

**Pangaea Connectivity Technology Limited**

**環聯連訊科技有限公司**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

**Stock code 股份代號 : 1473**

**INTERIM REPORT**

**中期報告**

**2024**

# CONTENTS

CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	4
OTHER INFORMATION	14
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	25
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	26
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	27
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	29
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	30
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	32



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Fung Yui Kong (馮銳江)  
Ms. Leung Kwan Sin Rita (梁筠倩)  
Dr. Wong Wai Kong (黃偉枕)

### Independent Non-Executive Directors

Mr. Chan Hiu Fung Nicholas (陳曉峰)  
Mr. Kam, Eddie Shing Cheuk (甘承倬)  
Mr. Ling Kwok Fai Joseph (凌國輝)

## AUDIT COMMITTEE

Mr. Kam, Eddie Shing Cheuk (甘承倬)  
(Chairman)  
Mr. Chan Hiu Fung Nicholas (陳曉峰)  
Mr. Ling Kwok Fai Joseph (凌國輝)

## REMUNERATION COMMITTEE

Mr. Ling Kwok Fai Joseph (凌國輝)  
(Chairman)  
Mr. Kam, Eddie Shing Cheuk (甘承倬)  
Ms. Leung Kwan Sin Rita (梁筠倩)

## NOMINATION COMMITTEE

Mr. Chan Hiu Fung Nicholas (陳曉峰)  
(Chairman)  
Mr. Ling Kwok Fai Joseph (凌國輝)  
Mr. Fung Yui Kong (馮銳江)

## RISK MANAGEMENT COMMITTEE

Mr. Fung Yui Kong (馮銳江) (Chairman)  
Ms. Leung Kwan Sin Rita (梁筠倩)  
Dr. Wong Wai Kong (黃偉枕)

## COMPANY SECRETARY

Dr. Wong Wai Kong (黃偉枕)

## AUDITOR

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## REGISTERED OFFICE

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

## COMPANY WEBSITE

[www.pangaea.com.hk](http://www.pangaea.com.hk)

# CORPORATE INFORMATION

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Rooms 902–6, 9/F  
Tai Yau Building  
181 Johnston Road  
Wanchai  
Hong Kong

## **PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking Corporation Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Standard Chartered Bank (Hong Kong) Limited

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN 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**

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

## **STOCK CODE**

The Stock Exchange of Hong Kong Limited:  
01473

# MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Pangaea Connectivity Technology Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”). The condensed interim financial information is not audited but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## BUSINESS REVIEW

### Market Review

The semiconductor market is experiencing a notable surge in demand for AI solutions, signalling a robust appetite for advanced technologies. This escalating need propels innovation and growth within the industry, particularly in AI-focused sectors. Concurrently, positive market conditions, such as China’s commitment to sustainability and green initiatives, are driving expansion and steering the industry towards carbon neutrality. Progress in eco-friendly products and green manufacturing practices further accelerates the sector’s advancement.

Moreover, ongoing developments in the connectivity segment, the swift adoption of 5G technology, expansions and upgrading of data centres, and advancements in WiFi 7 connectivity are sustaining this upward trajectory. These advancements highlight the semiconductor industry’s pivotal role in shaping technological progress and fostering innovation across diverse sectors. Despite these promising trends, challenges persist, including financial pressures and geopolitical tensions like US-China trade disputes impacting inflation and interest rates. Notwithstanding, the recent downward adjustment in interest rates offers a favourable shift, potentially alleviating financial burdens and stimulating investments in semiconductor innovations, particularly those revolving around AI technologies. Navigating these challenges while capitalizing on the growing AI demand will be crucial for sustained success in this dynamic market environment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Business Review**

Throughout the review period, industry challenges influenced the Group's trajectory and semiconductor demand. Sales improved from the previous year despite these hurdles, although heightened financing costs from high interest rates still affected profitability at a certain level. Ongoing global economic volatility, geopolitical risks, and U.S. monetary policy shifts continue to impact the industry outlook.

To combat these challenges, the Group is pursuing strategic initiatives. It has been capitalizing on the demand for AI-enabled semiconductors, enhancing intensive support to meet the growing demand. The Group has also been putting strong effort from its processing know-how in supporting the laser cutting technology for solar energy applications, solidifying its position in the Chinese market.

Furthermore, the Group is keen on diversifying into new markets, expanding product lines, widening its network of partners, and establishing strategic alliances. By broadening offerings, the Group aims to extend market reach, engage in more new customer segments, and enhance competitiveness. To adapt to changing global dynamics, the Group is expanding into areas strategically to optimize supply chains and operational efficiency, leveraging the region's growth potential. The various key business sectors of the Group performed in line with expectations. The Group remains focused on growth, innovation, and shareholder value.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Prospects

In the upcoming phase, the Group will persist in its AI-related ventures, forging partnerships with key players in the AI sector to leverage leading-edge technologies for enhanced products and transformative solutions. Acknowledging the rising demand for AI-enabled communication devices in data centers and HPC environments, we are increasing investments to deliver superior performance and efficiency.

Excitement surrounding the potential of WiFi 7 standards continues as the need for high-speed, reliable wireless connectivity grows. The rapid expansion of AI applications necessitates robust IoT infrastructure to manage the growing data influx efficiently. Actively engaging with suppliers, the Group will enhance IoT solutions seamlessly integrated with AI systems, fostering reliable connectivity and interoperability.

Furthermore, the Group's commitment to advancing solar PV panel laser processing technology conforms to the green energy initiatives which leverage industrial laser expertise to boost process efficiency and affordability in production to empower our customers' competitive edge.

By staying ahead in the 5G networks, our Group will continue exploring advancements in optical and wireless communications to enable faster data transfer rates and enhanced network reliability which we strive to connect individuals and industries seamlessly.

Overall, our focus on AI-connected, WiFi technologies, IoT integrations, green initiatives, and advanced communications networks has positioned the Group for growth and success, ensuring we meet evolving customer needs in a dynamic market landscape. The Group is optimistic about the forthcoming sustainability of profitability and persistently creates value for our shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

Revenue comprises sales of goods and rendering of services.

Revenue from sales of goods accounted for approximately 99.6% (2023: 99.8%) of the Group's total revenue for the Period. Revenue from rendering of services mainly represented income derived from providing administrative and support services to customers. During the Period, the Company generated a substantial portion of the revenue from customers in the PRC.

Revenue from sales of goods increased from approximately HK\$598.9 million in the six months ended 30 September 2023 to approximately HK\$1,016.7 million for the Period, mainly due to the increase in market demand for artificial intelligence (AI) products.

### Cost of sales

Cost of sales mainly comprises cost of goods which represents cost of products purchased from suppliers.

### Gross profit margin

Gross profit margin was approximately 9.6% for the Period, as compared to approximately 9.1% for the six months ended 30 September 2023. Such increase was mainly due to increase in demand and price of the Group's products in the market.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **Other income/expenses and gains/losses, net**

Other income and gains of approximately HK\$3.5 million (2023: HK\$3.7 million) mainly represented bank interest income, exchange differences, net, fair value gain on valuation of financial assets and sundry income. The decrease in other income and gains of HK\$0.2 million during the Period as compared to the corresponding period in last year was mainly due to the decrease in sundry income of approximately HK\$0.7 million and the decrease in bank interest income of approximately HK\$0.1 million for the Period, which was partly offset by the increase in exchange gain of approximately HK\$0.4 million due to the appreciation of Renminbi for the Period.

## **Selling and distribution costs**

The selling and distribution costs of approximately HK\$20.7 million (2023: approximately HK\$18.2 million) mainly included marketing and sales staff salaries, transportation, freight charges, declaration, consultancy fees and research and development expenses. The selling and distribution costs increased by approximately HK\$2.5 million or 14.0% from the corresponding period last year, which was mainly attributable to the increase in revenue during the Period as mentioned above.

## **Administrative expenses**

Administrative expenses of approximately HK\$48.2 million (2023: approximately HK\$41.4 million) primarily consisted of salaries and benefits (including Directors' emoluments), insurance, operating lease and other premise fees, bank charges, entertainment and depreciation expenses. The administrative expenses increased by approximately HK\$6.8 million or 16.5% for the Period, which is mainly due to the combined effect of (i) the increase in salaries and staff benefits in aggregate of approximately HK\$5.7 million resulting from the increase in salaries, bonus payment and the number of staff during the Period; (ii) the increase in bank charges of approximately HK\$1.4 million; and (iii) the increase in travelling and entertainment expenses of approximately HK\$0.9 million due to the increase in revenue during the Period; which was partly offset by the decrease in share-based payment expenses of approximately HK\$0.9 million as a result of the share options granted under the shares option scheme of the Company as disclosed in the Company's announcement dated 20 April 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Finance costs**

The Group's finance costs of approximately HK\$15.2 million (2023: approximately HK\$14.4 million) mainly represented interest expenses on its bank borrowings during the Period. The Group incurred interest on bank borrowings of approximately HK\$15.0 million for the Period as compared to approximately HK\$14.2 million for the corresponding period last year. The increase in interest on bank borrowings was mainly due to the increase in interest rate during the Period, which has been partly offset by the reduction of total bank borrowing from HK\$317.7 million as at 30 September 2023 to HK\$262.6 million as at 30 September 2024 due to enhancement of cost and working capital control measure during the Period.

## **Taxation**

Taxation of the Group for the Period mainly comprised current income tax expense of approximately HK\$2.4 million (2023: income tax credit of HK\$1.8 million).

## **Net profit for the Period**

Net profit for the Period amounted to approximately HK\$14.6 million as compared to net loss of approximately HK\$14.0 million for the six months ended 30 September 2023. The increase in profit was principally attributable to the net effect of the factors mentioned above, including (a) an increase in revenue; (b) an increase in gross profit margin as a result of an increase in market demand; (c) a decrease in other income and gains, net; (d) an increase in selling and distribution costs; (e) an increase in administrative expenses; and (f) an increase in finance costs.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group met its liquidity requirements principally through a combination of internal resources and bank borrowings. The Group's cash resources as at 30 September 2024 were approximately HK\$55.8 million (31 March 2024: HK\$64.1 million). They were mainly denominated in Hong Kong dollar and Renminbi. As at 30 September 2024, the Group's total outstanding bank borrowings amounted to approximately HK\$262.6 million (31 March 2024: HK\$280.7 million) which comprised mainly bank factoring loans, import loans, trust receipts loans and revolving loans. The Group's bank borrowings which were unrestricted with a clause of repayment on demand are classified as current liability. The bank borrowings were denominated in Hong Kong dollar and United States ("US") dollar and were subject to interest at floating commercial lending rates.

The Group's gearing ratio (defined as the total interest-bearing borrowings net of cash and cash equivalents and pledged bank deposits divided by total equity and multiplied by 100%) decreased from approximately 50.2% as at 31 March 2024 to approximately 43.6% as at 30 September 2024, mainly due to the decrease in bank borrowing resulting from the decrease in inventory of approximately HK\$44.7 million and the decrease in trade and bills receivables of approximately HK\$23.8 million, which is partly offset by the decrease in trade payables of approximately HK\$68.0 million.

The Group had no significant contingent liabilities as at the end of the Period. The Group has sufficient cash and available banking facilities to meet its commitments and working capital requirements.

## TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

The Group's financial statements are presented in Hong Kong dollars. The Group carried out its business transactions mainly in Hong Kong dollar, US dollar and Renminbi. As the Hong Kong dollar remains pegged to the US dollar, there is no material exchange risk in this respect. As the portion of Renminbi revenue is insignificant, there is no material exchange risk in this respect. The Group currently does not have any interest rate hedging policy. However, the management monitors the Group's exposure to interest rate risk on an ongoing basis and will consider hedging interest rate risk should the need arise. Credit risk was hedged mainly through credit policy and factored to external financial institutions.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL EXPENDITURE AND COMMITMENTS

During the Period, the Group invested approximately HK\$0.2 million (2023: approximately HK\$0.5 million) in capital expenditure mainly for office equipment, furniture and fixtures and leasehold improvements.

The Group did not have any material capital commitments as at 30 September 2024 (31 March 2024: Nil).

## CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any material contingent liabilities (31 March 2024: Nil).

## CHARGES ON ASSETS

As at 30 September 2024, certain bank borrowings of the Group were secured by:

- (i) the pledge of the Group's bank deposits amounting to HK\$107.0 million (31 March 2024: HK\$107.1 million);
- (ii) the pledge of investments in life insurance policies of Mr. Fung Yui Kong, amounting to HK\$19.5 million (31 March 2024: HK\$19.2 million);
- (iii) trade and bills receivables of HK\$97.3 million (31 March 2024: HK\$28.0 million); and
- (iv) corporate guarantees from the Company of up to HK\$1,563.7 million (31 March 2024: HK\$1,563.7 million).

## SIGNIFICANT INVESTMENT

The Group had no significant investment with a value of 5% or more of the Group's total assets as at 30 September 2024.

## ISSUE FOR CASH OF EQUITY SECURITIES OR SALE OF TREASURY SHARES

There was no equity fund raising activity nor was there any sale of treasury shares by the Company during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group had 122 employees (31 March 2024: 114 employees). Salaries of employees are maintained at a competitive level and reviewed annually, with close reference to individual performance, working experience, qualification, and current relevant industry practices. Apart from basic salary and statutory provident fund scheme, discretionary bonuses and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. Other benefits such as on-the-job and external training to staff are also provided. The Group has not experienced any material dispute with its employees or disruption to its operations due to employee dispute and has not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel. The Group maintains a good relationship with its employees.

## EVENTS AFTER THE END OF THE PERIOD

No matters or circumstances have occurred subsequent to the end of the Period which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state-of-affairs of the Group.

## USE OF NET PROCEEDS FROM LISTING

The net proceeds received by the Company from the initial public listing of the shares of the Company on the main board of the Stock Exchange (the "**Listing**") in the amount of approximately HK\$88.1 million after deducting underwriting commissions and all related expenses have been and will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 January 2021 (the "**Prospectus**").

## MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds received were applied by the Group from 19 February 2021 (i.e. the listing date) up to 30 September 2024 as follows:

<b>Use of proceeds</b>	<b>Application of net proceeds as stated in the Prospectus</b> HK\$'million	<b>Utilised amount up to 30 September 2024</b> HK\$'million	<b>Unused net proceeds</b> HK\$'million	<b>Unused net proceeds</b> %
Strengthening design and technical capabilities	57.8	11.2	46.6	80.6%
Broadening customer base by expanding the geographic reach of sales and technical support coverage	14.4	14.4	–	0%
Strengthening back office operational supports by enhancing information technology management system and recruiting IT staff	7.2	7.2	–	0%
General working capital	8.7	8.7	–	0%
	<u>88.1</u>	<u>41.5</u>	<u>46.6</u>	<u>52.9%</u>

As at 30 September 2024, the amount of unused net proceeds amounted to approximately HK\$46.6 million. The unused net proceeds from the Listing are expected to be used in accordance with the Company's plan as disclosed in the Prospectus except that the original timeline for utilising the remaining net proceeds as disclosed in the Prospectus has been delayed due to, among others, the business environment being significantly affected by the worldwide semiconductor supply and demand, the impacts of COVID-19 and the ongoing geopolitical conflicts involving major economies worldwide, which resulted in uncertain market outlook and dwindling consumption and market sentiment across different industries which have hindered the recovery of the global economies. However, 5G adoption will trigger the surge of development and application of correlated communication infrastructure in the coming years. Barring any unforeseen circumstances, it is expected that the unused net proceeds from the Listing would be utilised not earlier than 2025. The Group shall regularly evaluate the market conditions for the fulfillment of the Group's future plan and provide any further updates as and when appropriate.

## OTHER INFORMATION

### DISCLOSURE OF INTEREST

#### (a) Interests of Directors

As at 30 September 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance (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 contained in Appendix C3 to the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange (the “Model Code”), were as follows:

#### (i) Long position in the shares and underlying shares of the Company

Name of Directors	Interest in shares	Interest in share option (Note 2)	Total interests	Approximate percentage of issued share capital
Mr. Fung Yui Kong (Note 1)	672,000,000	–	672,000,000	67.54
Ms. Leung Kwan Sin Rita	–	10,000,000	10,000,000	1.03
Dr. Wong Wai Kong	–	6,500,000	6,500,000	0.67
Mr. Chan Hiu Fung Nicholas	–	300,000	300,000	0.03
Mr. Kam Eddie Shing Cheuk	–	300,000	300,000	0.03
Mr. Ling Kwok Fai Joseph	–	300,000	300,000	0.03

## OTHER INFORMATION

### Notes:

1. 650,000,000 Shares are held by Generous Horizon Limited (formerly named Generous Team Limited), a company incorporated in the British Virgin Islands with limited liability the entire issued share capital of which is legally and beneficially owned by Mr. Fung Yui Kong. 22,000,000 Shares are repurchased Shares which are held by the Company as treasury shares. By virtue of being the controlling shareholder of the Company, Generous Horizon Limited is deemed to be interested in such Shares. As such, Mr. Fung Yui Kong is deemed to be interested in the Shares in which Generous Horizon Limited is interested under Part XV of the SFO.
2. These are underlying shares which represent the share options granted by the Company from 20 April 2021 to 12 May 2021 under the share option scheme of the Company adopted on 25 January 2021, exercisable according to the schedule set out in the paragraph headed "Share Option Scheme" in this report.

### (ii) Long position in the shares of associated corporation(s) of the Company

Name of Director	Name of associated corporation	Capacity	Number of share(s) held in the associated corporation	Percentage of issued share capital
Mr. Fung Yui Kong	Generous Horizon Limited	Beneficial owner	1	100

Save as disclosed above, as at 30 September 2024, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## OTHER INFORMATION

### (b) Interests of substantial shareholders

As at 30 September 2024, so far as is known to the Directors, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Nature of interest	No. of shares held	Percentage of issued share capital
Generous Horizon Limited	Beneficial owner	672,000,000 (L) (Note 1)	67.54
Ms. Lam Esther W.	Interest of spouse	672,000,000 (L) (Note 2)	67.54

(L) denotes long position

Notes:

1. Generous Horizon Limited (formerly named Generous Team Limited) is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is legally and beneficially owned by Mr. Fung Yui Kong.
2. Ms. Lam Esther W. is the spouse of Mr. Fung Yui Kong. As such, she is deemed to be interested in the shares in which Mr. Fung Yui Kong is interested under Part XV of the SFO.

Save as disclosed above, as at 30 September 2024, the Directors were not aware of any other person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds an equity interest (the “**Invested Entity**”). Eligible participants of the Share Option Scheme include the Directors, including executive, non-executive and independent non-executive Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity, any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme (the “**Eligible Participant**”). The Share Option Scheme became effective on 25 January 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 100,000,000 shares, being 10% of the total number of shares in issue as at the effective date of the Share Option Scheme, unless the Company obtains the approval of the shareholders in general meeting for renewing the 10% limit (the “**Scheme Mandate Limit**”) under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of shares in issue from time to time.

No option shall be granted to any Eligible Participant if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including both exercised and outstanding options) in the 12-month period up to and including the date of such further grant exceeding 1% of the total number of shares in issue.

## OTHER INFORMATION

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

An offer of grant of an option may be accepted by an Eligible Participant within 21 days from the date upon which it is made or within such other period of time as may be determined by the Board pursuant to the Listing Rules, by which the Eligible Participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten (10) years after the date of adoption of the Share Option Scheme. A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an option.

The exercise price of share options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 20 April 2021 (the "**Date of Grant**"), the Board resolved to grant on the same date share options to the Eligible Participants to subscribe for a total of 78,464,000 ordinary shares of HK\$0.01 each at the exercise price of HK\$0.60 per share. Among the 78,464,000 share options granted, a total of 17,700,000 share options were granted to certain Directors in respect of their services to the Group in the forthcoming years. 38,464,000 options shall be exercisable as to 30%, 30% and 40% from the first anniversary of the Date of Grant, the second anniversary of the Date of Grant and the third anniversary of the Date of Grant, respectively, until the expiry of the validity period of the options. 40,000,000 options shall be exercisable as to 25%, 25%, 25% and 25% from the date falling 6 months, 12 months, 18 months and 24 months from the Date of Grant, respectively, until the expiry of the validity period of the options.

## OTHER INFORMATION

As at the date of this report, a total of 7,032,000 share options had lapsed, of which 7,032,000, nil and nil share options had lapsed in the prior years as at 31 March 2024, during the current period and after the current period, respectively. A total of 28,568,000 share options were available for grant by the Company as at the date of this report, representing approximately 2.94% of the total issued shares of the Company (excluding treasury shares). The share options available for grant by the Company as at the beginning and the end of the Period was 28,568,000 share options.

As at 30 September 2024, the following share options granted under the Share Option Scheme were outstanding:

Name or category of participant	Number of share options						Closing price of the Shares				
	At 1 April 2024	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	At 30 September 2024	Date of grant (Note 2)	Number of share options exercisable in accordance with exercise period I (Note 3)	Number of share options exercisable in accordance with exercise period II (Note 4)	Exercise price HK\$ per share (Note 5)	As at date of grant HK\$ per share (Note 6)	As at the date before the date of grant HK\$ per share
Directors											
Ms. Leung Kwan Sin Rita Executive Director	10,000,000	-	-	-	10,000,000	20 April 2021	5,000,000	5,000,000	0.6	0.59	0.59
Dr. Wong Wai Kong Executive Director	6,500,000	-	-	-	6,500,000	20 April 2021	1,500,000	5,000,000	0.6	0.59	0.59
Mr. Chan Hiu Fung Nicholas Independent non-executive Director	300,000	-	-	-	300,000	26 April 2021	300,000	-	0.6	0.60	0.61
Mr. Kam Eddie Shing Cheuk Independent non-executive Director	300,000	-	-	-	300,000	26 April 2021	300,000	-	0.6	0.60	0.61
Mr. Ling Kwok Fai Joseph Independent non-executive Director	300,000	-	-	-	300,000	26 April 2021	300,000	-	0.6	0.60	0.61
	<u>17,400,000</u>				<u>17,400,000</u>		<u>7,400,000</u>	<u>10,000,000</u>			
Employees in aggregate (not exceeding the 1% individual limit)	<u>54,032,000</u>	-	-	-	<u>54,032,000</u>	20 April 2021– 12 May 2021	<u>24,032,000</u>	<u>30,000,000</u>	0.6	0.59–0.74	0.59–0.74
Total number of share options	<u><u>71,432,000</u></u>				<u><u>71,432,000</u></u>		<u><u>31,432,000</u></u>	<u><u>40,000,000</u></u>			

## OTHER INFORMATION

### Notes:

1. The relevant share options were granted under the Share Option Scheme of the Company adopted on 25 January 2021.
2. All options are exercisable during the exercise periods specified in below notes 3 and 4.
3. Exercise Period I: 31,432,000 options shall be exercisable as to 30%, 30% and 40% from the first anniversary of the Date of Grant, the second anniversary of the Date of Grant and the third anniversary of the Date of Grant respectively until the expiry of the validity period of the options.
4. Exercise Period II: 40,000,000 options shall be exercisable as to 25%, 25%, 25% and 25% from the date falling 6 months, 12 months, 18 months and 24 months from the Date of Grant respectively until the expiry of the validity period of the options.
5. The exercise price of the share options is subject to adjustments in the event of any alteration in the capital structure of the Company.
6. The price refers to the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant.
7. No information on the exercise price and the weighted average closing price of the securities immediately before the exercise date has been disclosed as there was no share option exercised during the Period.

The fair value of the share options at the Date of Grant was HK\$23,875,000, of which the Group recognised a share option expense of HK\$22.0 million and HK\$0.1 million in the prior years as at 31 March 2024 and the current period, respectively.

## OTHER INFORMATION

The fair value of equity-settled share options granted was estimated as at the Date of Grant using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	2.20
Expected volatility (%)	77.93–78.04
Historical volatility (%)	77.93–78.04
Risk-free interest rate (%)	1.29–1.38
Expected life of options (year)	9.94–10
Weighted average share price (HK\$ per share)	0.6

The expected volatility is based on the historical volatility and is not necessarily indicative of the exercise patterns that may occur, which may not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 71,432,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 71,432,000 additional ordinary shares of the Company and additional share capital and reserves of HK\$714,320 and HK\$42,144,880, respectively (before issue expenses).

At the date of approval of these financial statements, the Company had 71,432,000 share options outstanding under the Scheme, which represented approximately 7.34% of the Company's shares in issue as at that date (excluding treasury shares).

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

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, pursuant to the general mandate to repurchase the Shares granted by the shareholders of the Company at the annual general meeting of the Company held on 25 August 2023, the Company repurchased 27,000,000 Shares on the Stock Exchange, representing approximately 2.7% of the then total number of issued Shares, for an aggregate consideration of approximately HK\$6.0 million. 5,000,000 of these repurchased Shares were subsequently cancelled on 14 May 2024, and 22,000,000 of these were held by the Company as treasury shares.

As of 30 September 2024, the Company's issued share capital amounted to HK\$9,950,000, and there were a total of 995,000,000 Shares (of which 22,000,000 Shares were treasury shares that are intended to be used in accordance with the applicable rules and regulations, including but not limited to for use as consideration shares, for resale, or for satisfying the share schemes of the Company, depending on the needs of the Company from time to time) with a nominal value of HK\$0.01 each.

Details of the Shares repurchased are as follows:

Month of repurchase during the Period	Number of Shares repurchased	Highest price paid per Share	Lowest price paid per Share	Approximate aggregate consideration
<b>2024</b>				
April	5,000,000	HK\$0.23	HK\$0.22	HK\$1.1 million
August	17,000,000	HK\$0.24	HK\$0.19	HK\$3.7 million
September	5,000,000	HK\$0.25	HK\$0.24	HK\$1.2 million
<b>Total</b>	<u>27,000,000</u>			

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the Period.

## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Company is committed to maintaining good corporate governance practices. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancement of shareholders value. Except for the deviation from code provision C.2.1 of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual, the Company has complied with all the code provisions set out in the CG Code.

Mr. Fung Yui Kong (“**Mr. Fung**”) is the chairman of the Board and the chief executive of the Company. In view of Mr. Fung being the founder of the Group and that he has considerable experience in operating and managing the Company since 1990, the Board believes that it is in the best interest of the Group to have Mr. Fung taking up both the role of chairman and chief executive for effective management and business development. The Board considers that the balance of power between the Board and the management can still be maintained under the current structure. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance.

Save as disclosed, the Company has applied the principles and complied with the CG Code throughout the Period.

### AUDIT COMMITTEE

The Audit Committee was established on 25 January 2021 with specific terms of reference setting out the committee’s authority and duties. The Audit Committee comprises three independent non-executive Directors namely Mr. Kam Eddie Shing Cheuk (Chairman), who possesses the appropriate professional qualifications or accounting or related financial management expertise, Mr. Ling Kwok Fai Joseph and Mr. Chan Hiu Fung Nicholas. None of the members of the Audit Committee is a former partner of the Company’s existing external auditors. The Audit Committee has discussed with management the accounting policies adopted by the Group and reviewed the unaudited condensed interim financial statements of the Group for the Period before recommending them to the Board for approval.



## OTHER INFORMATION

### RISK MANAGEMENT COMMITTEE

The risk management committee of the Company (the “**Risk Management Committee**”) was established on 25 January 2021 with specific terms of reference setting out the committee’s authority and duties. The Risk Management Committee comprises three executive Directors, namely Mr. Fung Yui Kong (Chairman), Ms. Leung Kwan Sin Rita and Dr. Wong Wai Kong. The main duties of the Risk Management Committee include, among other matters, monitoring the Company’s exposure to sanctions law risks and its implementation of the related internal control procedures, with particular emphasis on the Company’s risk management policies and standards and supervising and monitoring the Company’s exposure to sanctions law risks. During the Period, there were no irregular findings in relation to any transactions of the Group made by the Risk Management Committee which were required to be reported to the independent non-executive Directors.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix C3 to the Listing Rules (“**Model Code**”) as its own code of conduct governing securities transactions by the Directors. All Directors, after specific enquiries by the Company, had confirmed to the Company their compliance with the required standards set out in the Model Code during the Period.

### INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Period.

### APPROVAL OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board on 29 November 2024.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2024

	Notes	Unaudited For the six months ended 30 September	
		2024 HK\$'000	2023 HK\$'000
REVENUE	4	<b>1,020,762</b>	600,249
Cost of sales		<b>(923,120)</b>	(545,815)
Gross profit		<b>97,642</b>	54,434
Other income and gains, net	4	<b>3,498</b>	3,746
Selling and distribution costs		<b>(20,709)</b>	(18,166)
Administrative expenses		<b>(48,246)</b>	(41,428)
Finance costs	5	<b>(15,202)</b>	(14,355)
PROFIT/(LOSS) BEFORE TAX	6	<b>16,983</b>	(15,769)
Income tax credit/(expense)	7	<b>(2,400)</b>	1,766
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<b><u>14,583</u></b>	<u>(14,003)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (HK cents)	9	<b><u>1.47</u></b>	<u>(1.40)</u>
Diluted (HK cents)	9	<b><u>1.47</u></b>	<u>(1.40)</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2024

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) for the period	<u>14,583</u>	<u>(14,003)</u>
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
— Exchange differences on translation of a foreign operation	<b>217</b>	(1,186)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
— Net gain/(loss) on equity investment at fair value through other comprehensive income	<u>1,846</u>	<u>(409)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>2,063</u>	<u>(1,595)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u><b>16,646</b></u>	<u><b>(15,598)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		<b>Unaudited</b> <b>30 September</b> <b>2024</b> <b>HK\$'000</b>	Audited 31 March 2024 HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>43,437</b>	43,110
Intangible asset	12	<b>5,502</b>	6,497
Financial assets at fair value through profit or loss	13	<b>19,486</b>	19,165
Equity investment at fair value through other comprehensive income	14	<b>12,509</b>	10,663
Prepayments and deposits		<b>107</b>	244
Deferred tax assets		<b>5,335</b>	8,194
<b>Total non-current assets</b>		<b>86,376</b>	87,873
<b>CURRENT ASSETS</b>			
Inventories		<b>182,342</b>	226,997
Trade and bills receivables	15	<b>312,433</b>	336,187
Prepayments, deposits, other receivables and other assets		<b>37,978</b>	25,640
Pledged bank deposits		<b>106,966</b>	107,081
Cash and cash equivalents		<b>55,839</b>	64,101
<b>Total current assets</b>		<b>695,558</b>	760,006

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		<b>Unaudited 30 September 2024 HK\$'000</b>	Audited 31 March 2024 HK\$'000
	Notes		
<b>CURRENT LIABILITIES</b>			
Trade payables	16	<b>204,151</b>	272,178
Other payables, accruals and contract liabilities		<b>73,631</b>	65,846
Interest-bearing bank borrowings		<b>15,720</b>	22,491
Trust receipt loans		<b>246,903</b>	258,258
Lease liabilities		<b>5,373</b>	3,978
Tax payable		<b>2,354</b>	2,295
<b>Total current liabilities</b>		<b>548,132</b>	625,046
<b>NET CURRENT ASSETS</b>			
		<b>147,426</b>	134,960
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>233,802</b>	222,833
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>4,696</b>	3,979
Deferred tax liabilities		<b>190</b>	672
<b>Total non-current liabilities</b>		<b>4,886</b>	4,651
<b>Net assets</b>		<b>228,916</b>	218,182
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	<b>9,950</b>	10,000
Reserves		<b>218,966</b>	208,182
<b>Total equity</b>		<b>228,916</b>	218,182

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024 (Unaudited)	Attributable to owners of the parent									
	Share capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Fair value	Share option reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
						reserve of equity investment reserve HK\$'000				
At 1 April 2024 (audited)	10,000	105,146	-	625	(2,872)	877	21,574	-	82,832	218,182
Loss for the period	-	-	-	-	-	-	-	-	14,583	14,583
Other comprehensive income for the period:										
Exchange differences on translation of a foreign operation	-	-	-	-	217	-	-	-	-	217
Net gain on equity investment at fair value through other comprehensive income	-	-	-	-	-	1,846	-	-	-	1,846
Total comprehensive income for the period	-	-	-	-	217	1,846	-	-	14,583	16,646
Share based payment expenses	-	-	-	-	-	-	100	-	-	100
Repurchase of shares	-	-	(6,012)	-	-	-	-	-	-	(6,012)
Cancellation of shares	(50)	-	1,113	-	-	-	-	(1,063)	-	-
At 30 September 2024	<u>9,950</u>	<u>105,146</u>	<u>(4,899)</u>	<u>625</u>	<u>(2,655)</u>	<u>2,723</u>	<u>21,674</u>	<u>(1,063)</u>	<u>97,415</u>	<u>228,916</u>

For the six months ended 30 September 2023 (Unaudited)	Attributable to owners of the parent								
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Fair value	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	
					reserve of equity investment reserve HK\$'000				
At 1 April 2023 (audited)	10,000	105,146	625	(1,782)	2,278	20,446	111,835	248,548	
Loss for the period	-	-	-	-	-	-	(14,003)	(14,003)	
Other comprehensive loss for the period:									
Exchange differences on translation of a foreign operation	-	-	-	(1,186)	-	-	-	(1,186)	
Net loss on equity investment at fair value through other comprehensive income	-	-	-	-	(409)	-	-	(409)	
Total comprehensive loss for the period	-	-	-	(1,186)	(409)	-	(14,003)	(15,598)	
Share based payment expenses	-	-	-	-	-	960	-	960	
At 30 September 2023	<u>10,000</u>	<u>105,146</u>	<u>625</u>	<u>(2,968)</u>	<u>1,869</u>	<u>21,406</u>	<u>97,832</u>	<u>233,910</u>	

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2024

**Unaudited**  
**For the six months ended**  
**30 September**  
**2024**                      **2023**  
**HK\$'000**                      **HK\$'000**

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(loss) before tax	<b>16,983</b>	(15,769)
Adjustments for:		
Interest income	<b>(2,351)</b>	(2,418)
Finance costs	<b>15,202</b>	14,355
Impairment of trade receivables	<b>5</b>	164
Provision for inventories	<b>8,800</b>	–
Equity-settled share option expense	<b>100</b>	960
Depreciation of property, plant and equipment	<b>4,739</b>	5,233
Amortisation	<b>1,081</b>	–
Fair value gain on financial assets at fair value through profit or loss	<b>(321)</b>	(241)
	<b>44,238</b>	2,284
Decrease in inventories	<b>35,855</b>	42,074
Decrease/(increase) in trade and bills receivables	<b>23,749</b>	(56,278)
Increase in prepayments, deposits and other receivables	<b>(12,201)</b>	(3,877)
Increase/(decrease) in trade payables	<b>(68,027)</b>	65,624
Increase in other payables, accruals and contract liabilities	<b>7,785</b>	30,004
Exchange realignment	<b>(80)</b>	(222)
Cash generated from operations	<b>31,319</b>	79,609
Net cash flows from operating activities	<b>31,319</b>	79,609

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2024

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,351	2,418
Purchase of items of property, plant and equipment	(155)	(537)
Withdrawal of pledged bank deposits	115	1,488
Placement of pledged bank deposits	–	(335)
	<hr/>	<hr/>
Net cash flows from investing activities	<b>2,311</b>	3,034
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repurchase of shares	(6,012)	–
New trust receipt loans	700,059	374,189
Repayment of trust receipt loans	(711,414)	(400,210)
New other bank loans	1,097,797	447,543
Repayment of other bank loans	(1,104,568)	(465,729)
Interest paid	(15,202)	(14,355)
Repayment of the principal portion of lease liabilities	(2,706)	(3,250)
	<hr/>	<hr/>
Net cash flows used in financing activities	<b>(42,046)</b>	(61,812)
	<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>(8,416)</b>	20,831
Cash and cash equivalents at beginning of period	64,101	64,827
Effect of foreign exchange rate changes, net	154	(174)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>55,839</b>	85,484
	<hr/> <hr/>	<hr/> <hr/>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statements of cash flows	55,839	85,484
	<hr/> <hr/>	<hr/> <hr/>



## 1 CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 5 July 2018. The registered office address of the Company is the address of the offices of Conyers Trust Company (Cayman) Limited, which is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is located at Room 902–906, 9/F Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 February 2021.

The Company is an investment holding company. During the period, the Company's subsidiaries were involved in the import and export of connectivity products which are used in the telecom and datacom connectivity industry.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Generous Horizon Limited (formerly known as Generous Team Limited), which is a limited liability company incorporated in the British Virgin Islands (the "BVI") and wholly-owned by Mr. Fung Yui Kong ("Mr. Fung"), the Chairman and one of the executive directors of the Company.

## 2.1 BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Save for the adoption of revised Hong Kong Financial Reporting Standards ("HKFRSs") during the period as set out in note 2.2 below, the accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 March 2024.

## 2.2 IMPACT OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following new and revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of these revised HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

### 3 OPERATING SEGMENT INFORMATION

The Group is principally engaged in the import and export of electronic components including commercial lasers and connectivity products which are used in telecom and datacom connectivity industry for different end applications such as telecom infrastructure, data centres, high performance computing, IoT and network connectivity products.

Almost all of the Group's products are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are attributable to a single reportable operating segment.

#### Geographical information

(a) *Revenue from external customers*

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>115,787</b>	99,052
Chinese Mainland	<b>857,043</b>	423,639
Other countries/regions	<b>47,932</b>	77,558
Total	<b><u>1,020,762</u></b>	<u>600,249</u>

The revenue information above is based on the locations of the customers.

**3 OPERATING SEGMENT INFORMATION** (Continued)

**Geographical information** (Continued)

(b) *Non-current assets*

	<b>Unaudited 30 September 2024 HK\$'000</b>	Audited 31 March 2024 HK\$'000
Hong Kong	<b>32,240</b>	34,806
Chinese Mainland	<b>16,781</b>	15,045
Other countries/regions	<b>25</b>	–
Total	<b><u>49,046</u></b>	<u>49,851</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

**Information about major customers**

Revenue derived from sales to individual customers which contributed 10% or more of the total revenue of the Group during the Period is as follows:

	<b>Unaudited For the six months ended 30 September 2024 HK\$'000</b>	2023 HK\$'000
Customer A	<b>128,292</b>	106,698
Customer B	<b>110,712</b>	123,455
Customer C	<b>152,910</b>	N/A*
Customer D	<b>111,281</b>	N/A*
Total	<b><u>503,195</u></b>	<u>230,153</u>

\* Revenue from sales to Customer C and Customer D accounted for less than 10% of the total revenue of the Group for the period ended 30 September 2023.

The above amounts include sales to a group of entities which are known to be under common control with the customer.

#### 4 REVENUE AND OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Revenue from contracts with customers		
Sale of goods	<b>1,016,710</b>	598,862
Rendering of services	<b>4,052</b>	1,387
Total	<b><u>1,020,762</u></b>	<u>600,249</u>
<b>Revenue from contracts with customers</b>		
Disaggregated revenue information		
Timing of revenue recognition		
At a point in time	<b><u>1,020,762</u></b>	<u>600,249</u>

**4 REVENUE AND OTHER INCOME AND GAINS, NET** *(Continued)*

An analysis of other income/(expenses) and gains/(losses), net, is as follows:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Bank interest income	<b>2,351</b>	2,418
Exchange differences, net	<b>450</b>	44
Fair value gain on financial assets at fair value through profit or loss	<b>321</b>	241
Sundry income, net	<b>376</b>	1,043
	<hr/>	<hr/>
Total other income and gains, net	<b><u>3,498</u></b>	<u>3,746</u>

**5 FINANCE COSTS**

An analysis of finance costs is as follows:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Interest on bank borrowings	<b>15,027</b>	14,190
Interest on lease liabilities	<b>175</b>	165
	<hr/>	<hr/>
Total finance costs	<b><u>15,202</u></b>	<u>14,355</u>

## 6 PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories sold	<b>914,121</b>	545,785
Cost of services provided	<b>199</b>	30
Amortisation	<b>1,081</b>	–
Depreciation	<b>4,739</b>	5,233
Research and development costs <sup>#</sup>	<b>4,178</b>	4,345
Auditors' remuneration		
— annual audit	<b>780</b>	780
Provision for inventories <sup>^^</sup>	<b>8,800</b>	–
Impairment of trade receivables <sup>^</sup>	<b>5</b>	164
Staff costs (including directors' remuneration):		
Wages and salaries and allowances	<b>31,170</b>	25,410
Share based payment expenses for share option <sup>^</sup>	<b>100</b>	960
Pension scheme contributions	<b>3,276</b>	3,173
<b>Total</b>	<b>34,546</b>	29,543
Lease payments not included in the measurement of leases liabilities	<b>26</b>	25
Foreign exchange gain, net	<b>(450)</b>	(44)
Fair value gain on financial assets at fair value through profit or loss	<b>(321)</b>	(241)

<sup>#</sup> The research and development costs include HK\$4,178,000 (six months ended 30 September 2023: HK\$4,295,000) relating to staff costs for research and development activities, which are also included in the total amounts disclosed above for each of these types of expenses for the period.

<sup>^</sup> The impairment of trade receivables and share based payment expenses for share option are included in "Other income and gains, net" and "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

<sup>^^</sup> Provision for inventories is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

**7 INCOME TAX**

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current — Hong Kong		
Charge for the period	<b>2,400</b>	–
Deferred tax	<u>–</u>	<u>(1,766)</u>
Total tax charge/(credit) for the period	<b><u>2,400</u></b>	<b><u>(1,766)</u></b>



## 8 DIVIDENDS

No interim dividend was proposed during the current period (2023: Nil).

## 9 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

### a. Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to ordinary equity holders of the parent is based on the profit for the period attributable to ordinary equity holders of the parent of HK\$14,583,000 (2023: loss of HK\$14,003,000) and the weighted average number of ordinary shares of 993,000,000 (2023: 1,000,000,000) in issue during the period.

### b. Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings/(loss) per share amount presented for the six months ended 30 September 2024 and 2023 in respect of a dilution as the exercise price of the share options of the Company outstanding during both periods were higher than the average market prices of the Company's ordinary shares and, accordingly, such share options held have no dilutive effect on the basic earnings per ordinary shares for both periods.

## 10 PROPERTY, PLANT AND EQUIPMENT

The changes in the net book value of property, plant and equipment for the six months ended 30 September 2024 are analysed as follows:

	Owned assets HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 1 April 2024 (Audited)	17,239	25,871	43,110
Additions	155	4,818	4,973
Depreciation	(1,601)	(3,138)	(4,739)
Exchange realignment	505	(412)	93
	<u>16,298</u>	<u>27,139</u>	<u>43,437</u>
At 30 September 2024 (Unaudited)			
At 1 April 2023 (Audited)	20,510	22,097	42,607
Additions	537	10,755	11,292
Depreciation	(2,402)	(2,831)	(5,233)
Exchange realignment	(269)	(406)	(675)
	<u>18,376</u>	<u>29,615</u>	<u>47,991</u>
At 30 September 2023 (Unaudited)			

## 11 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade and bills receivables at amortised cost, other receivables, deposits, pledged bank deposits, cash and cash equivalents, trade payables, interest-bearing bank borrowings, trust receipt loans, lease liabilities, and other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## 11 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's instruments:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30 September 2024				
Financial assets at fair value through profit or loss:				
Investments in life insurance policies	–	–	19,486	19,486
Financial assets at fair value through other comprehensive income:				
Trade receivables	–	83,975	–	83,975
Equity investment at fair value through other comprehensive income:				
Unlisted equity investment	–	–	12,509	12,509
	<u>–</u>	<u>83,975</u>	<u>31,995</u>	<u>115,970</u>

## 11 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

### Fair value hierarchy (Continued)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 31 March 2024				
Financial assets at fair value through profit or loss:				
Life insurance policies	–	–	19,165	19,165
Financial assets at fair value through other comprehensive income:				
Trade receivables	–	6,999	–	6,999
Equity investment at fair value through other comprehensive income:				
Unlisted equity investment	–	–	10,663	10,663
	<u>–</u>	<u>6,999</u>	<u>29,828</u>	<u>36,827</u>

## 11 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

### Fair value hierarchy (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	<b>Unaudited</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Financial assets at fair value through profit or loss:		
At 1 April (Audited)	<b>19,165</b>	27,916
Gain recognised in the statement of profit or loss	<b>321</b>	241
At 30 September (Unaudited)	<b>19,486</b>	28,157

Equity investment at fair value through other comprehensive income:

	<b>Unaudited</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
At 1 April (Audited)	<b>10,663</b>	12,064
Gain/(loss) recognised through other comprehensive income	<b>1,846</b>	(409)
At 30 September (Unaudited)	<b>12,509</b>	11,655

## 11 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

*(Continued)*

### **Fair value hierarchy** *(Continued)*

The following method and assumptions were used to estimate the fair values:

The fair value of trade receivables stated at fair value through other comprehensive income is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of the investments in life insurance policies is determined by reference to the Surrender Values provided by the insurance companies. When the Surrender Values are higher, the fair value of investments in life insurance policies will be higher. As at 30 September 2024, if the Surrender Values have been 5% higher/lower, the impact on the amount attributable to the shareholders of the Group would be HK\$974,000 (31 March 2024: HK\$958,000) higher/lower, respectively.

The fair value of the unlisted equity investment designated at fair value through other comprehensive income was estimated using a market approach based on latest market transaction.

**12 INTANGIBLE ASSET**

	<b>Exclusive rights HK\$'000</b>
<b>30 September 2024</b>	
Cost	
At 1 April 2024	<b>6,497</b>
Additions	–
Exchange realignment	<b>105</b>
	<hr/>
At 30 September 2024	<b>6,602</b>
	<hr/>
Accumulated amortisation	
At 1 April 2024	–
Provided during the period	<b>1,081</b>
Exchange realignment	<b>19</b>
	<hr/>
At 30 September 2024	<b>1,100</b>
	<hr/>
Net carrying amount	<b>5,502</b>
	<hr/> <hr/>
<b>30 September 2023</b>	
Cost	
At 1 April 2023 and 30 September 2023	–
	<hr/>
Accumulated amortisation	
At 1 April 2023 and 30 September 2023	–
	<hr/>
Net carrying amount	–
	<hr/> <hr/>



### 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The changes in the net book value of financial assets at fair value through profit or loss for the six months ended 30 September 2024 are analysed as follows:

	Life insurance policy HK\$'000	Convertible bond HK\$'000	Total HK\$'000
At 1 April 2024 (Audited)	<b>19,165</b>	–	<b>19,165</b>
Changed in fair value	<b>321</b>	–	<b>321</b>
At 30 September 2024 (Unaudited)	<b><u>19,486</u></b>	<b><u>–</u></b>	<b><u>19,486</u></b>
At 1 April 2023 (Audited)	18,804	9,112	27,916
Changed in fair value	180	61	241
At 30 September 2023 (Unaudited)	<b><u>18,984</u></b>	<b><u>9,173</u></b>	<b><u>28,157</u></b>

## 14 EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>Unaudited 30 September 2024 HK\$'000</b>	Audited 31 March 2024 HK\$'000
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Unlisted equity investment, at fair value

**12,509**

10,663

The above unlisted equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

## 15 TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit with terms of one month, extending up to four months for major customers.

Overdue balances are reviewed regularly by senior management. As at 30 September 2024, the Group had certain concentration of credit risk that might arise from the exposure to its five largest customers and the largest customer which accounted for approximately 56.1% (31 March 2024: 63.5%) and 15.0% (31 March 2024: 19.9%) of the Group's total trade receivables, respectively. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest bearing.

	<b>Unaudited 30 September 2024 HK\$'000</b>	Audited 31 March 2024 HK\$'000
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Trade receivables

**311,225**

335,429

Bills receivable

**1,208**

758

Total

**312,433**

336,187

## 15 TRADE AND BILLS RECEIVABLES *(Continued)*

An ageing analysis of the trade and bills receivables based on the invoice date and net of loss allowance, is as follows:

	<b>Unaudited 30 September 2024 HK\$'000</b>	Audited 31 March 2024 HK\$'000
Within 1 month	<b>138,713</b>	275,841
1 to 3 months	<b>107,421</b>	36,119
3 to 6 months	<b>45,749</b>	23,442
Over 6 months	<b>20,550</b>	785
Total	<b><u>312,433</u></b>	<u>336,187</u>

## 16 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>Unaudited 30 September 2024 HK\$'000</b>	Audited 31 March 2024 HK\$'000
Within 30 days	<b>127,537</b>	131,465
31 to 90 days	<b>75,111</b>	121,154
Over 90 days	<b>1,503</b>	19,559
Total	<b><u>204,151</u></b>	<u>272,178</u>

The trade payables are non-interest bearing and are normally settled on terms of one to two months.

## 17 SHARE CAPITAL

The Company purchased 27,000,000 of its shares on the Hong Kong Stock Exchange at a total consideration of HK\$6,012,000, of which 5,000,000 shares were cancelled.

## 18 RELATED PARTY TRANSACTIONS

- a In addition to the transactions detailed in elsewhere in these interim financial statements, the Group had the following transactions with related parties:
- (i) Mr. Fung had undertaken to indemnify the Group for all costs, losses and/or expenses for any taxation of the Group incurred with respect to the transfer pricing arrangement that arose prior to the listing on the Stock Exchange on 19 February 2021.
- b Compensation of key management personnel of the Group:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>9,348</b>	6,401
Post-employment benefits	<b>546</b>	484
Share based payment expenses for share option	<b>100</b>	291
Total compensation paid to key management personnel	<b><u>9,994</u></b>	<u>7,176</u>

## 19 COMMITMENTS

The Group leases certain of its office premises under short-term operating lease arrangements.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>Unaudited</b> <b>30 September</b> <b>2024</b> <b>HK\$'000</b>	Audited 31 March 2024 HK\$'000
Within one year	<b>23</b>	–

**Pangaea Connectivity Technology Limited**  
環聯連訊科技有限公司