open procurement Stable business relationship 	<ul style="list-style-type: none"> Daily operations or regular business exchanges Regular meetings Questionnaire survey
Government and regulatory authorities	<ul style="list-style-type: none"> Involvement in communities Business compliance Environmental awareness 	<ul style="list-style-type: none"> Daily operations Regular meetings Cooperation with the government and regulatory authorities in compliance inspections

6. ENVIRONMENTAL

Air Emissions

As an enterprise that upholds corporate social responsibility, the Group acknowledges the importance of reducing its impact on the environment. To fulfil the Group's commitment to corporate social responsibility and allow the Group's stakeholders to better understand the Group's progress in improving ESG performance, the Group has set environmental targets, covering aspects of energy conservation, emission reduction and waste management, with the aim to align with the government's vision of carbon neutrality in the Group's operating locations and enhance corporate reputation. To achieve these targets, the Group actively implements the principles of sustainable development and adopts relevant measures at operational levels.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental related laws and regulations that would have a significant impact on the Group, including but not limited to the Air Pollution Control Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance of Hong Kong.

Our major emissions were generated from the purchased electricity from retail shops and offices in operation, as well as the unleaded petrol and diesel consumed by our passenger car and forklift. We target to decrease our air emissions year-on-year. To minimize the carbon footprint incurred by our daily operation, we have implemented the below measures to achieve the "green operation". During the Reporting Period, since the Group has replaced fuel vehicle with electric vehicle, air pollutants and GHG emissions intensity decreased compared with the previous reporting year.

- Install a high-efficiency motor unit when replacing the machine
- Increase the application of natural light
- Lights and unnecessary energy-consuming devices must be turned off when employees leave the office to reduce energy consumption and lower the relevant greenhouse gas ("GHG") emissions
- Educate employees on the importance of water conservation and reduce unnecessary water waste. When any leaks occur on any equipment, perform maintenance procedures immediately to avoid waste
- Ensure equipment and devices are switched off during downtime and breaks
- Set the temperature of air conditioning in our office within an energy-efficient level from 24°C to 26°C
- Encourage employees to switch off all computers and warehouse/office equipment, electrical appliances and air conditioners when not in use
- Advocate 3R's concept — "Reduce, Reuse and Recycle"

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's air emissions is shown below:

Air pollutants ¹	Unit	FY2024	FY2023 ⁽²⁾
Nitrogen Oxides	Kg	5.88	10.34
Sulphur Oxides	Kg	1.23	2.15
Particulate Matter	Kg	0.42	0.73

GHG emissions ³	Unit	FY2024	FY2023
Scope I (Direct emissions)	Tonnes of CO ₂ e	16.89	28.05
Mobile combustion	Tonnes of CO ₂ e	16.89	28.05
Scope II (Indirect emissions)	Tonnes of CO ₂ e	665.16	603.09
Electricity purchased	Tonnes of CO ₂ e	665.16	603.09
Total GHG emissions (Scope I, II)	Tonnes of CO ₂ e	682.05	631.14
GHG emissions intensity (Scope I, II)	Tonnes of CO ₂ e/ HKD million revenue	5.56	4.10

Waste Management

We adhere to the 3R's concepts; "Reduce, Reuse and Recycle" to reduce the waste generated across our operations.

Due to our business nature, hazardous waste is not material for the Group and the major non-hazardous wastes are paper waste, ordinary office waste and broken tiles.

In order to reduce the Group's paper consumption, we adopted a range of measures, such as:

- Promote a paperless practice in the office;
- Encourage double-sided printing or photocopying for documents; and
- Use of electronic files.

Moreover, the Group also avoids using single-use paper cups and encourages employees to bring their own cups. We have appointed a third-party contractor to handle our non-recyclable waste from the warehouse and the office, to ensure that all the generated waste is properly handled. We target to decrease our waste generation year-on-year. During the Reporting Period, since the waste reduction awareness of the Group's employees increase, the intensity of non-hazardous waste produced decreased compared to the previous reporting year.

¹ GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC) (2014), the Sustainability Report 2022 published by CLP Group and the Sustainability Report 2022 published by HK Electric.

² Figures for FY2023 have been restated to reflect the actual situation.

³ For the year ended 31 March 2024, the Group recorded a revenue of approximately HK\$122.6 million. This data is also used for calculating other intensity data in this Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's non-hazardous waste is shown below:

Non-hazardous Waste	Unit	FY2024	FY2023 ⁽⁴⁾
Total Non-hazardous Waste Produced	Tonnes	47.50	63.45
Intensity of Non-hazardous Wastes Produced	Tonnes/HKD million revenue	0.39	0.41

Insignificant amount of hazardous waste was produced by the Group during the Reporting Period.

Use of Resources

Through the Group's commitment, resource efficiency and eco-friendly measures across its operations have been embedded. Fuel and electricity are consumed due to the nature of the Group's operations, the Group aims to further reduce the environmental impacts of its activities.

Energy Consumption

To reduce its energy consumption and raise awareness of energy conservation, the Group will encourage the offices and its retail shops to implement energy efficiency measures. In addition, the Group has adopted measures to improve its energy efficiency performance as mentioned in the section "Emissions". We target to decrease our energy consumption year-on-year. During the Reporting Period, since the Group's electricity consumption slightly increased, the Group's energy intensity increased compared to the previous reporting year. We will continue to implement different energy-saving measures to reduce energy consumption and improve employees' energy-saving awareness.

The electricity, petrol and diesel consumptions account for a substantial part of the energy consumption for the Group, as reflected in the energy consumption of the Group shown below:

Energy consumption ⁴	Unit	FY2024	FY2023
Direct	MJ	246,000.89	411,967.38
Petrol (gasoline)	MJ	1,539.29	9,350.22
Diesel	MJ	244,461.60	402,617.00
Indirect	MJ	4,281,275.80	3,717,287.42
Electricity purchased	MJ	4,281,275.80	3,717,287.42
Total energy consumption	MJ	4,527,276.69	4,129,254.80
Energy intensity	kWh/HKD million revenue	10,257.56	7,452.99

Water Consumption

Only tap water provided by the Water Supplies Department is used and no issue of sourcing water has been encountered. However, we understand water is a precious resource and we encourage our staff to save portable water. We target to decrease our water consumption year-on-year. During the Reporting Period, the water consumption decreased compared to the previous reporting year.

The wastewater generated by the Group was mostly from the operation of our offices and retail shops. Therefore, we do not have significant wastewater generated during the Reporting Period. Municipal wastewater was directly discharged into the municipal sewer line.

⁴ Figures for FY2023 have been restated to reflect the actual situation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's water consumption is shown below:

Water Consumption	Unit	FY2024	FY2023
Total water consumption	m ³	423.00	355.00
Water intensity	m ³ /HKD million revenue	3.45	2.31

Packaging Material Consumption

Due to the nature of our operations, plastics wraps and non-woven bags were used. To protect our environment, we are looking for methods to reduce our packing material consumption as well as any alternative materials beyond plastics.

A detailed summary of the Group's packaging material consumption is shown below:

Packaging material consumption	Unit	FY2024	FY2023
Total packaging material consumption	Tonnes	0.64	0.84
Packaging material intensity	Tonnes/HKD million revenue	0.0052	0.0055

During the Reporting Period, the packaging material intensity decreased compared to the previous reporting year.

The Environment and Natural Resources

We recognize that the protection of the environment is a common responsibility, as a responsible listed company in Hong Kong, we strive to sustain the earth in an eco-friendly way to operate our business.

We have not identified any specific regulatory requirements related to environmental protection beyond the above sections that have significant risks to the Group and we consider that our operation does not cause any significant impact to the environment and natural resources during the Reporting Period. However, we still prioritize environmental issues in our business and recognise the future risks associated from climate changes and other relevant issues. Therefore, we monitor this topic and are ready for any change of climate-related regulations.

During the Reporting Period, the Group was not subject to administrative sanctions or penalties for violating environmental laws or regulations that would have a significant impact on the Group.

Climate Change

The Group recognises that climate change is one of the most urgent challenges for the world today. As a responsible corporate citizen, the Group is committed to offering assistance to address this global challenge. The Group endeavours to further strengthen its resilience to climate change by identifying climate risks and formulating relevant strategies to mitigate and adapt to the impact of climate change on its business. To better manage climate-related risks and opportunities, the Group has incorporated climate-related issues into its risk management framework.

Physical Climate Risks

Physical climate risks come in the form of extreme weather conditions in greater frequency and intensity, as well as rise in sea level. Extreme weather (e.g. more frequent and intense typhoons) and changes in climate patterns (e.g. higher humidity) can cause damage to our physical retail locations.

Transition Climate Risks

Transition climate risks are the evolution of the regulatory, technological and market landscape due to climate change action. More stringent policy risks, such as an increase in emissions regulations may impact the Group's operations and its supply chain.

7. SOCIAL

Employment

The Group adheres to the “people-centric” principle and has developed policies and procedures that align with the applicable employment laws and regulations in Hong Kong. The internal policies are regularly reviewed by our Human Resources Department. During the Reporting Period, the Group was not aware of any material non-compliance with employment related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, Sex Discrimination Ordinance, and Employees' Compensation Ordinance of the laws of Hong Kong.

As we strive to build an inclusive and diverse working environment, any form of harassment and discrimination is not tolerated by the Group. We respect our employees and treat them equally. We recruit talents based on their working experience, qualifications and knowledge, regardless of factors such as skin colour, age, gender, sexual orientation, gender identity, nationality, etc.

We provide a competitive remuneration package to our employees. Besides all rest days and statutory holidays as stated in local laws and regulations, employees are entitled to have paid annual leaves, maternity leaves, paternity leaves, marriage leaves and festivals early leaves.

Benefits such as medical benefits, MPF scheme and other benefits subject to the Group's human resource policies, such as birthday leave with a cash gift and celebration activities such as Christmas party for the festival are provided by the Group.

The Group has a clear promotion ladder for the employees. Promotion and salary increments are based on the results of regular performance appraisals. Furthermore, our shop staff, who are under managerial grade, undergo a monthly and quarterly performance appraisal based on standard performance criteria. Performance bonus, salary increment and promotion are determined with reference to the results of the staff appraisal. Staff dismissals are in accordance with the Employment Ordinance, as well as the requirements stipulated in the employment contracts.

During the Reporting Period, the Group was not subjected to any major administrative sanction or punishment due to violation of any employment laws or regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of 31 March 2024, the Group had a total of 51 (2023: 65) employees. The employment breakdown is as below:

Workforce	Unit	FY2024	FY2023
Total	Persons	51	65
Male (By Gender)	Persons	35	39
Female (By Gender)	Persons	16	26
Full-time (By employment type)	Persons	42	55
Part-time (By employment type)	Persons	9	10
< 30 (By age group)	Persons	9	9
30–39 (By age group)	Persons	5	15
40–49 (By age group)	Persons	20	28
50–59 (By age group)	Persons	14	13
>60 (By age group)	Persons	3	0
Board (By employee category)	Persons	4	2
Management (By employee category)	Persons	3	5
Senior (By employee category)	Persons	6	10
Junior (By employee category)	Persons	38	48
Hong Kong (By region)	Persons	51	65

A detailed summary of the Group's employee turnover is shown below:

Turnover Rate	Unit	FY2024	FY2023
Overall	%	35.29	33.60
Male (By Gender)	%	28.57	37.04
Female (By Gender)	%	50.00	27.27
<30 (By age group)	%	133.33	83.33
30–39 (By age group)	%	80.00	62.07
40–49 (By age group)	%	5.00	13.79
50–59 (By age group)	%	7.14	23.08
>60 (By age group)	%	0	0
Hong Kong (By region)	%	35.29	33.60

The calculation of turnover rate is shown as below:

Turnover rate = $L/E * 100\%$
 L = number of employees leaving employment during the Reporting Period
 E = $(\text{Number of employees at the beginning of the Reporting Period} + \text{Number of employees at the end of the Reporting Period})/2$

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's Board members is shown below:

Number of Board members	Unit	FY2024	FY2023
Total	Persons	4	5
Male (By Gender)	Persons	3	4
Female (By Gender)	Persons	1	1
<30 (By age group)	Persons	0	0
30–39 (By age group)	Persons	0	0
40–49 (By age group)	Persons	0	0
50–59 (By age group)	Persons	2	3
≥60 (By age group)	Persons	2	2
Master or above (By education)	Persons	3	3
Bachelor (By education)	Persons	1	2

Health and Safety

We are committed to providing a comfortable, safe and healthy environment in our office, retail shops and warehouses for all of our employees.

In line with the Occupational Safety and Health Ordinance, working in a safe and healthy environment is a promise we make to our employees. To provide our employees with a safe and healthy working environment, our staff handbook for the operation and warehouse staff contains work safety rules, such as emergency and evacuation procedures upon a breakout of fire, an electrical outage or flooding in our retail shops.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong. Moreover, the Group did not identify any significant fines or non-monetary sanctions for non-compliance with the protection of employees and provision of safe working environment. There were no work-related fatality cases reported during the Reporting Period and in each of the past three years. There was one work injury case with 6 lost days (2023: 129) due to work injury during the Reporting Period.

To combat the coronavirus pandemic, we adopted a series of measures to protect our employees and customers. We put notices on our stores to remind customers to wear face masks when they enter our shops. In addition, we provide hand sanitizers at the entrance for our employees and visitors and check the body temperature of any individual that is visiting our offices and retail shops.

Development and Training

We encourage our staff members to receive trainings so as to improve their efficiency and productivity. Our employees are welcome to join internal and external training courses as we support our employees in their quest for self-improvement and equipping themselves with new skills. As such, the Group provides training to all employees as to strengthen their product knowledge and enhance their familiarity with the industry.

We provide on-the-job training to new members to educate them with our internal rules and precautions at work as to ensure they pick up the required skills swiftly. Through the trainings, we aim to foster a sense of work safety within our staff members and to enhance their ability at work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's training and development activities is shown below:

Percentage of employees trained	Unit	FY2024	FY2023
Overall	%	35.29	23.26
Male (By gender)	%	37.14	24.10
Female (By gender)	%	31.25	21.88
Board (By employee category)	%	50.00	40.00
Management (By employee category)	%	66.67	28.57
Senior (By employee category)	%	83.33	18.18
Junior (By employee category)	%	26.32	22.22

Average training hour	Unit	FY2024	FY2023 ⁽⁵⁾
Overall	hours per employee	2.82	2.77
Male (By gender)	hours per employee	2.97	2.77
Female (By gender)	hours per employee	2.50	2.77
Board (By employee category)	hours per employee	4.00	6.00
Management (By employee category)	hours per employee	5.33	4.80
Senior (By employee category)	hours per employee	6.67	2.40
Junior (By employee category)	hours per employee	2.11	2.50

The calculation of percentage of employees trained is shown as below:

$$\text{Percentage of employees trained} = \frac{L}{E} * 100\%$$

L = Number of employees trained during the Reporting Period
 E = Number of employees during the Reporting Period

The calculation of average training hour is shown as below:

$$\text{Average training hour} = \frac{L}{E}$$

L = Total number of training hours during the Reporting Period
 E = Number of employees during the Reporting Period

Labour Standards

The Group strictly prohibits any recruitment of child and forced labour in its business. To mitigate the risk of hiring child labour, all new recruits are subject to a set of review procedures, from interview to identity checking. We have complied with laws and regulations relating to minimum age and wages of employment, such as the Minimum Wage Ordinance (Cap. 608). In the event that child and/or forced labour is discovered, the Human Resources Department shall remedy the situation and conduct a root-cause analysis to prevent re-occurrence.

We uphold that:

- Forced behaviour shall be prohibited;
- No employee shall be induced to work for the Group by fraudulent means; and
- None of the employees' interest shall be obtained or none of the employees shall be forced to work through punishments or coercion.

⁵ Figures for FY2023 have been restated to reflect the actual situation.

8. OPERATING PRACTICES

Supply Chain Management

The quality control of the imported tiles and bathroom fixtures from our suppliers is vitally important due to the nature of our business. To maintain a high-level of monitoring, a set of policies and procedures have been embedded across our supply chain management.

In order to select reliable and quality suppliers, we evaluate them with various criteria, such as:

- Reputation in the industry;
- Product quality; and
- The standards they obtained.

Under our rigorous assessment, most of our tile suppliers surpass the basic requirements such as CE mark⁶, indicating that they met the requirements of the European Economic Area (EEA), and possess the ISO 9001 certification on quality management system and ISO 10545 certification on standards and quality of tiles.

We also take our suppliers' sustainability performance into account, as such, the products' environmental friendliness is one of our concerns when choosing the suitable suppliers. Therefore, most of our suppliers have obtained environmental certifications, such as Ecolabel⁷ which recognizes products that have less environmental impact throughout their life cycle, and LEED⁸ certifications for the production premises, as well as ISO 14001 on environmental management system standards, etc. We demonstrate our care to the environment by embedding these concepts across our business practices.

A detailed summary of the Group's suppliers is shown below:

Number of suppliers	Unit	FY2024	FY2023
Total	Suppliers	60	81
China (By region)	Suppliers	0	1
Hong Kong (By region)	Suppliers	8	41
Europe (By region)	Suppliers	52	38
Others (By region)	Suppliers	0	1

⁶ A conformity marking for products sold in the European Union. It states that the products are assessed before placed on the market and meets the European Union safety, health and environmental protection requirements.

⁷ EU Ecolabel, a voluntary labelling system which is recognised throughout Europe that helps customers to identify products and services that have a reduced environmental impact throughout their life cycle, from the extraction of raw material through to production, use and disposal.

⁸ Leadership in Energy and Environmental Design, a set of standards introduced by the U.S. Green Building Council for environmentally sustainable construction.

Product Responsibility

As the major business of the Group is retailing and supplying of overseas manufactured tiles, no production process is involved in the business. As the largest player in the overseas manufactured tile retailing industry, we are devoted to ensuring and providing premium products to our customers.

To guarantee the product quality, our quality control team will check the products against specifications as set out in relevant purchase orders placed upon the arrival of products at our warehouse. Our team will also perform visual inspections to verify the quality of the products packed in individual cartons. In case of any apparent defects discovered, we will immediately contact the relevant suppliers and reach a mutually agreed mechanism for returning or exchanging the products concerned.

Before we deliver our products to the customers, our quality control team will conduct a sample checking procedure on the products by scanning them. Although we do not provide warranties for the products sold, we generally accept the return or exchange of the unused and untainted purchase for our retail customers given that defects are discovered upon or after delivery within a reasonable period, say within two weeks of delivery.

In a bid to safeguard the information in relation to operations and business activities of the Group and our business association, we have established a rigorous data privacy policy in the staff handbook that states all proprietary, confidential or generally undisclosed information will be handled with security control and proper procedures.

The Group also pays close attention to defending and protecting our intellectual property rights. Some trademarks and domain names of the Group have been registered in Hong Kong and China.

During the Reporting Period, the Group has complied with relevant laws and regulations on product safety, health and advertising, including but not limited to Sale of Goods Ordinance, Trade Descriptions Ordinance, and Consumer Goods Safety Ordinance. There were no products sold or shipped subsequently subject to recalls for safety and health reasons. Additionally, the Group received no complaints in regard to the product quality.

Anti-corruption

We strictly adhere to business ethics and integrity and comply with requirements of the statutory laws, rules and regulations, such as the Prevention of Bribery Ordinance. We are dedicated to stipulating an anti-corruption and transparent environment across our business operations.

A whistle-blowing channel has been launched to allow employees to report any irregularities in regard to fraud and bribery. Furthermore, our accounting staff will check any payments that are not incurred in the ordinary course of sales transactions to prevent bribery from third-parties. We conduct anti-corruption training related to topics such as bribery practices. During the Reporting Period, 1 Director and 5 staff of the Group have received anti-corruption training.

During the Reporting Period, there were no legal cases regarding corruption brought against the Group and its employees. There were also no whistle-blowing reports received.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9. COMMUNITY

Community Investment

The Group cares not only for its business operations, but also for the wider community. Over years, the Group has been supporting the community and the industry in various aspects like charity, environmental protection, health, with the aim to assist the people in need. As we would like to cultivate a harmonious relationship with the community, we encourage our employees to participate in voluntary works in local community and pass their love on.

During the Reporting Period, the Group donated HK\$5,000 to support activities on sports.

10. HKEx ESG REPORTING GUIDE INDEX

Aspect	KPI	Description	Statement/Section
Subject Area (A) Environment			
A1: Emissions			
A1	General disclosures	Information on: (a) the policies; and (b) compliance	Our Environment
	KPI A1.1	The types of emissions and respective emissions data	Air Emissions
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Air Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Air Emissions, Waste Management
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Air Emissions
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Description	Statement/Section
A2: Use of Resources			
A2	General disclosures	Policies	Our Environment
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Consumption
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Consumption
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Consumption
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Consumption
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Material Consumption
A3: The Environment and the Natural Resources			
	General disclosures	Policies	The Environment and Natural Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
A4: Climate Change			
	General Disclosures	Policies	Climate Change
	KPI A4.1	Description of the significant climate- related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Description	Statement/Section
Subject Area (B) Social			
B1: Employment and Labour Practices			
B1	General disclosures	Information on: (a) the policies; and (b) compliance	Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
B2: Health and Safety			
B2	General disclosures	Information on: (a) the policies; and (b) compliance	Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	KPI B2.2	Lost days due to work injury	Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3: Development and Training			
B3	General disclosures	Policies	Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Aspect	KPI	Description	Statement/Section
B4: Labour Standards			
B4	General disclosures	Information on: (a) the policies; and (b) compliance	Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices			
B5: Supply Chain Management			
B5	General disclosures	Policies	Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Description	Statement/Section
B6: Product Responsibility			
B6	General Disclosures	Information on: (a) the policies; and (b) compliance	Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	KPI B6.2	Number of products and service- related complaints received and how they are dealt with.	Product Responsibility
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
	KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
B7: Anti-Corruption			
B7	General Disclosures	Information on: (a) the policies; and (b) compliance	Anti-corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8: Community			
B8	General disclosures	Policies	Community Investment
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements (the “Financial Statements”) of the Company for the year ended 31 March 2024 (the “Year”).

PRINCIPAL ACTIVITIES

MOS House Group Ltd (the “Company”) and its subsidiaries are principally engaged in the trading of tiles and bathroom fixtures, the property investment and the new energy business (through its associate company). The trading of tiles and bathroom fixtures products are made through either retail or non-retail channels. The new energy business is mainly involved in (1) new energy materials — solar panel installation; and (2) energy storage units — supply and distribution of battery energy storage units.

BUSINESS REVIEW

The business review of the Group for the Year, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the business of the Group, is set out in the section headed “Management Discussion and Analysis” on pages 5 to 9 of this annual report. These discussion and analysis form part of this Report of the Directors.

RESULTS AND APPROPRIATIONS

The Group’s results for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 65 of this annual report.

DIVIDEND

The Directors do not recommend any payment of dividend for the Year.

SUMMARY OF FINANCIAL INFORMATION

The summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 126 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

The Company’s issued share capital as at 31 March 2024 was 284,117,000 ordinary shares of HK\$0.1 each.

Details of movements of the share capital of the Company during the Year are set out in Note 30 to the Financial Statements of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CHARITABLE DONATIONS

The Group made charitable donations of approximately HK\$5,000 during the year ended 31 March 2024 (2023: HK\$630,000).

REPORT OF THE DIRECTORS

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in Note 39(a) and page 67 to the Financial Statements and the consolidated statement of changes in equity of this annual report, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2024, the Company's reserves available for distribution as calculated in accordance with the Articles and the Companies Law Cap. 22 of Cayman Islands, was approximately HK\$58.4 million inclusive of share premium and accumulated losses.

MAJOR CUSTOMERS AND SUPPLIERS

The major customers of the Group include some of the major project customers in Hong Kong and distributors in the PRC. Many of the Group's five largest customers and suppliers have established long term business relationship with the Group. The Directors believe that such long-term relationships represent confidence and trust from business partners and acknowledgement of the Group's ability.

The Group recognises the importance of maintaining good relationships with customers and suppliers to achieve its long-term business growth and development. Accordingly, the Group has kept good communications and shared business updates with business partners when appropriate.

For each of the years ended 31 March 2024 and 2023, the Group's five largest customers in aggregate accounted for less than 29.2% of the Group's total revenue of the respective years.

For the year ended 31 March 2024, the Group's five largest suppliers in aggregate accounted for approximately 65.6% (2023: approximately 28.6%) of the Group's total purchases. The largest supplier accounted for approximately 35.6% (2023: approximately 9.8%) of the Group's total purchases.

To the best of the knowledge of the Directors, none of the Directors, their close associates nor any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major customers and suppliers.

DIRECTORS

The Directors during the year ended 31 March 2024 and up to the date of this annual report were as follows:

Executive Directors

Mr. Simon Tso
Ms. Tsui To Fei

Independent non-executive Directors

Mr. Ng Wang To (*retired on 18 September 2023*)
Mr. Woo King Hang, JP
Mr. Hui Chun Tak, PDSM
Dr. Lam Lee G., BBS, JP (*appointed on 1 October 2023 and resigned on 15 February 2024*)
Mr. Wong Chun Ping, MH, JP (*appointed on 31 July 2024*)

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. As such, Mr. Wong Chun Ping, MH, JP shall hold office until the AGM and, being eligible, has offered himself for re-election.

REPORT OF THE DIRECTORS

In accordance with Article 84(2) of the Articles of Association, Mr. Woo King Hang, JP and Mr. Hui Chun Tak, PDSM shall retire by rotation at the forthcoming AGM, and being eligible, would offer themselves for re-election at the forthcoming AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and Senior Management of the Company are disclosed in the section headed “Biographical Details of Directors and Senior Management” on pages 10 to 13 in this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with our Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other. Each of our INEDs has entered into a letter of appointment with our Company for a term of one year, which may be terminated by not less than one month's notice in writing served by either party on the other. None of the Directors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in Note 33 to the Financial Statements of this annual report, no transactions, arrangements or contract of significance to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director had a material interest directly or indirectly subsisting at 31 March 2024 or at any time during the Year.

MANAGEMENT CONTRACTS

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

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed “Connected Transaction” below, there was no contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries for the Year.

REMUNERATION OF THE DIRECTORS, SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals in the Group are set out in Note 8 to the Financial Statements of this annual report.

The emoluments paid or payable to the Senior Management of the Group who are not Directors were within the following bands:

	Year ended 31 March	
	2024	2023
Nil to HK\$1,000,000	Number of individuals	Number of individuals
	3	3

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors, managing Directors, alternate Directors, auditor, secretary and other officers for the time being of the Company shall be indemnified and secured harmless out of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or about the execution of their duty in their offices or in relation thereto.

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

EMOLUMENT POLICY

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and the Senior Management, having regard to the Group's operating results, individual performance and comparable market practices. The remuneration of the Directors and the Senior Management are determined with reference to the economic situation, the market conditions, the responsibilities and duties assumed by each Director and each member of the Senior Management as well as their individual performance.

The Company has adopted a share option scheme as incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below.

PENSION SCHEMES

Details of the Group's pension schemes for the Year are set out in Note 32 to the Financial Statements of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2024 and up to the date of this report, each of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

NON-COMPETITION UNDERTAKING

In order to protect the Group's interest in its business activities, the Controlling Shareholders (collectively, the "Covenantors") entered into the Deed of Non-Competition on 20 September 2018. Under the terms of the Deed of Non-Competition, each of the Covenantors, among others, has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of each of its subsidiaries for the time being) that with effect from the date of listing of the Company on the Stock Exchange and for so long as he/it remains as a Controlling Shareholder of the Company or during the period when the Shares remain listed on the Stock Exchange, except for transactions contemplated under agreements (if any) entered or to be entered into with the Group, that he/it will not, and will procure his/its associates (other than the Group) not to compete directly or indirectly with the businesses of the Group.

REPORT OF THE DIRECTORS

Each of the Covenantors further undertakes that if he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with any business opportunity of the Group, he/it shall procure that his/its close associates to promptly notify the Group in writing with such required information to enable the Group to evaluate the merits of the relevant business opportunity and the Group shall have a right of first refusal to take up such opportunity. The parties shall then negotiate in good faith with respect to a collaboration for such new business.

The Group shall, within 30 days after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal. The Group shall only exercise the right of first refusal upon the approval of all INEDs who do not have any interest in such opportunity. The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the INEDs for considering whether or not to exercise the right of first refusal.

Details of the Deed of Non-Competition have been set out in the section headed “Relationship with the Controlling Shareholders” of the Prospectus. The Company has received a written confirmation from each of the Covenantors in respect of its/his compliance with the terms of the Deed of Non-Competition during the Year and up to the date of this annual report.

All the INEDs are delegated with the authority to review the Deed of Non-Competition. The INEDs had reviewed the status of compliance and the confirmation provided by the Controlling Shareholders, and on the basis of such confirmation are of the view that the Controlling Shareholders have complied with the Deed of Non-Competition and the non-competition undertakings have been enforced by the Company in accordance with its terms.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased or sold any of the Company’s listed securities during the Year.

The Company did not redeem any of its listed securities during the Year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the sections headed “Disclosure of Interests” and “Share Option Scheme” below, at no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of its Directors or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors or their respective associates to acquire such rights in any other body corporate.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed “Share Option Scheme” below, no equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is devoted to promoting and maintaining the environmental and social sustainable development of the regions where it operates. As a responsible enterprise, the Group strives to comply with all the relevant laws and regulations in terms of the environmentally friendliness, health and safety, adopts effective measures, conserves energy and reduces waste. A report on environmental, social and governance matters is published as part of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with legal and regulatory requirements and the risk of non-compliance with such requirements. The Group conducts on-going reviews of newly enacted/revised laws and regulations affecting its operations. The Company is not aware of any non-compliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the Year.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER KEY STAKEHOLDERS

The Group understands that the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

AUDIT COMMITTEE

The Audit Committee together with the management have reviewed the accounting standards and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Group for the Year.

SUFFICIENCY OF PUBLIC FLOAT

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

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the INEDs to be independent.

AUDITOR

The Financial Statements for the Year have been audited by CL Partners CPA Limited, who will retire, and being eligible, offers itself for re-appointment at the forthcoming AGM. A resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming AGM.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 20 September 2018 (the “Share Option Scheme”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The primary purpose of the Share Option Scheme is to provide incentives to Directors, employees, and any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Group (the “Eligible Participants”), the Eligible Participants may, at the discretion of the Board, be granted options (the “Options”) to subscribe for shares in the Company at a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the date of the offer of grant, which must be a trading day, (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares on the date of grant of the option.

Without prior approval from the Shareholders, the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the Shares of the Company as at the date of the listing of the Company’s Shares on the Stock Exchange (i.e. 28,411,700 Shares, which represents 10% of the Shares as at 31 March 2024). The number of Shares in respect of which Options 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.

Pursuant to the Share Option Scheme, HK\$1 is payable by the grantee to the Company on acceptance of the Option on or before the relevant acceptance date set out in the offer letter.

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an Option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years after it has been granted. No Option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption (i.e. 20 September 2018).

Pursuant to the Scheme, on 29 September 2022, the Company granted the options to subscribe for an aggregate of 4,800,000 Shares to the executive Directors at an exercise price of HK\$0.300 per Share. For the year ended 31 March 2024, no share options were exercised. As at 31 March 2024, the maximum number of Shares which might be issued upon exercise of all outstanding options granted under the Scheme was 4,800,000 Shares, representing 1.69% of the Company’s issued share capital as at 31 March 2024.

REPORT OF THE DIRECTORS

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporation

As at 31 March 2024, the interests and short positions of the Directors and the chief executive of the Company and their associates in the Shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Long Position in the Shares

Name of Director	Capacity/Nature	Number of Shares held	Number of underlying shares held under equity derivatives	Percentage of the issued share capital of the Company
Mr. Simon Tso	Beneficiary of a trust	150,000,000 ⁽¹⁾	–	52.80%
	Interest of controlled corporation	11,920,000 ⁽²⁾	–	4.20%
	Beneficial owner	5,840,000 ⁽³⁾	2,400,000 ⁽³⁾	2.90%
Ms. Tsui To Fei	Interest of a spouse	–	2,400,000 ⁽⁴⁾	0.84%
	Interest of controlled corporation	11,920,000 ⁽²⁾	–	4.20%
	Beneficial owner	–	2,400,000	0.84%
	Interest of a spouse	157,340,000 ⁽⁵⁾	2,400,000 ⁽⁵⁾	56.22%

Notes:

1. RB Power Limited ("RB Power") is wholly owned by RB Management Holding Limited ("RB Management"), the holding vehicle incorporated in the BVI used by TMF (Cayman) Ltd., the trustee of a discretionary trust established by Mr. Tso (as the settlor) with Mr. Tso being one of the beneficiaries. By virtue of the SFO, Mr. Tso is deemed to be interested in the Shares held by RB Power.
2. The shares are held by Cyber Building Limited, a company owned as to 50/50 by Mr. Tso and Ms. Tsui. By virtue of the SFO, both Mr. Tso and Ms. Tsui are deemed to be interested in the shares held by Cyber Building Limited.
3. Mr. Tso personally holds 5,840,000 Shares and 2,400,000 Share options of the Company.
4. These are the Share options held by Mr. Tso's spouse, Ms. Tsui.
5. Under Part XV of the SFO, Ms. Tsui is deemed to be interested in the same number of Shares and Share options in which Mr. Tso is interested.

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, which had to be notified to the Company and the Stock Exchange under the SFO or pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

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

Long Position in the Shares

Name of Shareholder	Capacity/Nature	Number of Shares held	Percentage of the issued share capital of the Company
TMF (Cayman) Ltd.	Trustee of a trust	150,000,000 <i>(Note)</i>	52.8%
RB Management	Interest of a controlled corporation	150,000,000 <i>(Note)</i>	52.8%
RB Power	Beneficial owner	150,000,000 <i>(Note)</i>	52.8%

Note: RB Power (Mr. Tso & Ms. Tsui being its directors) is wholly owned by RB Management, the holding vehicle incorporated in the BVI used by TMF (Cayman) Ltd., the trustee of the Family Trust, which is a discretionary trust established by Mr. Tso (as the settlor) with Mr. Tso and Mr. Tso's family members as beneficiaries. By virtue of the SFO, each of TMF (Cayman) Ltd. and RB Management is deemed to be interested in the Shares held by RB Power.

Save as disclosed above, as at 31 March 2024, the Directors were not aware of any corporation which/person (other than a Director or the chief executive of the Company) who had interest or short position in the Shares or underlying Shares which were recorded in the register required to be kept under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Other than the related party transactions disclosed in Note 33 to the Financial Statements, no transactions, arrangements, contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, were entered into or subsisted at the end of the Year or at any time during the Year.

Details of the significant related party transactions undertaken in the ordinary course of business are provided under Note 33 to the Financial Statements of this annual report. The related party transactions which constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules are summarised below.

On 29 March 2023, Regent Building Limited (as tenant) entered into two renewal tenancy agreements (the "Renewal Tenancy Agreements") with Cyber Building Limited ("Cyber Building") (as landlord) in relation to the leases of a warehouse and a retail shop to the Group. The lease terms of the premises under the Renewal Tenancy Agreements are both for 2 years from 1 April 2023 to 31 March 2025.

REPORT OF THE DIRECTORS

Mr. Tso is an executive Director and a Controlling Shareholder of the Company. Ms. Tsui is an executive Director and the spouse of Mr. Tso. Cyber Building is owned as to 50% by Mr. Tso and 50% by Ms. Tsui. As such, Cyber Building is an associate of Mr. Tso and Ms. Tsui and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Renewal Tenancy Agreements with Cyber Building constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. For details of the transaction, please refer to the Company's announcement dated 29 March 2023.

The annual caps set for the year ended 31 March 2024 under the Renewal Tenancy Agreement regarding the rental payments (in aggregate) to Cyber Building is HK\$5,160,000. For the year ended 31 March 2024, rental payments to Cyber Building amounted to HK\$5,160,000, which did not exceed the applicable annual cap for the year ended 31 March 2024.

ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE LISTING RULES

The Directors (including the INEDs) have reviewed the continuing connected transactions and confirmed that they have been entered into on normal commercial terms in the ordinary and usual course of business of the Group, and in accordance with the relevant agreements governing the continuing connected transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company had reviewed the continuing connected transactions and confirmed, inter alia, that the continuing connected transactions have been entered into in accordance with the relevant agreements governing the continuing connected transactions as disclosed in the Company's announcement dated 29 March 2023.

2024 ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM will be held at the head office of Unit 1001, 10/F, Plaza 228, 228 Wan Chai Road, Wan Chai, Hong Kong, on Thursday, 12 September 2024 at 11:00 a.m..

For determining the entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Saturday, 7 September 2024 to Thursday, 12 September 2024 (both days inclusive) during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 6 September 2024. All persons who are registered holders of the Shares on Thursday, 12 September 2024, the record date of the AGM, will be entitled to attend and vote at the AGM.

The Board is not aware of any important event requiring disclosure that has been taken place subsequent to 31 March 2024 and up to the date of this annual report.

On behalf of the Board

Simon Tso

Chairman and Chief Executive Officer

Hong Kong, 28 June 2024



To the shareholders of

MOS House Group Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of MOS House Group Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 65 to 125, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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 the matter was addressed in our audit

Impairment assessment of trade receivables

Refer to notes 4, 20 and 37 to the consolidated financial statements

As at 31 March 2024, the Group's trade receivables (before loss allowances) amounting to approximately HK\$69,290,000. Loss allowances for expected credit losses ("ECL") amounting to approximately HK\$3,110,000 has been provided on these trade receivables.

Management of the Group estimates the amount of lifetime ECL on (i) trade receivables from customers located in the People's Republic of China, trade receivables with aggregated significant outstanding balances exceeding HK\$1,000,000 and credit-impaired trade receivables individually; and (ii) remaining trade receivables based on a provision matrix through grouping of various debtors that have similar loss patterns, after considering the past due status of respective trade receivables. Estimated loss rates are based on internal credit rating which reflect credit risk characteristics with reference to historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.

Significant degree of management judgement was involved in evaluating the ECL of the Group's trade receivables as at 31 March 2024. As the amount is significant, we determine the ECL assessment as a key audit matter.

Our key procedures in relation to the impairment assessment of trade receivables included:

- Understanding key controls on how the management estimates the loss allowances for trade receivables;
- Understanding and assessing the appropriateness of management's methodology for identifying internal credit rating of trade receivables which reflect the credit risk characteristics;
- Evaluating the reasonableness of the credit loss allowances on individually impaired trade receivables on a sample basis at 31 March 2024, with reference to internal credit rating assigned based on historical observed default rate of the debtors and forward-looking information;
- Testing the accuracy of trade receivables past due ageing analysis as at 31 March 2024, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices;
- Evaluating management's basis and judgement in determining credit loss allowances on trade receivables as at 31 March 2024, including their identification of credit-impaired trade receivables, the reasonableness of management's grouping of the remaining trade receivables into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical observed default rate and forward-looking information); and
- Testing subsequent settlements of trade receivables, on a sample basis, by inspecting supporting documents in relation to cash receipt from trade debtors subsequent to the end of the current reporting period.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How the matter was addressed in our audit
Provision for inventories	
<i>Refer to notes 4 and 19 to the consolidated financial statements</i>	
<p>As at 31 March 2024, inventories were stated at approximately HK\$69,860,000, comprising cost of approximately HK\$78,340,000 less provision of approximately HK\$8,480,000. Significant management judgement was required to assess whether the carrying amount of these inventories was higher than the net realisable value. Judgements were also required in identifying the slow-moving and obsolete inventories as they were based on inventory ageing analysis. As the amount is significant, we determine the assessment of provision for inventories as a key audit matter.</p>	<p>Our key procedures in relation to the assessment of provision for inventories included:</p> <ul style="list-style-type: none">• Understanding management's process of identifying the slow-moving and obsolete inventories and calculating the provisions;• Assessing the provisions by comparing the ageing analysis of inventories and the subsequent sale of inventories on a sample basis; and• Testing inventories to assess if they are stated at the lower of cost or net realisable value by comparing the actual subsequent sales value to the carrying value of inventories on a sample basis.

OTHER MATTER

The consolidated financial statements for the year ended 31 March 2023 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 28 June 2023.

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

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

(Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

CL Partners CPA Limited

Certified Public Accountants

Fong Ho Keung

Practising Certificate number: P08079

Hong Kong

28 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	5	122,577	153,945
Other income	6	2,383	3,952
Other gains and losses	6	13	1,269
(Impairment loss) reversal of impairment loss under expected credit loss model on trade receivables, net		(1,455)	1,455
Change in fair value of an investment property	14	280	–
Cost of inventories sold		(42,429)	(72,353)
Staff costs	10	(17,422)	(20,557)
Depreciation	10	(36,786)	(39,676)
Property related expenses		(2,289)	(2,121)
Other expenses	10	(14,829)	(18,638)
Share of result of an associate		18	–
Finance costs	9	(7,411)	(5,013)
Profit before taxation	10	2,650	2,263
Taxation	11	(487)	(851)
Profit and total comprehensive income for the year		2,163	1,412
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		2,163	1,412
Earnings per share	13	HK cents	HK cents
Basic		0.87	0.59
Diluted		0.87	0.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment property	14	34,280	34,000
Property, plant and equipment	15	1,870	2,429
Right-of-use assets	16	25,110	52,032
Interest in an associate	17	13,915	–
Deferred tax assets	18	1,039	910
Deposits and prepayments	21	9,406	8,874
Financial assets at fair value through profit or loss (“FVTPL”)	22	7,359	7,095
		92,979	105,340
Current assets			
Inventories	19	69,860	80,572
Trade receivables	20	66,180	58,824
Deposits, prepayments and other receivables	21	69,546	40,077
Tax recoverable		1,962	–
Pledged bank deposit	23	15,000	15,000
Bank balances and cash	23	1,465	6,257
		224,013	200,730
Current liabilities			
Trade payables	24	11,411	6,866
Other payables and accrued charges	25	20,918	8,058
Contract liabilities	26	7,512	8,160
Lease liabilities	16	25,217	36,335
Amount due to a director	27	64	2,006
Tax payable		3,420	3,337
Bank borrowings	28	92,083	80,712
Loan from a director	29	11,333	10,733
		171,958	156,207
Net current assets		52,055	44,523
Total assets less current liabilities		145,034	149,863
Non-current liabilities			
Lease liabilities	16	1,614	22,503
		1,614	22,503
NET ASSETS		143,420	127,360
Capital and reserves			
Share capital	30	28,412	24,000
Reserves		115,008	103,360
TOTAL EQUITY		143,420	127,360

These consolidated financial statements on pages 65 to 125 were approved and authorised for issue by the Board of Directors on 28 June 2024 and are signed on its behalf by:

Mr. Simon Tso
Director

Ms. Tsui To Fei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2024

	Attributable to owners of the Company					
	Reserves					Total
	Share capital	Share premium	Share option reserve	Other reserve	Retained profits	
HK\$'000	HK\$'000	HK\$'000 <i>Note</i>	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2022	24,000	74,337	–	17	26,492	124,846
Profit and total comprehensive income for the year	–	–	–	–	1,412	1,412
Equity-settled share-based payments <i>(Note 35)</i>	–	–	1,102	–	–	1,102
At 31 March 2023 and 1 April 2023	24,000	74,337	1,102	17	27,904	127,360
Profit and total comprehensive income for the year	–	–	–	–	2,163	2,163
Issue of shares on acquisition of an associate	4,412	9,695	–	–	–	14,107
Issuance cost of shares on acquisition of an associate	–	(210)	–	–	–	(210)
At 31 March 2024	28,412	83,822	1,102	17	30,067	143,420

Note: The share option reserve comprises the fair value of the actual number of unexercised share options granted to executive directors of the Group recognised in accordance with the accounting policy adopted for share-based payments.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2024

	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	2,650	2,263
Adjustments for:		
Depreciation	36,786	39,676
Impairment loss (reversal of impairment loss) under expected credit loss model on trade receivables, net	1,455	(1,455)
Interest income	(1,192)	(541)
Interest expenses	7,411	5,013
Gain on rent concession	–	(973)
Gain on early termination of lease	(362)	–
Fair value gain on financial assets at FVTPL	(338)	(287)
Change in fair value of an investment property	(280)	–
Equity-settled share-based payments	–	1,102
Share of results of an associate	(18)	–
Operating cash flows before movements in working capital	46,112	44,798
Decrease in inventories	10,712	7,298
Increase in trade receivables	(8,811)	(15,759)
Increase in deposits, prepayments and other receivables	(29,383)	(747)
Increase (decrease) in trade payables	4,545	(12,310)
Increase in other payables and accrued charges	12,848	1,073
Decrease in contract liabilities	(648)	(2,505)
Net cash generated from operations	35,375	21,848
Income tax paid	(2,495)	(499)
Net cash from operating activities	32,880	21,349
INVESTING ACTIVITIES		
Interest received	660	202
Additions of property, plant and equipment	(406)	(1,274)
Net cash from (used in) investing activities	254	(1,072)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(78,839)	(36,740)
Principal portion of lease payments	(40,544)	(34,336)
Interest paid	(6,611)	(4,213)
Repayment to a director	(1,942)	(2,326)
Repayment of loan from a director	(200)	(800)
New bank borrowings raised	89,866	58,149
Net cash used in financing activities	(38,270)	(20,266)
Net (decrease) increase in cash and cash equivalents	(5,136)	11
Cash and cash equivalents at beginning of the reporting period	(1,223)	(1,234)
Total cash and cash equivalents at end of the reporting period	(6,359)	(1,223)
Represented by:		
Bank balance and cash	1,465	6,257
Bank overdrafts	(7,824)	(7,480)
	(6,359)	(1,223)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

1. GENERAL INFORMATION

MOS House Group Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The addresses of the Company’s registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 1001, 10/F, Plaza 228, 228 Wan Chai Road, Wanchai, Hong Kong, respectively.

Its immediate holding company is RB Power Limited (“RB Power”) and its ultimate holding company is RB Management Holding Limited (the “Trust Company”), both of which are incorporated in the British Virgin Islands (“BVI”). They are controlled by Mr. Simon Tso (“Mr. Tso”), an executive director of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 40 to the consolidated financial statements. The consolidated financial statements included the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”).

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of other new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD (“HKFRSs”) (Continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability 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 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all these amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, except for the payments for life insurance policies and investment property which are measured at fair value 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 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*.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Investments in associates *(Continued)*

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

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Shorter of 5 years or the lease term
Furniture and equipment	20%
Computer equipment	20%
Motor vehicles	33 1/3%

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

Investment properties are land and/or building that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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.

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 the financial asset to the extent of its continuing involvement and an associated liability for the amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVTPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("FVTOCI"); (iii) equity investment measured at FVTOCI; or (iv) measured at FVTPL.

The classification of financial assets at initial recognition depends on the Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and measurement (Continued)

1) *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its 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 at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, refundable rental deposits, pledged bank deposit and bank balances and cash.

2) *Financial assets at FVTPL*

These investments include financial assets that are not measured at amortised cost or FVTOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVTPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 *Business Combinations* applies and financial assets that are otherwise required to be measured at FVTPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVTPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVTPL include payments for life insurance policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Financial instruments *(Continued)*

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVTPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, bank borrowings, amount due to a director and loan from a director. All financial liabilities, except for financial liabilities at FVTPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items under HKFRS 9

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for the customers located in the People's Republic of China ("PRC") and trade receivables with aggregated outstanding balances exceeding HK\$1,000,000, while the remaining trade receivables have been assessed collectively using a provision matrix through grouping of various debtors that have similar loss patterns after considering the past due status.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Financial instruments *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Assessment of significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- 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 foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Financial instruments *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Definition of default

The Group considers that default has occurred when the instrument 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 the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice when appropriate. Any recoveries made are recognised in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Financial instruments *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Measurement and recognition of ECL *(Continued)*

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 bases:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- 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.

Cash and cash equivalents

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

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

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

Revenue recognition

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 (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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

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

Sale of tiles and bathroom fixture products is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the product is delivered to customer and title is passed.

Contract liabilities

For the business of trading tiles and bathroom fixture products, it is common for the Group to receive from the customer the whole or some of the contractual payments before the products are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Impairment of non-financial assets *(Continued)*

The recoverable amount of tangible assets are estimated individually. 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 to sell 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 to profit or loss.

Borrowing costs

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

Leases

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

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Leases *(Continued)*

As lessee *(Continued)*

The right-of-use asset is initially measured at cost, which comprises:

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

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	3 years
Retail shops	2 to 3 years
Warehouses	1 to 4 years
Motor vehicles	2 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset, if any, during the lease term that are not paid at the commencement date:

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

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Leases *(Continued)*

As lessee *(Continued)*

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease 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.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

The Group has applied the practical expedient provided in *Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021* and does not assess whether eligible rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would have accounted for the change applying HKFRS 16 as if the change were not a lease modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Leases *(Continued)*

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for 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.

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Long service payments

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the Black-Scholes Option Pricing Model, taking into account any market conditions and non-vesting conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Share-based payment transactions *(Continued)*

Equity-settled transactions *(Continued)*

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

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 taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 be 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 when 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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

Related parties

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

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Lease term of contracts with extension options — as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has lease contracts that include extension options. The Group applies judgement and considers all relevant factors that create an economic incentive for it to exercise the extension in evaluating whether it is reasonably certain whether or not to exercise the options to extend the lease and considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within its control and affects its ability to exercise the extension option.

Key sources of estimation uncertainty

Provision of ECL for trade receivables

The management of the Group measures lifetime ECL of the trade receivables based on (i) trade receivables from customers located in the PRC, trade receivables with aggregated significant balances exceeding HK\$1,000,000 and credit-impaired trade receivables that are assessed individually; and (ii) remaining trade receivables that are based on provision matrix through grouping of various debtors that have similar loss patterns, after considering the past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. The assessment of credit risk of trade receivables involves high degree of estimation uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise accordingly in future periods.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses necessary to make the sale. These estimates are based on the current market condition and the historical experience of selling products of similar nature. Management of the Group reassesses the estimations on a product-by-product basis at the end of the reporting period and makes allowances when necessary.

Fair value of investment property

In assessing the fair value of investment property, the Group obtains the valuation of the investment property provided by the independent professional qualified valuer. The valuation techniques applied by the independent professional qualified valuer for the investment property have been discussed with the directors of the Company. The directors review the valuations performed by the independent professional qualified valuer and use their estimation to determine whether valuation techniques applied are appropriate to the circumstances of the Group. Changes in assumptions could affect the reported fair value of investment property in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

5. REVENUE

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within HKFRS 15		
<i>Types of products:</i>		
Tiles	109,666	107,873
Bathroom fixtures and others	12,431	45,592
	122,097	153,465
Revenue from other sources:		
Rental income from investment property	480	480
	122,577	153,945
Sales channel of revenue from contracts with customers within HKFRS 15:		
Retail	58,875	94,205
Non-retail	63,222	59,260
	122,097	153,465

The above revenue from contracts with customers within HKFRS 15 is recognised at a point in time.

6. OTHER INCOME/OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Other income		
Bank interest income	660	202
Compensation income from insurance claim	15	171
Fair value gain on financial assets at FVTPL	338	287
Gain on early termination of lease	362	–
Gain on rent concession	–	973
Government subsidies (<i>Note</i>)	–	1,819
Interest income on rental deposits	532	339
Sundry income	476	161
	2,383	3,952
Other gains and losses		
Net exchange gain	13	1,269

Note: During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK\$1,431,000 (2024: nil) and HK\$388,000 (2024: nil) in respect of the Employment Support Scheme under the Anti-epidemic Fund of the Hong Kong SAR Government and Dedicated Fund on Branding, Upgrading and Domestic Sales (“the BUD Fund”) scheme respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

7. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. The Group's operating segments are structured and managed separately according to the nature of their businesses, which are currently organised into two operating businesses as follows:

- (a) Trading of tiles and bathroom fixture products — sale of tiles and bathroom fixtures products through either retail or non-retail channel; and
- (b) Property investment.

The segment performance is evaluated based on reportable segment profit or loss before income tax without allocation of finance costs (other than interest on lease liabilities), share of result of an associate and other unallocated corporate expenses and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than tax recoverable, deferred tax assets, interest in an associate, bank balances and cash (including pledged bank deposit) and other unallocated corporate assets. All liabilities are allocated to reportable segments other than tax payable, bank borrowings, loan from a director, amount due to a director and other unallocated corporate liabilities.

Business segments

	Trading of tiles and bathroom fixture products		Property investment		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Revenue from external customers	122,097	153,465	480	480	122,577	153,945
Segment results	12,418	12,008	653	352	13,071	12,360
Unallocated corporate expenses					(5,673)	(7,556)
Fair value gain on financial assets at FVTPL					338	287
Share of result of an associate					18	–
Finance costs (other than interest on lease liabilities)					(5,104)	(2,828)
Profit before taxation					2,650	2,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following table presents segment assets and liabilities of the Group's business segments as at 31 March 2024:

	Trading of tiles and bathroom fixture products		Property investment		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities						
Segment assets	241,727	242,547	34,282	34,018	276,009	276,565
Tax recoverable					1,962	–
Deferred tax assets					1,039	910
Financial assets at FVTPL					7,359	7,095
Bank balances and cash					1,465	6,257
Pledged bank deposit					15,000	15,000
Interest in an associate					13,915	–
Unallocated corporate assets					243	243
Total consolidated assets					316,992	306,070
Segment liabilities	66,183	81,243	176	176	66,359	81,419
Tax payable					3,420	3,337
Bank borrowings					92,083	80,712
Loan from a director					11,333	10,733
Amount due to a director					64	2,006
Unallocated corporate liabilities					313	503
Total consolidated liabilities					173,572	178,710

Other information

	Trading of tiles and bathroom fixture products		Property investment		Unallocated		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditures								
Property, plant and equipment	406	1,274	–	–	–	–	406	1,274
Right-of-use assets	8,899	50,352	–	–	–	–	8,899	50,352
Depreciation								
Property, plant and equipment	965	985	–	–	–	–	965	985
Right-of-use assets	35,821	38,691	–	–	–	–	35,821	38,691
Increase in fair value of investment property	–	–	280	–	–	–	280	–
Fair value gain on financial assets at FVTPL	–	–	–	–	338	287	338	287
(Impairment loss) reversal of impairment loss under expected credit loss model on trade receivables, net	(1,455)	1,455	–	–	–	–	(1,455)	1,455
Net exchange gain	13	1,269	–	–	–	–	13	1,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are principally located in Hong Kong and Macau. The following table provides an analysis of the Group's revenue from external customers by geographical market in which the products are delivered:

	2024 HK\$'000	2023 HK\$'000
Hong Kong	101,077	114,874
Macau	21,500	39,071
	122,577	153,945

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments and deferred tax assets) in which the assets are located:

	2024 HK\$'000	2023 HK\$'000
Hong Kong	75,175	88,461

Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group is disclosed as follows:

Segment	Geographical market which the transactions are located	2024 HK\$'000	2023 HK\$'000	
Customer A	Trading of tiles and bathroom fixture products	Macau	N/A*	24,375

* The corresponding revenue did not contribute 10% or more of the total revenue of the Group for the relevant year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(A) Directors' and chief executive's emoluments

The aggregate amounts of remuneration received and receivable by the Company's directors disclosed pursuant to the Listing Rules and the disclosure requirements of the Companies Ordinance are as follows:

	Year ended 31 March 2024						Total HK\$'000
	Executive directors		Independent non-executive directors				
	Mr. Tso	Ms. Tsui	Mr. Ng	Mr. Hui	Mr. Woo	Dr. Lam	
	HK\$'000	To Fei	Wang To	Chun Tak,	King Hang,	Lee G.	
	(Note b)	HK\$'000	(Note c)	PDSM	JP	(Note d)	
Fees	-	-	112	240	240	90	682
Other emoluments:							
Salaries and other benefits	2,898	798	-	-	-	-	3,696
Share-based payment expenses (Note 35)	-	-	-	-	-	-	-
Retirement benefits scheme contributions	18	18	-	-	-	-	36
Total emoluments	2,916	816	112	240	240	90	4,414

	Year ended 31 March 2023						Total HK\$'000
	Executive directors		Independent non-executive directors				
	Mr. Tso	Ms. Tsui	Mr. Ng	Mr. Hui	Mr. Woo		
	HK\$'000	To Fei	Wang To	Chun Tak,	King Hang,		
	(Note b)	HK\$'000	(Note c)	PDSM	JP		
Fees	-	-	240	240	240		725
Other emoluments:							
Salaries and other benefits	2,916	816	-	-	-		3,732
Share-based payment expenses (Note 35)	551	551	-	-	-		1,102
Retirement benefits scheme contributions	18	18	-	-	-		36
Total emoluments	3,485	1,385	240	240	240		5,590

No remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office. None of the directors of the Company has waived any remuneration during both years.

Notes:

- The emoluments of executive directors stated above were for their services in connection with management of the affairs of the Company and its subsidiaries. The emoluments of independent non-executive directors stated above were for their services in connection with their roles as directors of the Company.
- Mr. Tso acts as the chairman and chief executive of the Group.
- Mr. Ng resigned as an independent non-executive director on 18 September 2023.
- Dr. Lam Lee G. was appointed as an independent non-executive director on 1 October 2023 and resigned as an independent non-executive director on 15 February 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(B) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2023: two) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2023: three) highest paid employees who were neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	1,584	1,611
Discretionary bonus	124	339
Retirement benefits scheme contributions	54	54
	1,762	2,004

The emoluments of these highest-paid non-director employees were within the following bands:

	2024 Number of employees	2023 Number of employees
Nil to HK\$1,000,000	3	3
	3	3

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 for both years.

9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	4,304	2,028
Interest on loan from a director	800	800
Interest on lease liabilities	2,307	2,185
	7,411	5,013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

10. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	2024 HK\$'000	2023 HK\$'000
a. Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	16,857	18,807
Retirement benefits scheme contributions	565	648
Equity-settled share-based payment expenses	–	1,102
	17,422	20,557
b. Other expenses		
Auditor's remuneration	600	757
Bank charges	1,174	1,503
Direct operating expenses arising from investment property that generated rental income	107	128
Product delivery expenses	3,997	8,139
Legal and professional fees	2,699	3,160
Utility and office expenses	2,465	2,413
Sundry items	3,787	2,538
	14,829	18,638
c. Other items		
Depreciation:		
– Property, plant and equipment	965	985
– Right-of-use assets	35,821	38,691
	36,786	39,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

11. TAXATION

	2024 HK\$'000	2023 HK\$'000
Current tax		
Hong Kong Profits Tax		
Current year	62	155
Underprovision in prior years	4	201
Macau Corporate Income Tax		
Current year	550	207
	616	563
Deferred taxation		
(Credit) charge for the year (Note 18)	(129)	288
	487	851

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities are taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 are taxed at the rate of 16.5%. The profits of one of the group entities are taxed in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates are taxed at a flat rate of 16.5%.

Macau Corporate Income Tax has been provided at the rate of 12% (2023: 12%) on the estimated assessable profits of the Macau subsidiary during the year.

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

	2024 HK\$'000	2023 HK\$'000
Profit before taxation	2,650	2,263
Tax at the domestic tax rate of 16.5% (2023: 16.5%)	437	373
Effect of different tax rates of subsidiaries operating in other jurisdiction	(171)	(100)
Tax effect of expense not deductible for tax purpose	414	776
Tax effect of income not taxable for tax purpose	(227)	(378)
Tax effect of share of results of associates	(3)	–
Tax reduction	(70)	(6)
Tax effect of tax losses not recognised	103	–
Utilisation of tax losses previously not recognised	–	(56)
Underprovision in prior years	4	201
Others	–	41
	487	851

12. DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on profit attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
	HK\$'000	HK\$'000
Profit for the year attributable to owners of the Company, for the purpose of basic and diluted earnings per share	2,163	1,412

	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year, for the purpose of basic earnings per share	247,232,295	240,000,000
Effect of dilutive potential shares from share option scheme (Note 35)	790,375	371,200
Weighted average number of ordinary shares in issue during the year, for the purpose of diluted earnings per share	248,022,670	241,371,200

14. INVESTMENT PROPERTY

	2024	2023
	HK\$'000	HK\$'000
At fair value		
At the beginning of the reporting period	34,000	34,000
Net changes in fair value	280	–
At the end of the reporting period	34,280	34,000

As at 31 March 2024, the investment property was revalued by Professional Properties Co., independent professional qualified valuers, on the market value basis using direct comparison approach (2023: income approach). The valuation techniques of the investment property are disclosed in note 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

14. INVESTMENT PROPERTY *(Continued)*

Commitments under operating leases — as lessor

The Group leases the investment property to a third party under operating lease, which has an initial non-cancellable lease term of two years (2023: one year). Below is a maturity analysis of undiscounted lease payments to be received from the leasing of the investment property:

	2024 HK\$'000	2023 HK\$'000
Year 1	480	360
Year 2	360	–
	840	360

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Reconciliation of carrying amount					
— year ended 31 March 2023					
At 1 April 2022	1,565	230	345	–	2,140
Additions	104	506	161	503	1,274
Depreciation	(577)	(164)	(118)	(126)	(985)
At 31 March 2023	1,092	572	388	377	2,429
Reconciliation of carrying amount					
— year ended 31 March 2024					
At 1 April 2023	1,092	572	388	377	2,429
Additions	284	113	9	–	406
Depreciation	(493)	(177)	(127)	(168)	(965)
At 31 March 2024	883	508	270	209	1,870
At 31 March 2023					
Cost	10,434	5,161	2,086	4,930	22,611
Accumulated depreciation	(9,342)	(4,589)	(1,698)	(4,553)	(20,182)
	1,092	572	388	377	2,429
At 31 March 2024					
Cost	10,718	5,274	2,095	4,930	23,017
Accumulated depreciation	(9,835)	(4,766)	(1,825)	(4,721)	(21,147)
	883	508	270	209	1,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Right-of-use assets					Lease liabilities HK\$'000
	Office premises	Retail shops	Warehouses	Motor vehicles	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reconciliation of carrying amount						
– year ended 31 March 2023						
As beginning of the reporting period	1,069	34,930	4,372	–	40,371	(44,423)
Depreciation	(1,984)	(30,097)	(6,610)	–	(38,691)	–
Lease modification	3,814	32,028	8,805	–	44,647	(44,019)
Reassessment of lease term	–	5,705	–	–	5,705	(5,705)
Imputed interest expenses						
on lease liabilities	–	–	–	–	–	(2,185)
Gain on rent concession	–	–	–	–	–	973
Lease payments	–	–	–	–	–	36,521
At end of the reporting period	2,899	42,566	6,567	–	52,032	(58,838)
Reconciliation of carrying amount						
– year ended 31 March 2024						
As beginning of the reporting period	2,899	42,566	6,567	–	52,032	(58,838)
Additions	–	–	–	2,341	2,341	(2,341)
Depreciation	(1,831)	(26,200)	(6,787)	(1,003)	(35,821)	–
Lease modification	–	3,052	3,506	–	6,558	(6,196)
Imputed interest expenses						
on lease liabilities	–	–	–	–	–	(2,307)
Lease payments	–	–	–	–	–	42,851
At end of the reporting period	1,068	19,418	3,286	1,338	25,110	(26,831)
At 31 March 2023						
Current portion	–	–	–	–	–	(36,335)
Non-current portion	2,899	42,566	6,567	–	52,032	(22,503)
Net carrying amount	2,899	42,566	6,567	–	52,032	(58,838)
At 31 March 2024						
Current portion	–	–	–	–	–	(25,217)
Non-current portion	1,068	19,418	3,286	1,338	25,110	(1,614)
Net carrying amount	1,068	19,418	3,286	1,338	25,110	(26,831)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

Analysis of lease liabilities:

	2024 HK\$'000	2023 HK\$'000
A related company		
Cyber Building Limited ("Cyber Building")	4,225	9,628
Third parties	22,606	49,210
	26,831	58,838

Mr. Tso is the director and controlling shareholder of Cyber Building.

The Group leases office premises, warehouses, retail shops and motor vehicles for its daily operations with lease terms ranging from one to four years (2023: one to four years). Lease liabilities as at 31 March 2024 are carried at incremental borrowing rate of 5.65% (2023: 5.83%) per annum and repayable in one to three years (2023: one to three years).

The Group has recognised the following amounts for the year:

	2024 HK\$'000	2023 HK\$'000
Total cash outflow for leases	42,851	36,521

Extension and termination options

The lease contracts of certain warehouses and retail shops contain an extension option. These options aim to provide flexibility to the Group in managing the leased assets. The extension option in the lease of the warehouse is normally exercised while the extension option in the leases of retail shops may or may not be exercised because the Group could replace the shops without significant cost or business disruption. The Group seldom exercises options that are not included in the lease liabilities. During the year ended 31 March 2024, about 29% (2023: 24%) of lease contracts contain an extension option. The undiscounted potential future lease payments not included in lease liabilities amounted to approximately HK\$9,905,000 (2023: approximately HK\$3,576,000).

Other information

During the year ended 31 March 2023, lessors of several retail shops of the Group provided COVID-19-related rent concessions to the Group with aggregate amount of approximately HK\$973,000 (2024: nil).

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17. INTEREST IN AN ASSOCIATE

On 14 September 2023, a direct wholly-owned subsidiary of the Company, the Company and an independent third party (the “Vendor”) entered into a sale and purchase agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Group has conditionally agreed to acquire 50% of the total issued share capital of Smart Asian Limited (“Smart Asian”), a company incorporated in Hong Kong, at a consideration of HK\$15 million which shall be settled by way of allotment and issue of 44,117,000 consideration shares (“Consideration Shares”) at the issue price of HK\$0.34 each. Smart Asian commenced its business in February 2023 as a Hong Kong-based contractor and is principally engaged in project management for solar panel installation for residential, industrial and commercial buildings, providing renewable energy consultancy services as well as value-added services (including but not limited to maintenance services and fitting-out works).

Pursuant to the sales and purchase agreement, the Vendor irrevocably and unconditionally warrants and guarantees to the Group that the audited net profit before tax of Smart Asian for the year ending 31 March 2025 (the “Relevant Year”) will not be less than HK\$3,000,000 (the “Guaranteed Profit”) (“Profit Guarantee”). In the event that actual net profit before tax of Smart Asian for the Relevant Year is less than the Guaranteed Profit, the Vendor shall compensate the Group by an amount equivalent to the 50% of the difference between the actual net profit for the Relevant Year and the Guaranteed Profit, times the price-to-earnings ratio of 10.

The acquisition was completed on 31 January 2024. The Company allotted and issued 44,117,000 shares (“Consideration Shares”) to the Vendor for the purpose of settling the consideration at the issue price of HK\$0.34 each. Upon completion of the acquisition, the board of directors of Smart Asian increased from 1 director to 3 directors, of which 1 director was nominated by the Group and the others by the Vendor.

	2024 HK\$'000
Unlisted	
Cost of investment in an associate	13,897
Share of post-acquisition result of an associate and other comprehensive income, net of dividend	18
Share of net assets of an associate	13,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17. INTEREST IN AN ASSOCIATE *(Continued)*

Summary financial information of Smart Asian

Summarised financial information in respect of the Group's associate is set out below.

	2024 HK\$'000
Current assets	177
Non-current assets	1,104
Current liabilities	(1,262)
Non-current liabilities	–
Equity	19

	From 31 January 2024 to 31 March 2024 HK\$'000
Revenue	69
Profit and total comprehensive income for the year	36

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

	2024 HK\$'000
Net assets of Smart Asian	19
Proportion of the Group's ownership interest	50%
The Group's share of net assets of Smart Asian	10
Goodwill	13,905
Carrying amount of the Group's interest in Smart Asian	13,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the year:

	Depreciation allowance HK\$'000	ECL provision HK\$'000	Total HK\$'000
At 1 April 2022	747	451	1,198
Charged to profit or loss	(10)	(278)	(288)
At 31 March 2023 and 1 April 2023	737	173	910
Credited (charged) to profit or loss	200	(71)	129
At 31 March 2024	937	102	1,039

At the end of the reporting period, the Group has unused tax loss of approximately HK\$656,000 (2023: HK\$30,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

19. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Tiles and bathroom fixture products	69,860	80,572

At the end of the reporting period, inventories were stated at approximately HK\$69,860,000 (2023: approximately HK\$80,572,000), comprising cost of approximately HK\$78,340,000 (2023: approximately HK\$94,748,000) less provision of approximately HK\$8,480,000 (2023: approximately HK\$14,176,000).

The cost of inventories recognised as an expense during the year was approximately HK\$42,429,000 (2023: approximately HK\$72,353,000).

20. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	69,290	60,479
Less: Allowance for ECL	(3,110)	(1,655)
	66,180	58,824

Generally, the Group did not grant any credit period to its retail customers. Credit period ranging from 30 to 180 days is granted to customers with bulk purchases.

The following is an ageing analysis of trade receivables, net of allowance for ECL, presented based on the invoice date at the end of the reporting period.

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20. TRADE RECEIVABLES (Continued)

	2024 HK\$'000	2023 HK\$'000
0–90 days	32,937	46,981
91–180 days	6,530	82
181–365 days	63	2,124
Over 365 days	26,650	9,637
	66,180	58,824

Included in the Group's trade receivables balance as at 31 March 2024 are debtors with aggregate carrying amounts of approximately HK\$58,704,000 (2023: approximately HK\$44,972,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$36,254,000 (2023: approximately HK\$13,300,000) have been past due 90 days or more and are not considered as in default. With reference to the historical records, past experience and also available reasonable and supportive forward-looking information, the management of the Group does not consider these trade receivables as credit-impaired. These customers have good business relationship with the Group and their recurring overdue balances have satisfactory settlement history.

Details of impairment assessment of trade receivables are set out in note 37.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Notes	2024 HK\$'000	2023 HK\$'000
Rental and utility deposits	(a)	7,567	8,543
Prepayments and others	(b)	46,580	35,802
Other receivables and deposits	(c)	24,805	4,606
		78,952	48,951
Analysed as:			
Non-current		9,406	8,874
Current		69,546	40,077
		78,952	48,951

Notes:

- (a) There were rental deposits paid to a related company which Mr. Tso is the director and controlling shareholder of approximately HK\$1,440,000 (2023: approximately HK\$1,440,000) as at 31 March 2024.
- (b) Included in the balance were prepayments made to suppliers of tiles of approximately HK\$29,920,000 (2023: approximately HK\$16,964,000), bathroom fixtures of approximately HK\$6,500,000 (2023: approximately HK\$5,180,000) and kitchen cabinets of approximately HK\$10,160,000 (2023: approximately HK\$12,948,000).
- (c) Included in the balance was warehouse construction deposit of HK\$2,500,000 (2023: HK\$2,500,000) which is classified as non-current assets.

Details of impairment assessment of financial assets included in other receivables and deposits as at 31 March 2024 and 2023 are set out in note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 HK\$'000	2023 HK\$'000
Payments for life insurance policies			
— First life insurance policy (the “First Policy”)	(a)	2,505	2,423
— Second life insurance policy (the “Second Policy”)	(b)	4,854	4,672
		7,359	7,095

Notes:

- (a) In 2012, the Group entered into a life insurance policy with an insurance company to insure a director of the Company. Under this policy, the Group is the beneficiary and policy holder and the total insured sum is United States Dollar (“USD”) 1,000,000 (equivalent to HK\$7,800,000). The Group paid a single premium of USD250,000 (equivalent to HK\$1,950,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy (“Account Value”) at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made during the 1st to 15th policy year, a specified amount of surrender charge would be deducted from the Account Value. This insurance company will pay the Group a guaranteed interest rate at 4.2% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policy.
- (b) In 2012, the Group also entered into a life insurance policy with another insurance company to insure the same director of the Company. Under this policy, the Group is the beneficiary and policy holder and the total insured sum is USD2,507,610 (equivalent to HK\$19,559,000). The Group paid a single premium of USD500,000 (equivalent to HK\$3,900,000) at inception. The Group can, at any time, withdraw cash based on the Account Value at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made during the 1st to 18th policy year, a specified amount of surrender charge would be deducted from the Account Value. This insurance company will pay the Group a guaranteed interest rate at 4.25% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2.5% per annum) during the effective period of the policy.

As represented by the directors of the Company, the Group will not terminate the policies nor withdraw cash prior to the 15th policy year for the First Policy and the 18th policy year for the Second Policy and the expected life of the policies remained unchanged from the initial recognition. The balance of the payments for life insurance policies is denominated in USD, being a currency other than the functional currency of the relevant subsidiary.

The fair value of the payments for life insurance policies is determined by reference to the surrender cash value of the life insurance policies at the end of the reporting period, together with the guaranteed interest as mentioned above. Details of fair value measurement was set out in note 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSIT

	2024 HK\$'000	2023 HK\$'000
Bank balances and cash	1,465	6,257
Bank overdrafts (<i>Note 28</i>)	(7,824)	(7,480)
As stated in the consolidated statement of cash flows	(6,359)	(1,223)

Cash at bank earns interest at floating rates based on daily bank deposit rates. The pledged bank deposit of HK\$15,000,000 (2023: HK\$15,000,000) is pledged to a bank to secure banking facilities granted to the Group. It is made with maturity of three months or less and earns interest at the prevailing short-term deposit rates.

Details of impairment assessment of bank balances as at 31 March 2024 and 2023 are set out in note 37.

24. TRADE PAYABLES

The credit period on purchases of goods is 90 to 180 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	2024 HK\$'000	2023 HK\$'000
0–30 days	506	2,041
31–60 days	870	836
61–90 days	392	92
91–120 days	504	271
Over 120 days	9,139	3,626
	11,411	6,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. OTHER PAYABLES AND ACCRUED CHARGES

	2024 HK\$'000	2023 HK\$'000
Accrued charges	4,710	4,289
Salaries payable	1,175	1,119
Other payables	15,033	2,650
	20,918	8,058

26. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the reporting period	8,160	10,665
Recognised as revenue	(5,820)	(8,439)
Receipt of advances or recognition of receivables	5,172	5,934
At end of the reporting period	7,512	8,160

When the Group receives a deposit before the delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

At 31 March 2024 and 2023, no contract liabilities were expected to be settled after more than 12 months.

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that are unsatisfied (or partially unsatisfied) at 31 March 2024 and 2023 are part of contracts that have an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these “unsatisfied or partially unsatisfied” performance obligations is not disclosed.

27. AMOUNT DUE TO A DIRECTOR

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

28. BANK BORROWINGS

	Note	2024 HK\$'000	2023 HK\$'000
Secured and guaranteed:			
Bank loans		42,115	44,217
Term loans from banks with repayment on demand clause		42,144	29,015
Bank overdrafts	23	7,824	7,480
Total bank borrowings	(a) (b)	92,083	80,712

Note:

- (a) These bank borrowings carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.5% (2023: HIBOR plus 1.5%) or a spread below Prime Rate/Standard Bills Rate quoted by the banks per annum and the effective interest rate is from 2.5% to 7.3% (2023: 2.5% to 4.6%) per annum as at 31 March 2024.
- (b) As at 31 March 2024, The Group's pledged bank deposit of HK\$15,000,000 and investment property of HK\$34,280,000 (2023: pledged bank deposit of HK\$15,000,000 and investment property of HK\$34,000,000) were pledged to secure banking facilities of the Group.

29. LOAN FROM A DIRECTOR

Loan from a director is non-trade nature, unsecured, interest-bearing at 8% (2023: 8%) per annum and repayable on 25 March 2024.

30. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
As at 1 April 2022, 31 March 2023 and 31 March 2024	500,000,000	50,000
Issued and fully paid:		
As at 1 April 2022, 31 March 2023 and 1 April 2023	240,000,000	24,000
Issue of shares on acquisition of an associate	44,117,000	4,412
As at 31 March 2024	284,117,000	28,412

31. CAPITAL COMMITMENTS

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

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32. RETIREMENT BENEFITS SCHEME

The Mandatory Provident Fund Scheme (“MPF Scheme”) of the Group is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount is HK\$1,500 per employee per month.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme.

At 31 March 2024 and 2023, there were no significant forfeited contributions which arose upon employees leaving the schemes before they were fully vested in the contributions and which were available to reduce the contributions payable by the Group in the future.

The retirement benefits scheme contributions made by the Group amounted to HK\$565,000 (2023: HK\$648,000) during the year ended 31 March 2024.

33. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

Name of related company	Nature of transactions	2024 HK\$'000	2023 HK\$'000
Cyber Building	Lease payments	5,160	5,160
A director	Loan interest expense	800	800

During the years ended 31 March 2024 and 2023, Mr. Tso provided several guarantees to guarantee the payment and due performance of the group entities to the landlords and provided personal guarantees for the bank borrowings of the Group.

Compensation of key management personnel

The key management personnel of the Group are the directors of the Company, and their remunerations are disclosed in note 8 to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details cash changes in the Group's liabilities arising from financing activities.

	Amount due to a director HK\$'000	Lease liabilities HK\$'000	Bank loans and other borrowings HK\$'000	Loan from a director HK\$'000	Total HK\$'000
At 1 April 2022	4,332	44,423	51,823	10,733	111,311
Net cash flows	(2,326)	(36,521)	19,381	(800)	(20,266)
Interest expenses	–	2,185	2,028	800	5,013
Gain on rent concession	–	(973)	–	–	(973)
Lease modification	–	44,019	–	–	44,019
Reassessment of lease term	–	5,705	–	–	5,705
At 31 March 2023 and 1 April 2023	2,006	58,838	73,232	10,733	144,809
Net cash flows	(1,942)	(42,851)	6,723	(200)	(38,270)
Additions	–	2,341	–	–	2,341
Interest expenses	–	2,307	4,304	800	7,411
Lease modification	–	6,196	–	–	6,196
At 31 March 2024	64	26,831	84,259	11,333	122,487

35. SHARE OPTION SCHEME

On 20 September 2018, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentives to directors, employees, and any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Group.

Employees (including directors) of the Group are included in the eligible participants under the Share Option Scheme. Without prior approval from the Shareholders, the total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the shares of the Company as at the listing of the Company's shares on the Stock Exchange (i.e. 24,000,000 Shares, which represents 10% of the ordinary shares as at 31 March 2023). Each participant cannot be entitled to more than 1% of the total number of shares in issue at any point in time.

On 29 September 2022, the Company granted the options to subscribe for an aggregate of 4,800,000 ordinary shares to the executive directors at an exercise price of HK\$0.300 per share (the "Share Options"). The closing price of the shares in the Company immediately before the date of grant was HK\$0.300 per share. The Share Options were vested immediately on the grantees on 11 October 2022 (i.e. the date at which the executive directors agreed to the share-based payment arrangement). The validity period of the Share Options is from the respective acceptance date to 29 September 2032.

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YEAR ENDED 31 MARCH 2024

35. SHARE OPTION SCHEME (Continued)

No share options were exercised during the year ended 31 March 2024. The movement of the share options during the year is summarised below:

Category of grantees	Date of grant	Number of share options				
		Outstanding as at 1 April 2023	Granted during the year	Exercised during the year	Outstanding as at 31 March 2024	Vested and exercisable at 31 March 2024
Directors						
Mr. Simon Tso	11 October 2022	2,400,000	–	–	2,400,000	2,400,000
Ms. Tsui To Fei	11 October 2022	2,400,000	–	–	2,400,000	2,400,000
		4,800,000	–	–	4,800,000	4,800,000
Weighted average exercise price		HK\$0.300	N/A	N/A	HK\$0.300	HK\$0.300

Category of grantees	Date of grant	Number of share options				
		Outstanding as at 1 April 2022	Granted during the year	Exercised during the year	Outstanding as at 31 March 2023	Vested and exercisable at 31 March 2023
Directors						
Mr. Simon Tso	11 October 2022	–	2,400,000	–	2,400,000	2,400,000
Ms. Tsui To Fei	11 October 2022	–	2,400,000	–	2,400,000	2,400,000
		–	4,800,000	–	4,800,000	4,800,000
Weighted average exercise price		N/A	HK\$0.300	N/A	HK\$0.300	HK\$0.300

The fair value of the Share Options was determined using Black-Scholes Option Pricing Model. The variables and assumptions used in computing the fair value of the Share Options were based on the directors' best estimate. Expectations of early exercise were incorporated into the model. The value of an option varied with different variables of certain subjective assumptions. Inputs to the model were as follows:

Date of grant	:	11 October 2022
Weighted average stock price on grant date	:	HK\$0.300
Exercise price	:	HK\$0.300
Fair value at date of grant	:	HK\$0.2297
Risk-free interest rate	:	3.770%
Time to maturity	:	9.97 years
Expected dividend yield	:	0%
Expected volatility	:	64.33%

The risk-free interest rate was based on the market yield of Hong Kong government bonds as of the option acceptance date. Expected dividend yield was based on the historical dividend of the Company. Expected volatility was determined by using the historical volatility of the Company's share prices.

The Group recognised an expense of approximately HK\$1,102,000 for the year ended 31 March 2023 (2024: nil) in relation to the Share Options granted by the Company.

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YEAR ENDED 31 MARCH 2024

36. 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 stakeholders through 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 balance and equity balance. Equity balance consists of equity attributable to owners of the Company, comprising share capital and reserves including retained profits.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, issue of new share and repurchase of share as well as the issue of new debt.

37. FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Finance assets at FVTPL	7,359	7,095
Financial assets at amortised cost	115,017	93,230
Financial liabilities		
Amortised cost	125,097	107,256

(B) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, pledged bank deposit, bank balances and cash, trade payables, balances with directors and related companies, other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Currency risk

The Group has foreign currency transactions, which exposes it to foreign currency risk. Approximately 69% (2023: 67%) of the purchases are denominated in the currencies other than the functional currency of the relevant group entities during the year.

At the end of the reporting period, the carrying amounts of foreign currency denominated monetary assets and monetary liabilities recognised in the consolidated financial statements are as follows:

	Euro ("EUR") HK\$'000	USD HK\$'000	Renminbi ("RMB") HK\$'000
As at 31 March 2024			
Bank balances and cash	136	110	81
Trade payables	5,516	-	-
As at 31 March 2023			
Bank balances and cash	90	162	81
Trade payables	6,651	-	120
Bank borrowings	2,049	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(B) Financial risk management objectives and policies *(Continued)*

(i) Market risk *(Continued)*

Currency risk *(Continued)*

Sensitivity analysis

The Group's exposure to exchange rate fluctuations in USD and RMB is considered insignificant.

At the end of the reporting period, if EUR had been 10% (2023: 10%) strengthened/weakened against HKD while all other variables were held constant, the Group's net profit for the year would be decreased/increased by approximately HK\$538,000 (2023: approximately HK\$861,000). The sensitivity rate used of 10% represents management's assessment of the reasonably possible change in foreign exchange rates.

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

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the Group's bank balances, payments for life insurance policies and variable-rate bank borrowings.

The Group currently does not have interest rate risk hedging policy. However, the management of the Group closely monitors its exposure to future cash flow interest rate risk as a result of changes in market interest rate and will consider hedging changes in market interest rates should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk on bank borrowings. The sensitivity analysis is prepared assuming the bank borrowings outstanding at the end of the reporting period were outstanding for the whole period. No sensitivity analysis is provided on bank balances and payments for life insurance policies as the management of the Group considers that the interest rate fluctuation on bank balances and payments for life insurance policies is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

At the end of the reporting period, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would be decreased or increased by approximately HK\$496,000 (2023: approximately HK\$404,000).

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(B) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment assessment

Trade receivables from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines the credit limits granted to the customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Group trades with a large number of individual customers. During both years, the Group has concentration of credit risk with exposure limited to certain customers. Approximately 27% (2023: 19%) of the Group's trade receivables as at 31 March 2024 are from the customers located in the PRC. These customers are within the same industry of the Group. The management of the Group closely monitors the subsequent settlement of the customers. Other than disclosed above, the Group does not have significant credit risk exposure to any single individual customer.

In addition, the Group performs impairment assessment (i) under ECL model individually for trade receivables from the customers located in the PRC, trade receivables with aggregated outstanding balances exceeding HK\$1,000,000 and credit-impaired trade receivables and (ii) using provision matrix on the remaining trade receivables with reference to the Group's historical observed default rates, as adjusted for forward-looking information and the past due status of the trade receivables.

Other receivables and deposits

The management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable, supportive and forward-looking information that is available. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. ECL on other receivables and deposits is insignificant at 31 March 2024 and 2023 as the exposure is insignificant.

Pledged bank deposit and bank balances

The credit risks on pledged bank deposit and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(B) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

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

Internal credit rating	Description	Trade receivables	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL (non credit-impaired)	12-month ECL
Medium risk	Debtor frequently repays after due dates but usually settle within 90 days after due date	Lifetime ECL (non credit-impaired)	12-month ECL (non credit-impaired)
High risk	Debtor frequently repays after 90 days after due date	Lifetime ECL (non credit-impaired)	Lifetime ECL (non credit-impaired)
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internal or external resources other than ageing analysis.	Lifetime ECL (non credit-impaired)	Lifetime ECL (non credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery or trade receivables are over two years past due	Amount is written-off	Amount is written-off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(B) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

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

	External credit rating <i>Note iii</i>	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts	
				2024 HK\$'000	2023 HK\$'000
Financial assets at amortised cost					
Trade receivables	N/A	Medium risk	Lifetime ECL	47,438	46,303
(customers located in the PRC and debtors with aggregated outstanding balances exceed HK\$1,000,000)		High risk <i>(Note i)</i>	Lifetime ECL	17,865	11,816
Trade receivables (credit-impaired)	N/A	Loss	Lifetime ECL (credit-impaired)	273	273
Trade receivables (other customers)	N/A	<i>(Note i)</i>	Lifetime ECL (provision matrix)	3,714	2,087
Other receivables and deposits	N/A	<i>(Note ii)</i>	12-month ECL	32,372	13,149
Pledged bank deposit	A1	N/A	12-month ECL	15,000	15,000
Bank balances	Baa2 to A1	N/A	12-month ECL	1,465	6,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS (Continued)

(B) Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment (Continued)

Notes:

- (i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables from the customers in the PRC and trade receivables with aggregated outstanding balances over HK\$1,000,000 which are assessed individually or credit-impaired, the Group determines the ECL of trade receivables from other customers by using a provision matrix through grouping of various debtors that have similar loss patterns, after considering the past due status of respective trade receivables.

The estimated loss rates on trade receivables are estimated based on historical credit loss of the debtors and study of other corporates' default and recovery data from international credit-rating agencies, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate).

As part of the Group's credit risk management, the Group uses debtors' past due ageing to assess the impairment for its other customers in relation to its operation because these other customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables from other customers which are assessed based on a provision matrix as at 31 March 2024 and 2023 within lifetime ECL (non credit-impaired).

Gross carrying amount

	2024		2023	
	Average loss rate %	Amount HK\$'000	Average loss rate %	Amount HK\$'000
Non past due and 1–30 days past due	0.34	985	0.36	820
31–90 days past due	0.85	50	0.93	56
Over 90 days past due	12.94	2,679	11.60	1,211
		3,714		2,087

During the year ended 31 March 2024, the Group provided impairment allowance of approximately HK\$203,000 (2023: reversed impairment allowance of approximately HK\$31,000) for trade receivables based on the provision matrix and provided impairment allowance of approximately HK\$1,252,000 (2023: reversed impairment allowance of approximately HK\$1,424,000) for trade receivables which are assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS (Continued)

(B) Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment (Continued)

Note: (Continued)

- (i) For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due HK\$'000	Not past due/ No fixed repayment term HK\$'000	Total HK\$'000
At 31 March 2024			
Rental and utility deposits	–	7,567	7,567
Other receivables and deposits	–	24,805	24,805
At 31 March 2023			
Rental and utility deposits	–	8,543	8,543
Other receivables and deposits	–	4,606	4,606

Based on the assessment of the management, the ECL on the above balances is insignificant.

- (ii) External credit rating is from an international credit-rating agency.

The following tables show reconciliation of loss allowances that has been recognised for trade receivables which is measured under lifetime ECL:

	Lifetime ECL (non credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 April 2022	2,837	273	3,110
New financial assets originated	168	–	168
Increase in loss allowance	18	–	18
Reversal upon recovery	(1,641)	–	(1,641)
As at 1 April 2023	1,382	273	1,655
New financial assets originated	204	–	204
Increase in loss allowance	2,262	–	2,262
Reversal upon recovery	(1,011)	–	(1,011)
At 31 March 2024	2,837	273	3,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS (Continued)

(B) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

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

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Effective interest rate %	On demand HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1 to 2 years HK\$'000	2-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
As at 31 March 2024									
Trade payables	N/A	506	1,262	9,643	-	-	-	11,411	11,411
Other payables and accrued charges	N/A	-	16,208	-	-	-	-	16,208	16,208
Amount due to a director	N/A	64	-	-	-	-	-	64	64
Bank overdrafts	N/A	7,824	-	-	-	-	-	7,824	7,824
Bank borrowings	4.70	23,140	10,107	9,523	8,411	18,740	16,917	86,838	84,259
Lease liabilities	5.83	2,640	5,085	17,198	2,678	-	-	27,601	26,831
Loan from a director	8.00	-	-	12,400	-	-	-	12,400	11,333
		34,174	32,662	48,764	11,089	18,740	16,917	162,346	157,930
As at 31 March 2023									
Trade payables	N/A	21	3,969	2,876	-	-	-	6,866	6,866
Other payables and accrued charges	N/A	228	6,711	-	-	-	-	6,939	6,939
Amount due to a director	N/A	2,006	-	-	-	-	-	2,006	2,006
Bank overdrafts	N/A	7,480	-	-	-	-	-	7,480	7,480
Bank borrowings	3.66	54,317	12,345	6,640	-	-	-	73,302	73,232
Lease liabilities	5.83	5,026	10,064	22,813	22,112	1,410	-	61,425	58,838
Loan from a director	8.00	-	-	11,600	-	-	-	11,600	10,733
		69,078	33,089	43,929	22,112	1,410	-	169,618	166,094

The amounts included above for variable interest instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(B) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk *(Continued)*

The amounts repayable under loan agreements that include a clause that gives the lenders the unconditional right to call the loans at any time are classified under the “on demand” bracket. In this regard, interest-bearing borrowings of HK\$26,530,000 (2023: HK\$29,015,000) as at the end of the reporting period have been so classified even though the directors do not expect that the lenders would exercise their rights to demand repayment and thus these borrowings (including the aggregate principal and interest cash outflows) would be repaid according to the following schedule as set out in the loan agreements:

	2024 HK\$'000	2023 HK\$'000
Term loans from banks, including interest, with a repayment on demand clause		
Within 1 year	25,941	2,995
Over 1 year but within 2 years	3,023	3,688
Over 2 years but within 5 years	7,190	10,910
Over 5 years	2,951	23,801
	39,105	41,394

(C) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these consolidated financial statements approximate their fair values.

38. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13 *Fair Value Measurement* with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

38. FAIR VALUE MEASUREMENTS (Continued)

a) Assets and liabilities measured at fair value

	2024			
	Carrying amount HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Assets measured at fair value				
Investment property	34,280	–	–	34,280
Financial assets at FVTPL				
– Unlisted investments – payments for life insurance policies (note)	7,359	–	7,359	–
	41,639	–	7,359	34,280

	2023			
	Carrying amount HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Assets measured at fair value				
Investment property	34,000	–	–	34,000
Financial assets at FVTPL				
– Unlisted investments – payments for life insurance policies (note)	7,095	–	7,095	–
	41,095	–	7,095	34,000

Note: Quoted asset value provided by a financial institution.

During the years ended 31 March 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Movements in Level 3 fair value measurements

	Investment property HK\$'000
At 1 April 2022, 31 March 2023 and 1 April 2023	34,000
Change in fair value	280
At 31 March 2024	34,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

38. FAIR VALUE MEASUREMENTS (Continued)

a) Assets and liabilities measured at fair value (Continued)

Valuation techniques and inputs in Level 3 fair value measurement

Investment property

The investment property situated in the Hong Kong of HK\$34,280,000 (2023: HK\$34,000,000) were revalued by Professional Properties Co, an independent professional qualified valuer using market approach. Change of valuation techniques is chosen as the new method provides a more reliable and relevant information. The fair value was determined based on director comparison method (2023: income approach) assuming sales of each of the property interests existing in their existing states and making references to comparable market observable transaction of similar properties in similar locations and condition as available in the relevant market. Those comparable properties were analysed and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

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

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring level 3 fair value measurement, are as follows:

Investment property	Valuation technique	Significant unobservable input	Sensitivity
As at 31 March 2024			
A residential unit located in Hong Kong	Direct comparison method	Price of HK\$29,526 per square foot using market direct comparison	Higher the price per square foot would result in correspondingly higher the fair value
As at 31 March 2023			
A residential unit located in Hong Kong	Income approach	Capitalisation rate of 2.5%	If the capitalisation rate is higher/lower, the fair value of the property will decrease/increase

b) Assets and liabilities with fair value disclosure, but not measured at fair value

All other financial assets and liabilities including trade receivables, deposits, other receivables and prepayments, pledged bank deposit, bank balances and cash, trade payables, other payables and accrued charges, amount due to a director, bank borrowings, loan from a director and lease liabilities are carried at amounts not materially different from their fair values as at 31 March 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Interest in an associate		13,915	–
Investment in subsidiaries		–	–
		13,915	–
Current assets			
Deposits, prepayments and other receivables		243	242
Amount due from a subsidiary		72,885	75,621
Bank balances and cash		39	50
		73,167	75,913
Current liabilities			
Other payables and accrued charges		313	503
		86,769	75,410
NET ASSETS			
Capital and reserves			
Share capital	30	28,412	24,000
Reserves	39(a)	58,357	51,410
TOTAL EQUITY		86,769	75,410

This statement of financial position was approved and authorised for issue by the Board of Directors on 28 June 2024 and is signed on its behalf by:

Mr. Simon Tso
Director

Ms. Tsui To Fei
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(a) Movement of the reserves

	Share premium HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	74,337	–	(20,240)	54,097
Loss and total comprehensive loss for the year	–	–	(3,789)	(3,789)
Transaction with owners:				
Contribution and distribution Equity-settled share-based payments (Note 35)	–	1,102	–	1,102
At 31 March 2023 and 1 April 2023	74,337	1,102	(24,029)	51,410
Loss and total comprehensive loss for the year	–	–	(2,538)	(2,538)
Issue of shares on acquisition of an associate	9,695	–	–	9,695
Issuance cost of shares on acquisition of an associate	(210)	–	–	(210)
At 31 March 2024	83,822	1,102	(26,567)	58,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Company		Principal activities
				as at 31 March 2024	2023	
Directly held:						
RBMS Holdings Limited	BVI 5 October 2015	Hong Kong	HK\$1 Ordinary shares	100%	100%	Investment holding
China Bless Limited	BVI 8 December 2021	Hong Kong	US\$1 Ordinary shares	100%	100%	Investment holding
Unique City Limited	BVI 5 August 2023	Hong Kong	US\$1 Ordinary shares	100%	100%	Investment holding
Indirectly held:						
Fortune Rich Limited	Hong Kong 10 July 2009	Hong Kong	HK\$1 Ordinary shares	100%	100%	Leasing of properties for group companies and trading of tiles and bathroom fixture products
Petracer's China Limited	Hong Kong 10 November 2014	Hong Kong	HK\$10,000 Ordinary shares	100%	100%	Trading of tiles and bathroom fixture products
Regent Building Material Supplies Company Limited	Hong Kong 11 March 1998	Hong Kong	HK\$400 Ordinary shares	100%	100%	Trading of tiles and bathroom fixture products
Jun Da Hui Limited	Macau 7 November 2019	Macau	Macau Pataca 25,000 Ordinary shares	100%	100%	Trading of tiles and bathroom fixture products
Mason Holdings Limited	Hong Kong 8 June 2010	Hong Kong	HK\$1,000 Ordinary shares	100%	100%	Property investment

The above table lists the subsidiaries of the Company which in the opinion of the directors of the Company, principally affected the results or assets of the Group.

FINANCIAL SUMMARY

YEAR ENDED 31 MARCH 2024

RESULTS

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	122,577	153,945	165,834	147,013	145,369
Profit (loss) before taxation	2,650	2,263	14,174	11,525	(805)
Taxation	(487)	(851)	(2,304)	(1,471)	73
Profit (loss) for the year	2,163	1,412	11,870	10,054	(732)
Attributable to:					
Owners of the Company	2,163	1,412	11,870	10,054	(655)
Non-controlling interests	-	-	-	-	(77)
	2,163	1,412	11,870	10,054	(732)

ASSETS, LIABILITIES AND EQUITY

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	316,992	306,070	279,520	239,733	316,129
Total liabilities	(173,572)	(178,710)	(154,674)	(126,757)	(228,889)
Net assets	143,420	127,360	124,846	112,976	87,240
Equity attributable to owners of the Company	143,420	127,360	124,846	112,976	87,240
Total equity	143,420	127,360	124,846	112,976	87,240