Computime

COMPUTIME GROUP LIMITED
金寶通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 320)

*For identification purposes only

ANNUAL REPORT 2023 / 2024

WE ENABLE SMART & SUSTAINABLE LIVING

Technology | Brand | Manufacturing

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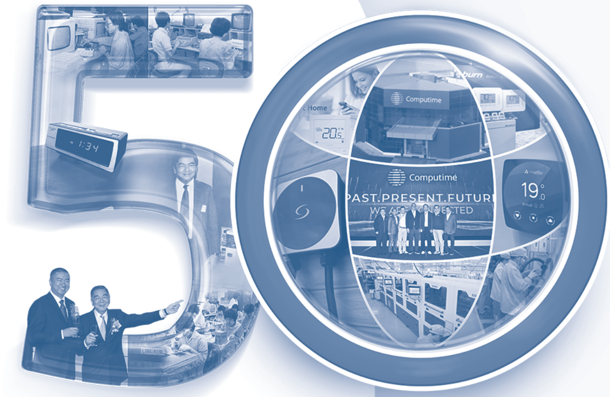
Technology | Brand | Manufacturing

Computime Group Limited (stock code: 0320) is a global technology, brand and manufacturing company headquartered in Hong Kong, with 20 offices and manufacturing sites in strategic locations around the world. For 50 years, Computime has worked with global brands to deliver meaningful design and manufacturing solutions, as well as to develop and to launch innovative products under its own brand name. Offering more than standard manufacturing services, Computime has established a broad portfolio of solutions. Through bespoke IP and sophisticated R&D, Computime helps its partners to accelerate time-to-market, as well as to launch industry-leading connected products under its SALUS Controls and Braeburn brand. Computime has positioned itself at the forefront of technology, and is emerging as a market leader in the design and manufacturing of IoT and home automation products.



CONTENTS

Corporate Information

Chairman Emeritus

Mr. AUYANG Ho

Directors

Executive Directors

Mr. AUYANG Pak Hong Bernard
(Chairman and Chief Executive Officer)
Mr. WONG Wah Shun

Non-executive Directors

Mr. KAM Chi Chiu, Anthony
Mr. WONG Chun Kong

Independent Non-executive Directors

Mr. HO Pak Chuen Patrick
Mr. Roy KUAN
Ms. LEE Shang Yuee Christabel
(with effect from 7 September 2023)
Ms. MAY Man Yee Mariana
(with effect from 1 December 2023)
Mr. LUK Koon Hoo
(retired on 7 September 2023)
Mr. Patrick Thomas SIEWERT
(retired on 7 September 2023)

Authorised Representatives under the Listing Rules

Mr. AUYANG Pak Hong Bernard
Mr. CHUNG Ming Kit

Company Secretary

Mr. CHUNG Ming Kit

Executive Committee

Mr. AUYANG Pak Hong Bernard *(Chairman)*
Mr. WONG Wah Shun

Audit Committee

Mr. Roy KUAN *(Chairman)*
Mr. HO Pak Chuen Patrick
Mr. KAM Chi Chiu, Anthony
Ms. LEE Shang Yuee Christabel
(with effect from 7 September 2023)
Ms. MAY Man Yee Mariana
(with effect from 1 December 2023)
Mr. LUK Koon Hoo
(retired on 7 September 2023)
Mr. Patrick Thomas SIEWERT
(retired on 7 September 2023)

Nomination Committee

Mr. AUYANG Pak Hong Bernard *(Chairman)*
Mr. HO Pak Chuen Patrick
Mr. Roy KUAN
Ms. LEE Shang Yuee Christabel
(with effect from 7 September 2023)
Ms. MAY Man Yee Mariana
(with effect from 1 December 2023)
Mr. WONG Chun Kong
(with effect from 7 September 2023)
Mr. LUK Koon Hoo
(retired on 7 September 2023)
Mr. Patrick Thomas SIEWERT
(retired on 7 September 2023)

Remuneration Committee

Mr. HO Pak Chuen Patrick *(Chairman)*
Mr. AUYANG Pak Hong Bernard
Mr. Roy KUAN
Ms. LEE Shang Yuee Christabel
(with effect from 7 September 2023)
Ms. MAY Man Yee Mariana
(with effect from 1 December 2023)
Mr. LUK Koon Hoo
(retired on 7 September 2023)
Mr. Patrick Thomas SIEWERT
(retired on 7 September 2023)

Registered Office

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190 Elgin Avenue,
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Hong Kong Branch Share Registrar and Transfer Office

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Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisors

As to Cayman Islands law:
Walkers (Hong Kong)

As to Hong Kong law:
Stephenson Harwood

As to PRC law:
Guangdong Zhuojian Law Firm

As to United States law:
Burke, Warren, MacKay & Serritella, P.C.

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Citibank (Hong Kong) Limited
United Overseas Bank Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of China
Industrial and Commercial Bank of China (Asia) Limited
China CITIC Bank

Chairman's Statement

Dear valued shareholders, customers, suppliers, employees, and partners,

On behalf of the Board of Directors (the "Board") of Computime Group Limited (the "Company" or "Computime"), we are pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024 ("FY2024" or the "Year").

Celebrating resilience and success on our 50th anniversary

As we celebrate the Group's 50th anniversary in 2024, we are enormously proud to reflect on our journey and the strides we have made in solidifying our position as a global market leader in the smart and sustainable living industry. Dedicated to excellence, we deliver top-tier design and manufacturing solutions that provide innovative functions to users and meet the highest safety and product standards.

From humble beginnings as a small designer and manufacturer of electronic clocks and timing devices in Hong Kong half a century ago, we have evolved into a prominent organization. With a network of 20 offices and manufacturing sites spanning three continents, supported by a workforce of over 4,000 employees, we stand out as a leading industry player worldwide.

Our global manufacturing facilities offer a combined floor space of 100,000 square meters. Operating in key locations such as Mainland China, Malaysia, Vietnam, Mexico, and Romania, our annual shipment output now reaches 100 million product units.

In our fledging days, we were primarily rooted in traditional manufacturing techniques. Since then, our evolution has been nothing short of extraordinary. Today, we are trailblazers in research and development, holding a vast portfolio of bespoke intellectual properties and patents. These assets strengthen our partnerships and brands and drive our dedication to fostering net-zero lifestyles through innovative products and ecosystems.

Our technological expertise spans diverse domains, from the Internet of Things ("IoT") to Cloud, Connectivity, Human-Machine Interface ("HMI"), Artificial Intelligence ("AI"), and Machine Learning ("ML"). This breadth of knowledge places us at the forefront of innovation, continuously pushing the boundaries of what is achievable.

Expanding beyond our traditional offerings, our product platform now encompasses a wide range of sustainable tech and energy management solutions tailored to meet the demands of the modern world. From Electric Vehicle chargers ("EVCs") to smart irrigation systems, robotics, professional security solutions, AI-powered climate control, and innovative thermostats, our portfolio mirrors a steadfast commitment to meeting the evolving needs of our customers and partners.

Our legacy from decades of remarkable growth and transformation is anchored in an unwavering vision: to be a leading innovator and enabler of smart and sustainable living. This vision drives us forward, ensuring that we solve the needs of both our current and future generations.

Looking back on our track record, I am filled with immense pride at the multitude of remarkable accomplishments achieved by our Group, many of which seemed unattainable in the past. During our early days, we achieved significant milestones, such as shipping a million electronic clocks and establishing our inaugural factory in Guangzhou in 1979. As we transitioned into our current role, pivotal moments continued to shape our trajectory: opening our first United States ("US") office in 1982, expanding our manufacturing facility in Shenzhen to 350,000 sq ft in 1998, starting our own Salus brand in 2001, and culminating in our acquisition and subsequent public listing on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2006. The catalog of achievements we have amassed is truly remarkable, a testament to our relentless pursuit of excellence.

Pioneering our modern product lineup, the Group's initial control devices, including appliance timers and digital thermostats, debuted in the early 1980s. Two decades later, in 2008, Computime earned distinction as one of the earliest companies globally to have our smart energy products certified by the Zigbee Alliance, a global association spearheading open standards for the IoT and advancing wireless communication standards for smart devices. This year, we launched one of the world's first smart thermostats that supports the Matter smart home protocol.

This legacy of achievement instills within us a supreme confidence in our ability to navigate any challenges we encounter – including the current phase of market irregularities. We draw strength from our single-minded determination and resilience, qualities that have propelled us through formidable crises in the past, both large and small. Our steadfast support for the dreams of our stakeholders, empowering them to fulfil their aspirations and unlock their potential, remains at the heart of our mission.

A year of challenges

While the pandemic's grip has loosened, the global economy faces challenges. Uncertainties and risks loom large, fueled by ongoing geopolitical tensions like the United States-China conflict, the Israeli-Palestinian crisis, and the Russo-Ukrainian war. These factors cast shadows over consumer confidence, stoking recession concerns and tempering spending. Furthermore, inflationary pressures and climbing interest rates compound operational challenges, heightening business costs.

For the Group, the trading environment has grown more challenging due to reduced construction activities and weakened consumer sentiment in North America. This has led to a downturn in sales for our smart home automation and sustainable living products. Over in Europe, another key market for us, the economy has slowed down, and new construction projects have declined to pre-pandemic levels, exacerbated by high interest rates. The decreased consumer spending in these major economies can also be attributed to concerns about recession, which is made worse by ongoing geopolitical tensions.

While our Control Solutions segment continues receiving consistent customer orders, our Branded business segment has experienced slow growth. The slowdown in Europe has hindered the recovery of this segment.

Due to the aforementioned factors, we have witnessed a slight decline in our overall sales. Consequently, the Group's revenue dipped to HK$4,037.8 million in FY2024 from HK$4,204.8 million a year prior, marking a decrease of approximately 4.0%. However, our gross profit increased from HK$508.8 million to HK$631.1 million, representing an increase of 24.0%. The double-digit jump in our gross profit is mainly attributed to improved operation efficiency, cost control, material management, and a favorable exchange rate environment.

Outlook

The business outlook for 2024 is cautiously optimistic despite ongoing economic challenges and geopolitical tensions. While nations continue to grapple with issues like inflation, labor shortages, and debts, there are signs of improving economic conditions that could spur growth.

The geopolitical landscape remains volatile with the ongoing Russo-Ukrainian War, new crises emerging in the Middle East, and significant tensions between major countries. Barring unforeseen contingencies, these conflicts are expected to remain contained and not severely impact global commodities. In terms of technology and supply chains, there is a growing belief that technology will transform the efficiency and resilience of supply chains, driving moderate optimism among business leaders.

Most central banks are expected to adopt a more accommodative monetary policy stance, signaling that inflation is mostly under control. Although labor markets are anticipated to remain tight, there is no indication of wages spiraling out of control.

In summary, Computime recognizes the imperative to adapt our strategies to navigate a complex environment. Inter-country conflicts may worsen, while AI and environmental sustainability emerge as areas of geopolitical competition and regulatory focus. We must adjust our business models, strategies, supply chains, and sustainability plans to thrive in this evolving landscape.

Thriving in an uncertain business climate

Bracing for an uncertain macroeconomic environment, Computime has continually streamlined its operations, negotiated better deals with suppliers, and implemented more efficient processes to reduce production costs.

As always, we have taken proactive measures to improve productivity, reduce wastage, and implement better inventory management practices. By harnessing economies of scale, we strategically lower unit costs through increased production volumes. During the Year, we have tightened cost control in expenses and capital expenditure controls and enhanced our management of finance costs.

These improvement measures are further supported by successful marketing campaigns, entry into new markets, and the diversification of our product offerings.

Upside potential

Facing these complex challenges, Computime has consistently pursued strategies to expand and diversify our revenue sources and customer base while remaining closely attuned to evolving market needs.

Despite temporary and slight dips in sales, our confidence in the upside potential of our smart home and sustainable living products remains high. This optimism is fueled by the increasingly stringent green standards worldwide, increasing consumer environmental consciousness, evolving regulatory requirements, and the urgency imposed by rapid climate change.

Energy management products remain our top-selling items, and this trend is expected to continue. The increasing demand for energy efficiency, environmental consciousness, and net zero-related products and services drives their popularity. Demand for housing, Environmental, Social and Governance ("ESG") regulation, and the popularity of home improvement products are the main factors fueling this trend.

Today, adherence to green regulations worldwide is no longer just a choice but a necessity for individuals, businesses, and non-profit organizations. These regulations are continuously tightening with each passing year. Consequently, the smart home and sustainable living sectors have boundless business opportunities, presenting immense potential for companies like ours.

Steering our organization forward

Alongside implementing daily protocols and procedures to strengthen Computime's operational and financial foundations, we have embraced strategies to achieve our longer-term corporate vision and goals by recalibrating our operations, strategically investing in technology, and executing cost control measures.

Operationally, we have transitioned to a "region-to-region" model, departing from our previous single-country focus to mitigate risks like supply chain disruptions and meet the increasing demand for onshoring and nearshoring services. Additionally, we have implemented a "hub and spoke" Infrastructure, with our headquarters in Hong Kong coordinating operations through four regional hubs in Greater China, Southeast Asia, Europe, and North America. This model and our Flexible Hybrid Operation ("FHO") processes optimize resource allocation, ensure seamless communication between regions, and encourage collaboration and synergy to drive innovation and problem-solving. By leveraging each region's strengths, we capitalize on local expertise, improving overall efficiency and performance, empowering us to adapt quickly to changing circumstances and drive sustainable global growth.

Computime will continue to invest in research and development ("R&D") and innovations, focusing on advancing technologies for smart and sustainable living markets. R&D efforts are directed towards energy management, the Matter smart home ecosystem, and water management solutions. AI integration into smart home applications aims to enhance energy efficiency, air comfort, user experiences, and fault diagnosis.

Stringent cost controls are in place alongside the diversification of revenue streams to fortify cash reserves against macroeconomic uncertainties like pandemics. Strong customer relationships are maintained while exploring opportunities in new markets.

Adjusting our sustainability and related business plans

Businesses worldwide are now clearer on the return on investment ("ROI") for sustainability and are ready to increase their investments in this area. Companies have also become aware that they should focus on sustainability initiatives offering clear financial benefits and environmental and social gains. As an experienced sustainability player, we are well-positioned to leverage our expertise and products and help other companies raise their ROI for sustainability, which will benefit our business.

Adapting to green regulatory changes will also be necessary for all businesses and non-profit institutions. Not only should we undertake this for the Group, but we can also help other organizations to stay ahead of regulatory changes and ensure their compliance with new sustainability criteria.

Capitalizing on environmental trends, we can strengthen the sustainable design of our product solutions to help them make the most impact on sustainability.

As a sustainable organization, the Group has formulated environmental targets 2025 covering greenhouse gas emissions, energy and waste management, and water consumption. Over the past few years, we have achieved significant progress in reducing our carbon footprint and improving resource efficiency, demonstrating our firm commitment to lessening our environmental impact and fostering a positive influence on society.

Our vision

As we celebrate our 50th anniversary, we look to the future with a clear vision to become a leading innovator and enabler of smart and sustainable living, driving positive change for both present and future generations.

Continuing our path of transformation, we remain committed to excellence, integrity, and social responsibility. With unwavering dedication and a bold vision, Computime is poised to shape the future of smart and sustainable living. Together, let us embark on this journey, driving positive impact and transformation for decades to come.

Appreciation

On behalf of the Board of Directors, I want to express our sincere gratitude to all who have accompanied us on this journey, including our customers, suppliers, investors, employees, and partners. Our commitment to long-term growth and innovation is deeply ingrained in our history, which spans over half a century. While the business landscape may shift, our unwavering pursuit of excellence remains steadfast.

Looking ahead, we aim to move forward with all stakeholders, striving to create more value and sustainable returns for our investors while making meaningful contributions to society.

Management Discussion and Analysis

Established in 1974, Computime has transformed from an electronic clock and timing device manufacturer into a technology, brand, and manufacturing company dedicated to promoting smart and sustainable living. The Group operates through two key segments: Control Solutions, which provide engineering and manufacturing solutions for internationally branded customers in energy management, smart homes, appliance controls, industrial controls, and medical devices; and Branded Business, which offers smart home and energy-efficient products to professional installers, property developers, and wholesalers under the Salus and Braeburn brands. Celebrating its 50th corporate anniversary in 2024, the Group has become a successful global player in its chosen field, backed with extensive experience in overcoming challenges from the macroeconomic environment.

Market Overview

The global landscape has been overshadowed by the United States-China conflict, the Israeli-Palestinian crisis, and the Russo-Ukrainian war, fostering sluggish consumer sentiments in 2023. Heightened geopolitical uncertainty has induced caution in spending habits, with individuals increasingly concerned about potential economic disruptions, job security, and the overall stability of the global economy.

In the North American market, the housing sector stagnated following the post-COVID rebound, exacerbated by rising interest rates. With inflation in the United States persisting at 3.7%, consumer spending further diminished. The current interest rate of 5.5% threatens to escalate borrowing costs, thereby amplifying business operation expenses.

Similarly, the sluggish economy in Europe has led to a downturn in new construction activities, which are currently below pre-pandemic norms. Factors such as higher interest rates, bank lending rates, weak global trade, and increased energy costs have all contributed to reduced architectural and construction expenditures.

The subdued housing market in these primary regions has adversely affected our overall revenue for the year. However, we maintain long-term optimism regarding the growth potential of our smart home and energy management business. This optimism is fueled by the tightening of global green standards, increasing consumers' environmental consciousness, evolving regulatory requirements, and the urgency imposed by rapid climate change.

The risks of political turbulence also extend beyond the economy, potentially triggering supply chain disruptions. This underscores the necessity for businesses, including our Group, to seek solutions to mitigate these risks.

Meanwhile, the Group will take proactive measures to mitigate the impact of macroeconomic factors beyond our control by fortifying and diversifying our revenue base. Diversification into new markets and reinforcing our existing strongholds will help reduce our reliance on specific regions. This strategy aligns with our transition to a "region-to-region" model, enabling us to seize emerging business prospects arising from customer demands for onshoring services and manufacturing support, thus maximizing growth opportunities.

Furthermore, we have additional measures at our disposal, including cost optimization. Through streamlining operations and identifying cost-saving opportunities, we aim to enhance efficiency. With our steadfast commitment to R&D, we are confident in our ability to innovate solutions that address evolving customer needs and market trends, thereby staying ahead of market competition and building a competitive advantage to drive growth.

By implementing these measures, the Group can navigate the challenges of a volatile market environment while positioning itself for sustainable growth and success.

Business and Financial Review

Revenue

During the Year, the Group experienced a total revenue decrease of HK$167.0 million, declining from HK$4,204.8 million for the year ended 31 March 2023 ("FY2023") to HK$4,037.8 million in FY2024, marking a decrease of approximately 4.0%. The decline is mainly attributed to soft demand, especially in the housing-related market. Additionally, customers are concerned about the recession in the European and the North American markets.

Gross profit margin

Over the past year, the gross profit margin recorded a year-over-year ("YoY") growth of 16.4%, from 13.4%[1] in FY2023 to 15.6% in FY2024. The increase was primarily due to improvements in operational efficiency, material management, and a favorable exchange rate environment, with the United States dollars ("US dollars") strengthening compared to the weaker Renminbi ("RMB").

Selling, distribution, and administrative expenses

In FY2024, the Group maintained relative stability in its selling, distributions, and administrative expenses, showing a 6.5% YoY increase, totaling HK$484.5 million compared to HK$455.0 million in FY2023. This increase primarily results from the expanded global operations and a strategic increase in R&D investment focused on developing advanced technology and product platforms to drive future growth.

Profit before tax, profit after tax, adjusted EBDITA

In FY2024, the Group reported a profit before tax of HK$107.6 million, marking a substantial growth of 242.7% from the HK$31.4 million recorded in FY2023. Furthermore, the profit after tax for FY2024 is reaching HK$83.9 million, representing 3 times of the profit after tax for FY2023 at HK$23.5 million. Additionally, the adjusted EBITDA[2] for FY2024 stood at HK$333.9 million, reflecting a substantial growth of 13.2% compared to the HK$295.0 million recorded in FY2023.

Cash and bank balances

As at 31 March 2024, the Group's net cash improved to HK$90.3 million, up from HK$84.3 million as at 31 March 2023. The cash and bank balances were HK$226.7 million as at 31 March 2024, compared to HK$307.8 million as at 31 March 2023.

Inventory balance

The Group's inventory balance in FY2024 was HK$824.0 million, representing a 15.0% decrease from the HK$969.5 million recorded as at 31 March 2023. The reduction in inventory levels can be attributed to enhanced operational efficiency and material management.

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1 *Excluding the specific inventory provision for Malaysia*

2 *Excluding one-off gain on valuation of HK$7.0 million in the current year and the additional inventory provision for the Group's Malaysia operation of HK$54.9 million in last year.*

Trade receivables, trade and bills payables

As at 31 March 2024, the Group's trade receivables amounted to HK$509.4 million compared to HK$555.2 million as at 31 March 2023. As at 31 March 2024, the Group's total trade and bills payables amounted to HK$745.3 million, compared to HK$1,012.4 million as at 31 March 2023, following the agreed payment term.

Gearing Ratio

As at 31 March 2024, the Group's gross gearing ratio was 9.9%, a YoY decrease from 17.0%. The decrease in gearing ratio is due to decrease in bank borrowings.

The Group monitors capital based on its gross gearing ratio (i.e., gross debt divided by capital) and net gearing ratio (i.e., net debt divided by capital). For this purpose, the Group defines gross debt as the total borrowings (excluding lease liabilities), net debt as gross debt less cash and bank balances, and capital as all components of equity attributable to shareholders of the Company.

GROUP OPERATIONAL REVIEW

The Group's adept management of our key Control Solutions and Branded Business segments has enabled us to maintain agility in navigating the swiftly evolving market environment while delivering value for both our shareholders and customers. Amidst the keen industry competition, we have set ourselves apart through strategic focus and a commitment to product and operational excellence.

Control Solutions

In FY2024, Control Solutions experienced a revenue decline, dropping from HK$3,665.7 million in FY2023 to HK$3,601.0 million, reflecting a YoY decrease of 1.8%. This decline was primarily due to weakened market demand, influenced by a broader economic slowdown, and reduced consumer confidence. However, despite the drop in revenue, profit margins improved significantly. This increase in profitability can be attributed to a stable demand from a reliable customer base, driven by long-term partnerships, and integrated technology and manufacturing collaborations.

Enhancing productivity and efficiency also played a crucial role in boosting profit margins. The implementation of SAP, a focus on business process management ("BPM"), and effective material cost management have all contributed to significant operational improvements. Moreover, tight control over selling, distributions, and administrative expenses has further supported the growth in profit margins.

Moving ahead, the Group's globalization strategy, combined with a "region-to-region" approach, facilitates local engineering and manufacturing support, mitigating development and supply chain risks while reducing geopolitical risks. As we can see, customers are increasingly awarding new projects to our overseas manufacturing sites. Furthermore, we continue collaborating closely with customers to launch innovative product platforms by leveraging our technical expertise in energy management, smart home and building solutions, and water management. This strategic focus ensures we remain at the forefront of technological advancements and market demands.

Through continuous efforts to foster strong customer relationships, expand our global footprint, and enhance operational productivity, the Control Solutions segment is well-positioned to navigate market fluctuations and sustain profitability.

Branded Business

In FY2024, Branded Business saw a revenue decline from HK$539.1 million in FY2023 to HK$436.8 million, marking a 19.0% decrease. This drop in sales was influenced by challenging market conditions in the housing sector and a period of destocking by customers who had previously overstocked due to supply chain uncertainties. The destocking phase typically aligns with seasonal patterns, as customer restocking usually occurs during the heating season in the first half of the year. Consequently, an improvement in performance is expected as customers begin to restock for the upcoming heating period.

Despite these challenges, the Branded Business segment is poised for growth through several strategic initiatives. We are expanding into Eastern Europe with our dedicated sales team, aiming to capture new market opportunities in this region. Additionally, we are launching new platforms, including energy management products like EVCs and home battery storage solutions, AI-driven climate control systems, Matter-compatible thermostats, and the ultra-quiet Thermostatic Radiator Valves ("TRVs").

A significant focus for the future is the launch of the Salus Protect security service. This new venture targets the security industry by selling professional online products and enhancing our smart home offerings in the EU market. By partnering with Securitas, the largest security service company in the world, Salus Protect offers comprehensive monitoring services, including notifications via call centers in the event of an intruder. The product portfolio includes security hardware, smart home devices, and monitoring services under two brands: Immunity and Merlin.

Salus Protect aligns perfectly with our existing business and opens new market opportunities for Salus. We fully expect this initiative to significantly increase our smart home user base, thereby boosting our recurring revenue per homeowner across the European Union ("EU") and the United Kingdom ("UK").

Moreover, we are launching a centralized warehouse in Poland to enhance our logistics and distribution efficiency, further supporting our regional growth and expansion efforts.

Research and Development

Computime's R&D efforts are spearheaded by a robust global R&D engineering team of over 200 professionals, instrumental in driving innovation and developing intelligent products. Our commitment to building engineering teams and Centers of Excellence globally, including in Mainland China, Hong Kong, the US, Romania, and the UK, underscores our dedication to fostering a culture of innovation and technological advancement.

Our R&D initiatives are bolstered by strategic partnerships and ownership stakes in engineering companies, with a particular focus on cloud technology. Engineers based in Hong Kong, Mainland China, and India collaborate to enhance scalability and flexibility through advanced cloud platforms. Such collaborations enable us to leverage diverse expertise and drive forward our technological capabilities underlying seamless communication and interoperability between systems and devices.

Global Footprint

Computime's evolution from modest origins in 1974 to a globally oriented organization has been characterized by strategic growth and a firm focus on technology, brand, and manufacturing excellence. Over the years, the Group has forged a network of offices, factories, and warehousing facilities spanning critical regions, cementing its status as an industry frontrunner.

Headquartered in Hong Kong, which also serves as its Global Material Hub, the Group presently oversees operations at 20 offices and manufacturing sites across three continents. These facilities encompass over 100,000 square meters of floor space, house over 200 production lines, and employ a workforce of over 4,000 individuals. Its global manufacturing presence extends across Asia, Europe, and North America. Annually, the Group ships 100 million units of products.

Computime has transitioned to a "region-to-region" model amid the COVID-19 pandemic, reducing exposure to single markets and mitigating logistic and supply chain risks amidst escalating geopolitical tensions. The Group now operates in Greater China, Southeast Asia, the EU, the UK and North America, leveraging nearshoring trends for new business opportunities. This shift entails a 'hub and spoke' infrastructure with four customer support, engineering, and manufacturing hubs, enhancing agility in managing demand fluctuation. Under the specialized and flexible operations strategy, Computime adopts a FHO model, emphasizing smaller and specialized sites over mega sites.

OUTLOOK

Looking forward, the global economy is expected to remain uncertain in 2024. According to projections by the International Monetary Fund ("IMF"), there will be a slight decrease in global growth, dropping to 2.9% from 3% in 2023. Much of this growth is expected to originate from emerging markets, while advanced economies are anticipated to experience tepid growth. Continuing from recent years, the ongoing impact of geopolitical tensions will continue to reverberate, contributing to volatility in stock markets worldwide.[3]

Technologically, the accessibility and versatility of AI not only indicate a broad impact across various sectors of the economy but also potentially signal a faster implementation compared to similar past advancements. The emergence of AI, particularly generative AI, is a key aspect of the multifaceted transformation driving a new era of expansion for the global economy. Already, it is profoundly reshaping economies and industries, offering potential advances in automation, productivity, efficiency, and data analysis.

The growing demand for sustainability is poised to reshape business operations on the environmental front, compelling companies to take proactive steps in addressing the multifaceted risks posed by climate change. As awareness spreads, more individuals, including homeowners, are embracing their role in safeguarding the environment.

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[3] *What does 2024 have in store for the economy? Leading chief economists give their views, World Economic Forum, https://www.weforum.org/agenda/2024/01/economic-outlook-2024-recession-inflation*

In response to the dynamic landscape, Computime has implemented a multifaceted strategy to seize opportunities in the smart living and technology sectors while adeptly navigating financial uncertainties in the short and long term. We remain committed to investing in cutting-edge technologies, such as AI and ML, to empower consumers to efficiently manage energy and advance towards net zero through our expanding range of smart home and sustainable living solutions.

Despite the challenging marketing environment and geopolitical uncertainties in 2024, the Group's business outlook remains bright, especially within our Branded Business segment, as we anticipate increased demand in both the US and European markets in 2024. In response to this favorable forecast, we are strategizing a new business ramp for Salus, our proprietary brand for smart home products, thermostats, and system equipment and accessories. Alongside expanding into new markets, we will prioritize financial prudence by implementing tighter expense and capital expenditure control measures.

Additional financial control measures to enhance our bottom line involve implementing a headcount freeze, intensifying cost control efforts, and effectively managing finance costs. Concurrently, we strategically focus on improving material and operational efficiency to optimize our financial performance further.

Driving Computime's transformation through strategic growth themes

The Group has transformed from a traditional engineering and manufacturing company to a technology, brand and manufacturing company. We are fueling our expansion to become a smart and sustainable living leader with formulated growth themes. Our strategic direction and operating framework have been realigned to achieve pivotal objectives. This includes expanding our energy management platform through net-zero home implementation, early adaptation of Matter standards, and enhancing our water conservation product portfolio. We aim to capture the growing smart and sustainable living markets, seize nearshoring opportunities, and introduce new product categories while emphasizing high-performing products and nurturing organic growth.

Financially, our focus is on bolstering cash reserves, increasing profitability, and boosting sales through measures to improve profit margins and cash position. We plan to re-engineer internal processes, particularly in the Global Material Hub order management, and material management areas, to enhance inventory turnover, reduce operating costs, and improve overall productivity. These initiatives aim to secure leadership in the fast-growing sustainability and smart home sectors while enhancing our quality, efficiency, and margins.

Targeted growth

The expanding green and smart markets present significant opportunities, and the Group is strategically positioned to seize them by introducing innovative product platforms. Our substantial investment in R&D, particularly in energy and water management platforms utilizing AI, demonstrates our commitment to developing world-leading sustainable solutions.

We are dedicated to meeting the latest benchmarks in the smart home and IoT sectors by adhering to the new Matter standards. Matter, an open-source connectivity standard, allows us to create devices that seamlessly integrate with other smart technologies, enhancing user experience and convenience. These initiatives highlight our commitment to industry leadership, addressing evolving consumer needs and driving our growth in these dynamic markets.

Globalization rewired

The COVID-19 outbreak has demonstrated the risks of relying solely on a single country for our supply chain, manufacturing, and other operational processes. However, it has also brought into focus the numerous business opportunities presented by the demand of our customers in Europe and North America. In response, Computime has restructured its growth strategy towards a "region-to-region" model.

The strategic investments made by the Group are aimed not only at enhancing our ability to meet the evolving demands of our global customer base, but also at bolstering our resilience, particularly concerning supply chain integrity and other variables in a swiftly changing world. We have strategically established cutting-edge manufacturing facilities in key locations such as Malaysia, Vietnam, Mexico and Romania to achieve this. These locations align with our priorities of offering proximity and efficiency to our customers. This strategic shift reflects our commitment to thriving in a rewired era of globalization.

1-to-N technologies

Computime's transformation into a green, sustainable technology innovator represents a significant investment. With a team of over 200 R&D engineers and over 200 patents in strategic markets, we are leading the charge in green and smart living technologies. Our R&D efforts are concentrated on energy management, water management, and cutting-edge Matter standards, cementing our leadership position in these fields.

We leverage the latest sensor and connectivity technologies to develop our platforms. Additionally, our AI model for energy management, created using data from users worldwide, has demonstrated savings of up to 25% on energy bills. We are integrating this algorithm into our latest products and services.

Moving forward, we are working on incorporating AI into predictive equipment maintenance diagnostics, aiming to reduce equipment failures significantly. We meet current market demands by adopting a 1-to-N approach while proactively shaping future technological landscapes. Our commitment to pioneering energy and water management solutions reflects our dedication to industry best practices and sustainability.

Operation remastered

Operation remastered over the past five decades, Computime has evolved from a small factory into a transnational organization with over 4,000 employees. We have continuously refined our operations throughout this journey to accommodate our expanding footprint.

To ensure operational agility, adaptability, and responsiveness to change, we have successfully implemented SAP in Computime, which covers sales and distribution, supply chain management, manufacturing, financial accounting, logistic and warehouse management, and human resources management. We see improvement in operation efficiency through centralizing data, creating analytics to drive improvement, and automating manual administration-heavy processes. Furthermore, SAP improves data security by providing limited access to relevant information through built-in security systems and firewalls.

In addition, we have established a BPM team to focus on a systematic approach to optimize and streamline our business processes. It involves identifying, documenting, analyzing, and improving processes to achieve operational efficiency and meet organizational goals. Our ultimate goals are to improve customer satisfaction, to achieve continuous improvement, to drive digital transformation, and to enhance the overall performance of Computime.

Conclusion

As Computime commemorates its 50th anniversary this year, we reflect on the journey of innovation and growth we have undertaken over the past decades, one that has been filled with entrepreneurial struggles, determination, breakthroughs, growth, and notable achievements. This journey has defined our corporate trajectory and shaped our identity. Having navigated diverse challenges for half a century, the Group has proven the value of its efforts. As we look ahead, we are implementing strategies for a more stable and sustainable future, fully prepared to meet upcoming challenges and seize new opportunities.

Propelling forward, we are guided by the vision to be a leading innovator and enabler of smart and sustainable living, catalyzing positive change for both present and future generations.

Central to our mission is the aspiration to democratize smart and sustainable living through cutting-edge technologies, innovative products, and forward-thinking manufacturing solutions. By harnessing the power of technology and embracing sustainability as a core value, we aim to empower individuals and communities worldwide to lead more connected, efficient, and environmentally conscious lives.

Continuing our course of transformation, we remain steadfast in our dedication to excellence, integrity, and social responsibility. With a bold vision and a relentless pursuit of innovation, Computime is ready to shape the future of smart and sustainable living, driving positive impact and transformation in decades to come.

Liquidity, Financial Resources, and Capital Structure

The Group maintained a sound financial and liquidity position in the Year. As of 31 March 2024, the Group maintained cash and bank balances of HK$226,699,000 (FY2023: HK$307,770,000), which included cash and bank balances of HK$210,824,000 (FY2023: HK$253,733,000) and restricted deposits of HK$15,875,000 (FY2023: HK$54,037,000) for issuance of bank acceptance notes. The Group held a cash and bank balance of HK$53,263,000 (FY2023: HK$80,322,000) denominated in RMB. The remaining balance was mainly denominated in US dollars, Hong Kong dollars ("HK dollars" or "HK$"), or Euros ("EUR"). Overall, the Group maintained a robust current ratio of 1.5 times as of 31 March 2024 (FY2023: 1.3 times).

As of 31 March 2024, total interest-bearing bank borrowings were HK$136,445,000 (FY2023: HK$223,510,000), comprising mainly bank loans repayable within one year. Most of these borrowings were denominated in US dollars, HK dollars, or EUR (FY2023: US dollars, HK dollars, or EUR), and the interest rates applied were primarily subject to floating rate terms.

As of 31 March 2024, total equity attributable to owners of the Company amounted to HK$1,380,738,000 (FY2023: HK$1,318,240,000). The Group had a net balance of total cash and bank balances less total interest-bearing bank borrowings of HK$90,254,000 (FY2023: HK$84,260,000).

Treasury Policies

The Group is exposed to foreign exchange risk through sales and purchases denominated in currencies other than the functional currency of the operations to which they relate. The currencies are primarily US dollars, RMB, EUR, and British pounds ("GBP"). The Group closely monitors its overall foreign exchange exposure from time to time and will adopt a proactive but prudent approach to minimise the relevant exposures.

Capital Expenditure and Commitments

During the Year, the Group incurred total capital expenditures of approximately HK$160,320,000 (FY2023: HK$165,612,000) for additions to leasehold land, property, plant, and equipment, software as well as deferred expenditure associated with developing new products.

As of 31 March 2024, the Group had capital commitments contracted but not provided for HK$8,102,000 (FY2023: HK$23,470,000), mainly for the acquisition of property, plant, and equipment.

Contingent Liabilities

As of 31 March 2024, the Group had no significant contingent liabilities (FY2023: Nil).

Charges on Assets

The Group undertakes to the bank that short term bank deposits of HK$15.9 million (FY2023: HK$54.0 million) must be maintained with the respective bank during the life of certain bill payables.

Employee Information

As of 31 March 2024, the Group had a total of 4,005 employees (FY2023: 4,221 employees). Total staff costs for the Year amounted to HK$652,372,000 (FY2023: HK$685,540,000). Salaries and wages are generally reviewed annually by individual qualifications, performance, the Group's results, and market conditions. The Group provides its employees year-end double pay, discretionary bonus, medical insurance, provident fund, educational subsidy, and training.

Share Schemes

A new share award plan ("2023 Share Award Plan") and new share option scheme ("2023 Share Option Scheme") (the "Share Schemes") has been adopted by the Company in the annual general meeting on 7 September 2023. Details of the 2023 Share Award Plan and the 2023 Share Option Scheme were set out in the circular of the Company dated 25 July 2023 (the "Circular"). The purposes of the Share Schemes are to recognise and reward the contributions of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Details of the Share Schemes during the Year are disclosed in P.32 to P.35 under the "Report of Directors" in this report.

Profile of Chairman Emeritus, Directors, Senior Management and Company Secretary

Chairman Emeritus

AUYANG Ho, aged 92

Mr. AUYANG Ho ("Mr. AUYANG") was an executive director ("Executive Director"), chairman of the Board ("Chairman"), chairman of both the executive committee ("Executive Committee") and nomination committee ("Nomination Committee") and a member of the remuneration committee ("Remuneration Committee") of the Company until 13 April 2022. He is now a director of Computime International Limited, a subsidiary of the Company. Besides, Mr. AUYANG is a director and a shareholder of Solar Power Group Limited, the controlling shareholder of the Company. He is the father of Mr. AUYANG Pak Hong Bernard ("Mr. Bernard AUYANG"), an Executive Director, Chairman and the chief executive officer of the Company ("Chief Executive Officer"). Mr. AUYANG co-founded the Group in 1974. He graduated from the South China Institute of Technology (now known as the South China University of Technology), where he studied structural engineering. Mr. AUYANG has more than 50 years of experience in manufacturing operations, product management and development in the electronics industry. Prior to founding the Group, Mr. AUYANG was an engineer in the Ministry of Railways of the People's Republic of China. During the period from April 1965 to January 1973, he worked in the group of The Hong Kong Chiap Hua Manufactory Company, (1947) Limited (now known as "Chiaphua Limited") (this group is hereinafter referred to as "Chiaphua Group"). He had served as an assistant plant manager of the extrusion plant for The Hong Kong Chiap Hua Manufactory Company (1947) Limited from April 1965 to December 1970. From January to September 1970, he acted as a project manager for International Containers Limited (a company formed by Chiap Hua Group and another party and has now been dissolved) and was responsible for supervising and co-ordinating the setting-up of a new manufacturing plant and all the facilities. In September 1970, he was formally promoted as the plant manager of International Containers Limited and held the position until he left Chiap Hua Group in January 1973. Mr. AUYANG then formed the Group and under his leadership, the Group received The Chinese Manufacturers' Association of Hong Kong New Product Award in 1976. Mr. AUYANG has been instrumental in spearheading the Group's expansion and has secured many key customers since 1980.

Directors

Executive Directors

AUYANG Pak Hong Bernard, aged 56

Mr. Bernard AUYANG is an Executive Director, the Chairman and the Chief Executive Officer of the Group (the "CEO"). He is a son of Mr. AUYANG Ho, the Chairman Emeritus of the Company. Bringing with him over 30 years of experience in the electronic industry and general management, Mr. Bernard AUYANG also serves as the chairman of the Nomination Committee and the Executive Committee and member of the Remuneration Committee.

Mr. Bernard AUYANG has been the chairman of a Hong Kong-based investment firm; and was a chief executive officer of a brand and technology company focusing on innovative communication and outdoor products. Mr Bernard AUYANG is the vice chairman of the board of directors of CUHK Medical Centre Limited.

Mr. Bernard AUYANG was an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee and the nomination committee of Lever Style Corporation, a company listed on the Main Board of the Stock Exchange (Stock Code: 1346) from 12 October 2019 to 2 May 2022. He was also an outside director, and the chairman of both of the nomination committee and the compensation committee of Sumida Corporation, a company listed on the Tokyo stock exchange, First Section (stock code: 6817) from 20 March 2013 to 25 March 2022.

Mr. Bernard AUYANG received the Young Industrialist Awards of Hong Kong in 1999 and was named the Hong Kong Young Industrial Ambassador in 2002. He was also the past international chairman of the Young Presidents' Organization (YPO), a global network of chief executives, from 2014 to 2015. Mr. Bernard AUYANG is the Vice-Chairman, IT Committee Chair, and a Board member of CUHK Medical Center. He is a Trustee of St. Paul's Co-educational College Charitable Trust and was a Council Member of St. Paul's Co-educational College from 2012 to 2023. He is a Member of the Committee of Overseers of Wu Yee Sun College of CUHK, an Honorary Awards Committee Member, an Honorary Court Member of the Council of the Hong Kong University of Science and Technology, and a former Council member and current Honorary Court Member of Lingnan University. Mr. Bernard AUYANG obtained a Bachelor of Arts magna cum laude in East Asian Studies and Economics from Harvard University in the U.S.A. in 1991.

WONG Wah Shun, aged 61

Mr. WONG Wah Shun ("Mr. Kent WONG") is an Executive Director and serves as a member of the Executive Committee. Having over 30 years of experience in the electronic industry focusing on product development, manufacturing, distribution and brand development, he was the chief executive officer of the Branded Business in VTech Telecommunication before leaving the company in 2008, after 19 years working with them. Afterwards, he worked in companies with renowned brands on product and technology sides at a senior executive level, notably including being the president of Salus Solutions of the Group in the year of 2009. Mr. Kent WONG is a Chartered Engineer and a member of the Institution of Engineering and Technology (IET). He earned a Master's degree in Engineering Management from City University of Hong Kong, a Master's degree in Engineering from the University of Warwick, a Master's degree in Business Administration from the University of Strathclyde and an Executive Master's degree in Business Administration from the Kellogg-HKUST. He also holds 3 invention patents in the United States Patent and Trademark Office.

Non-executive Directors

KAM Chi Chiu, Anthony, aged 62

Mr. KAM is a non-executive director (the"Non-executive Director") and a member of the audit committee ("Audit Committee") of the Company. Mr. KAM is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Institute of Chartered Accountants in England and Wales. He holds a Master's degree in Mathematics from the University of Oxford in the United Kingdom. He is qualified as a chartered accountant in London and currently practices as a certified public accountant in Hong Kong. Mr. KAM was appointed as a Non-executive Director in September 2006.

WONG Chun Kong, aged 63

Mr. WONG Chun Kong ("Mr. CK WONG") is a Non-executive Director and a member of the Nomination Committee. He is a solicitor of the High Court of Hong Kong. Mr. CK WONG was educated in both Hong Kong and England. He has substantial experience in civil litigation and deals mainly in commercial, personal injuries, banking and administrative law litigation, corporate acquisition, cross-border joint ventures etc. He had served as a Deputy Adjudicator of the Small Claims Tribunal of Hong Kong Special Administrative Region (the "HKSAR") in 1998 and as an Adjudicator of the Registration of Persons Tribunal of HKSAR during the period from March 2005 to February 2011. He was also a panel member of the Municipal Services Appeals Board of HKSAR during period from January 2009 to December 2014. He is now a Chief Adjudicator of the Registration of Persons Tribunal of HKSAR. Mr. CK WONG has been a Non-executive Director of the Company since February 2008.

Independent Non-executive Directors

HO Pak Chuen Patrick, aged 69

Mr. HO is an Independent Non-executive Director, chairman of the Remuneration committee and a member of the Audit Committee and the Nomination Committee. Mr. HO is currently the chief operating officer of Fung Investment Management Limited, he also holds directorship in a number of private companies within the Fung Group, a Hong Kong-based multinational which comprises major subsidiaries in trading, logistics, distribution and retailing. Mr. HO is also an independent non-executive director, the chairman of the remuneration committee, and a member of the audit committee, the nomination committee and the health, safety and environment committee of Yip's Chemical Holdings Limited, a company listed on the Main Board of The Stock Exchange (Stock Code: 408). Mr. HO was a director of Global Brands Group Holding Limited from 10 August 2021 to 30 June 2022, a company delisted from the Stock Exchange on 25 July 2022. Mr. HO previously was with The Dow Chemical Company and retired in 2018 after 40 years of service. He was Global Business Director for Ethylene Oxide, Propylene Oxide and Derivatives in Chemicals and Metals in Dow headquarters in Midland, Michigan. Mr. HO returned to Hong Kong in 1998 as President for Dow Chemical, Asia Pacific region, Global Vice President for Epoxy and Specialty Chemicals and subsequent served as the Asia Pacific Vice President for manufacturing, public and government affairs. Mr. HO was the Chairman of Association of International Chemical Manufacturers (AICM) in Hong Kong/China from 2001 to 2003. Mr. HO holds a bachelor degree in Chemical Engineering from Queen's University at Kingston, Canada. Mr. HO was appointed as an Independent Non-executive Director in July 2020.

Roy KUAN, aged 57

Mr. KUAN is an Independent Non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. Mr. KUAN is the chairman and chief executive officer of Generation Asia Acquisition I Limited, a US$220 million special purpose acquisition company listed on the New York Stock Exchange (NYSE: GAQ). Previously, Mr. KUAN worked for over 20 years and was a managing partner at CVC Capital Partners, a leading global private equity firm with US$140 billion in cumulative funds under management. Mr. KUAN has invested and served on the boards of companies across the telecom, media, consumer, business services, and industrial sectors in Asia. Prior to CVC, Mr. KUAN was an investment director at Citigroup's Asian private equity investment division. Mr. KUAN received his Master of Business Administration degree from the Wharton School, University of Pennsylvania. He earned his Bachelor of Arts degree from Georgetown University, where he was a George F. Baker Scholar. Mr. KUAN was appointed as an Independent Non-executive Director in September 2020.

LEE Shang Yuee Christabel, aged 51

Ms. LEE is an independent Non-executive Director, and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Ms. LEE is an experienced business leader with a career focused in the finance industry in Hong Kong. She has over 25 years of experience in general management and corporate finance. Ms. LEE is currently the President of Toppan Nexus in Asia Pacific, which she joined in 2000. She spearheaded the growth of Toppan Merrill and Toppan Nexus, into a recognized industry leader and the expansion of the group from Hong Kong to Singapore, China, the USA, and Europe over the past two decades. Prior to joining Toppan Nexus, Ms. LEE worked in the corporate finance team of Schroders Asia, where she worked on a variety of high-profile corporate restructuring, group reorganization, merger and acquisition and equity capital market transactions for blue-chip listed companies and multinational corporations in Hong Kong. Ms. LEE obtained a Bachelor of Science in Economics from the University College London in 1993. She attended The General Management Program at Harvard Business School in 2005. Ms. LEE was appointed as an Independent Non-executive director with effect from 7 September 2023.

MAY Man Yee Mariana, aged 62

Ms. MAY is an independent Non-executive Director, and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Ms. MAY is currently working in a boutique search firm specializing in the recruitment of information technology, financial and banking executives. Ms. MAY has over 20 years of experience as a senior banker with international corporate and investment banks covering conglomerates in the Greater China region. She was a director and Head of Conglomerates with Westpac in Hong Kong, a director of Global Corporates in Standard Chartered Bank, and worked in both the corporate finance and the debt capital markets divisions of Schroders Asia Limited. Ms. MAY is a qualified Canadian Chartered Professional Accountant and graduated from the University of British Columbia with a Bachelor of Commerce from the Sauder School of Business. She worked for KPMG in Vancouver and Hong Kong before pursuing her career in banking. Ms. MAY is also the Honorary Secretary of the Friends of Caritas in Hong Kong. Ms. MAY was appointed as an Independent Non-executive director with effect from 1 December 2023.

Senior Management

POON Jimmy Chi Man, aged 65

Mr. POON joined the Group in 2019 as Chief Operating Officer. Mr. POON showed his earliest stints in the US with his leadership role on process and product development as well as programs and operations. On relocating back to Hong Kong, he became the vice president of operations for Kalex, a printed circuit board manufacturer. Subsequently, he spent 13 years with Multek/Flextronics in charge of operations for multiple factories in the Zhuhai area of Mainland China, as well as running the entire Quality program for Multek globally. He was the chairman of Flextronics's Six Sigma Council leading this business excellence initiative globally. Mr. POON had also assumed chief operating officer for TTM Technologies and senior vice president of global operations for Universal Electronics Inc. Prior to joining Computime, he was the vice president of asia operations and global quality for Isola Group, a global leader of copper-clad laminates and dielectric prepregs. Mr. POON earned a Bachelor degree in Chemical Engineering from Columbia University, US, a Master degree in Mechanical Engineering from Polytechnic University of New York, US, and an MBA from Hofstra University, US.

CHUNG Ming Kit, aged 46

Mr. CHUNG joined the Group in 2022 as Chief Financial Officer. He was appointed as the company secretary of the Company ("Company Secretary") on 3 January 2024. He has over 20 years of experience in finance, accounting and management. Prior to joining our Group, he had worked in an international accounting firm and other companies listed on the Main Board of the Stock Exchange, NASDAQ and the Singapore Exchange Limited. Mr. CHUNG obtained his Bachelor degree in business administration in accounting from the Hong Kong University of Science and Technology in Hong Kong. He is a holder of a Chartered Financial Analyst of the CFA Institute and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of Cutia Therapeutics since 12 June 2023, a company listed on the Stock Exchange (Stock Code: 2487).

CHOI Lap Hung, aged 61

Mr. CHOI joined the Group in 2020 and is the President of Control Solutions of the Group. He is a veteran of the electronic manufacturing services ("EMS") industry, and brings with him over 30 years of experience in a variety of capacities including industrial product R&D, supply chain strategy, operations as well as business development. Mr. CHOI oversees the sales function and is responsible for customer relationships across Europe, the US and the Asia-Pacific region. Prior to joining Computime, Mr. CHOI was a vice president of Kaifa Technology Limited where he oversaw the corporate supply chain strategy and expanded the business in Asia, Europe and the Middle East. Before that, he was a general manager of VTech Communications Limited where he oversaw international business development. Mr. CHOI holds a Master of Science degree in Manufacturing Systems Engineering from the University of Warwick in the United Kingdom.

HO Pak Tong Jimmy, aged 61

Mr. HO Pak Tong Jimmy ("Mr. Jimmy HO") joined the Group in 2014, and is the Vice President – Global Human Resources. He has over 25 years of experience in Human Resources. Mr. Jimmy HO has held senior positions as regional and global head of human resources in sizable multinational and local companies including WL Gore & Associates, Novo Nordisk, ASML, Spotless Group and Lee Kum Kee. Mr. Jimmy HO graduated from The Hong Kong Polytechnic University and has a Master of Science degree in Human Resources Management from the College of Dublin, National University of Ireland.

WONG Kung Keung Roger, aged 60

Mr. WONG Kung Keung Roger ("Mr. Roger WONG") joined the Group in 2020, and is the Vice President of Global Operations. He has over 25 years of experience in both manufacturing and supply chain. Prior to joining Computime, Mr. Roger WONG was the general manager and legal representative of Belton Technology Group, where he led and managed their operations located in Wuxi, Zhuhai, Dongguan and Shenzhen. Mr. Roger WONG was with Flextronics/ Multek for 18 years where he served different leadership roles, as the senior director for supply chain management for 13 facilities worldwide, the general manager of operations for six factories located in Hong Kong and Zhuhai. Mr. Roger WONG holds a Fellow of Management and Business Administration from the Professional Validation Council of Hong Kong Industries in 2016 and a holder of three Masters degrees – Master of Chinese Law from Renmin University of China in 2009, an Executive Master of Business Administration from the Chinese University of Hong Kong in 2006 and a Master of Engineering Business Management from the University of Warwick/The Hong Kong Polytechnic University in 1999. He has a Diploma in Purchasing and Supply and Post Experience in Industrial and Operations Management, both from The Hong Kong Polytechnic University. He also holds a diploma in Demand Flow Technology and Business Strategy from John Costanza Institute of Technology Incorporation.

Jeroen STEENBLIK, aged 50

Mr. STEENBLIK joined the Group in 2021 and is the Chief Technology Officer and the Vice President of Computime Brands of the Group. He has over 20 years of extensive experience in the consumer electronics industry having worked in engineering, consumer marketing and business management. For over 18 years, he worked at Philips in the Netherlands, Singapore and Hong Kong, where he developed and successfully launched many highly innovative products to market amongst the first connected home entertainment and IoT products. In recent years, he was involved in helping to diversify the consumer electronics portfolio in TCL Electronics by setting up and successfully starting the new soundbar business group, which with its innovative product range ranked in many awards at IFA 2019 and CES 2020. Mr. STEENBLIK holds a Bachelor degree in Electrical and Electronic Engineering from Fontys University in the Netherlands.

HA Wai Leung, aged 65

Dr. HA joined the Group in 1998, and is the Executive Vice President – Research and Development. He is a Chartered Engineer and a member of The Institute of Measurement and Control and IET, as well as a senior member of The Institution of Electrical and Electronics Engineers, with over 30 years of working experience in engineering and research and development. Prior to joining Computime, he worked as senior management in R&D in various electronics companies in Hong Kong and Singapore. He obtained an Engineering Doctorate's degree in Engineering Management from City University of Hong Kong, a Master degree in Electronic Systems Design from City University of Hong Kong, a Master degree in Engineering from The University of Hong Kong, and an Associateship and Higher Diploma in Electrical Engineering from The Hong Kong Polytechnic University.

FU Mei Yuk, aged 53

Ms. FU rejoined the Group in 2020 as the Vice President – Business Development. She has over 25 years of experience in the sales and marketing and business development in the EMS industry. She held various senior management positions previously, including working as the General Manager of Business Development for 10 years in the Group. Prior to rejoining Computime, Ms. FU was the vice president of business development in Wise Ally International Holdings Limited. She obtained a Bachelor degree in Organisation Studies and Sociology from the University of Lancaster in the United Kingdom.

CHEUNG Kam Tim, aged 59

Mr. CHEUNG joined the Group in 2018, and is the Head of Engineering. He has over 30 years of experience in consumer products segment, 10 years of which in electronic product development, 10 years in mobile phone industry, and 10 years in semi-conductors. Mr. CHEUNG gained valuable experience at Motorola where he had worked for 10 years in key roles in Product Engineering and integrated circuit ("IC") Design. Subsequent to his career in Motorola, Mr. CHEUNG successfully took key positions at companies such as WE3 Technology, Solomon Systech, and Wong's Electronics Company, and build an extensive track record in mobile phone and consumer electronic segments. He published a technical paper in the Proceedings of IEEE International Symposium on Circuits and Systems and has four patents issued in the US. He was the key contributor of winning three awards from Hong Kong Awards for Industries and one award from The Institution of Engineering and Technology (IET) Innovation Awards. Mr. CHEUNG is a Chartered Engineer and a member of IET. He holds a Master Degree and a Bachelor Degree in Engineering, majoring in Electronics and Communication from The Hong Kong Polytechnic University.

Company Secretary

CHUNG Ming Kit, aged 46

Mr. CHUNG was appointed as the Company Secretary on 3 January 2024. Details of the biography of Mr. CHUNG is disclosed under the "Profile of Chairman Emeritus, Directors, Senior Management and Company Secretary" in this report.

Report of the Directors

The Board is pleased to present this report together with the audited consolidated financial statements of the Group for the Year.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The subsidiaries of the Company is principally engaged in the research and development, manufacture, sales, and brand management of electronic control products, focusing on smart and sustainable living. There was no significant change in the Group's principal activities during the Year.

An analysis of the Group's performance for the Year by business and geographical segments is set out in note 4 to the financial statements.

Results and Appropriations

The results of the Group for the Year and financial position of the Group as at that date are set out in the sections headed "Consolidated Statement of Profit or Loss" and "Consolidated Statement of Financial Position" respectively in this annual report.

The Board has resolved to recommend to the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company to be held on Thursday, 5 September 2024 (the "2024 AGM") a final dividend of HK$0.05 per share for the Year (the "Proposed Final Dividend") to be paid on Friday, 25 October 2024 to those Shareholders whose names appear on the register of members of the Company on Wednesday, 9 October 2024.

Closure of Register of Members

(a) Entitlement to attend and vote at the 2024 AGM

The 2024 AGM is scheduled to be held on Thursday, 5 September 2024. For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 2 September 2024 to Thursday, 5 September 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2024 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 30 August 2024.

(b) Entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of the Shareholders at the 2024 AGM. For determining the entitlement to the Proposed Final Dividend, the register of members of the Company will also be closed from Monday, 7 October 2024 to Wednesday, 9 October 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 4 October 2024.

Business Review

A review of the Group's business during the Year, which includes a discussion of the principal risks and uncertainties facing by the Group, particulars of important events affecting the Group, an analysis of the Group's performance using financial key performance indicators, an indication of likely future developments in the Group's business, can be found in the Chairman's Statement and Management Discussion and Analysis contained in this annual report. The aforesaid sections form part of this Report of the Directors.

Environmental and Social Performance

The Group emphasises the importance of business ethics, environmental protection and innovation as part of its corporate culture. We recognise that sustainable development of our business requires our continuous progress in terms of the economy, environment, social, and governance responsibility. To further enhance our commitment in adherence to the environmental and social responsibilities, we have set up an ESG management committee to support the Board in overseeing the implementation of our policies in this regard. We set quantitative environmental reduction targets using environmental key performance indicators on electricity consumption, greenhouse gas emissions, water consumption and general waste, to cover the period up to Year 2025. We also disclose the significant climate related issues which have impacted and may impact the Group's businesses. The ESG report for the Year which contains further details of the Company's environmental policies and performance is published on the Company's website, as well as the website of the Stock Exchange.

The Group has complied with the relevant laws and regulations that have a significant impact on the Group.

Relationship with Employees, Customers and Other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the Year, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

Donations

Charitable and other donations made by the Group during the Year amounted to approximately HK$311,000.

Share Capital

Details of the share capital of the Company are set out in note 31 to the financial statements.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any predetermined dividend payout ratio. Depending on the financial conditions of the Company and the Group, and the conditions and factors as set out in the Dividend Policy (including but not limited to the Group's financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans), dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

Equity-Linked Agreements

For the Year, the Company has not entered into any equity-linked agreements, save for share options granted under the paragraph headed "Share Schemes" in this Report of the Directors and in note 32 to the financial statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2024, calculated in accordance with statutory provisions applicable in the Cayman Islands, amounted to HK$877,185,000 (before deduction of the proposed final dividend of HK$42,127,000).

Bank Borrowings

Particulars of the bank borrowings of the Group as at 31 March 2024 are set out in note 29 to the financial statements.

Pension Scheme

The pension scheme contributions are set out in note 7 to the financial statements.

Pre-emptive Rights

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

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the previous financial years is set out in the section headed "Financial Summary" in this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the financial statements.

Directors

The directors of the Company ("Directors") during the Year and up to the date of this report are as follows:

Executive Directors:

Mr. AUYANG Pak Hong Bernard *(Chairman and Chief Executive Officer)*
Mr. WONG Wah Shun

Non-executive Directors:

Mr. KAM Chi Chiu, Anthony
Mr. WONG Chun Kong

Independent Non-executive Directors:

Mr. HO Pak Chuen Patrick
Mr. Roy KUAN
Ms. LEE Shang Yuee Christabel *(Note 1)*
Ms. MAY Man Yee Mariana *(Note 2)*
Mr. LUK Koon Hoo *(Note 3)*
Mr. Patrick Thomas SIEWERT *(Note 3)*

Notes:

(1) Appointed as the Independent Non-executive Director with effect from 7 September 2023

(2) Appointed as the Independent Non-executive Director with effect from 1 December 2023

(3) Retired as the Independent Non-executive Director with effect from 7 September 2023

Pursuant to Article 86(3) and Article 87 of the Articles of Association, Mr. KAM Chi Chiu, Anthony, Mr. WONG Chun Kong, Mr. Roy KUAN, Ms. LEE Shang Yuee Christabel and Ms. MAY Man Yee Mariana will retire from office by rotation at the 2024 AGM. Mr. Roy KUAN will not offer himself for re-election at the 2024 AGM and will retire while Mr. KAM Chi Chiu, Anthony, Mr. WONG Chun Kong, Ms. LEE Shang Yuee Christabel and Ms. MAY Man Yee Mariana, being eligible, will offer themselves for re-election at the 2024 AGM.

Independence Confirmation

The Company has received annual confirmations of independence from Mr. HO Pak Chuen Patrick, Mr. Roy KUAN, Ms. LEE Shang Yuee Christabel and Ms. MAY Man Yee Mariana pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all the existing Independent Non-executive Directors remain independent as at the date of this report.

Directors' Service Contracts

None of the directors being proposed for re-election at the 2024 AGM has a service agreement with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transaction, Arrangement or Contract

Save as disclosed in note 35 to the financial statements, no transaction, arrangement or contract of significance in relation to the Group's businesses to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Biographical Details of Directors and Senior Management

Biographical details of directors and senior management are set out under the section headed "Profile of Chairman Emeritus, Directors, Senior Management and Company Secretary" in this report. The directors' biographies are also available on the Company's website.

Directors' and Senior Management's Emoluments

A summary of the directors' and senior management's remuneration is set out in note 8 to the financial statements and in the section headed "Corporate Governance Report" in this report respectively.

Permitted Indemnity Provision

The Articles of Association provide that the directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any director. The Company has taken out and maintained appropriate insurance to protect the Directors against potential costs and liabilities arising from claims brought against the Directors. Such permitted indemnity provision for the benefit of the Directors is currently in force and was in force during the Year.

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 31 March 2024, the interests of the directors of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO"); or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in the Listing Rules were as follows:

Long position in the shares of the Company

Name of director	Capacity	Number of ordinary shares interested	*Approximate percentage of the Company's issued share capital
Mr. AUYANG Pak Hong Bernard	Beneficial owner	4,268,500	0.5%
Mr. WONG Wah Shun	Beneficial owner	474,000	0.05%

* *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2024.*

Save as disclosed above, as at 31 March 2024, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as 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.

Directors' Rights to Acquire Shares

Save as disclosed in note 32 to the financial statements about the Company's share option schemes and share award plan, at no time during the Year was the Company, or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 March 2024, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long position in the shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested		*Approximate percentage of the Company's issued share capital
Solar Power Group Limited ("SPGL")	Beneficial owner	352,500,000	*(Note 1)*	41.84%
Mr. AUYANG Ho	Interest of controlled corporation	352,500,000	*(Note 1)*	41.84%
	Beneficial owner	1,023,200		0.12%
Ms. TSE Shuk Ming	Interest of spouse	353,523,000	*(Note 2)*	41.96%
Mr. HEUNG Lap Chi, Eugene	Beneficial owner	159,878,000		18.97%
Ms. LEUNG Yee Li, Lana	Interest of spouse	159,878,000	*(Note 3)*	18.97%
YEOMAN 3-RIGHTS VALUE ASIA FUND VCC	Investment Manager	43,000,000		5.10%
YEOMAN CAPITAL MANAGEMENT PTE LTD	Investment Manager	42,300,000		5.02%

Notes:

1. *The 352,500,000 shares were held by Solar Power Group Limited, Solar Power Group Limited was wholly-owned by Mr. AUYNAG Ho, the CHAIRMAN EMERITUS of the Company.*

2. *Ms. TSE Shuk Ming was deemed to be interested in 353,523,000 shares of the Company through the interest of her spouse, Mr. AUYANG Ho.*

3. *Ms. LEUNG Yee Li, Lana was deemed to be interested in 159,878,000 shares of the Company through the interest of her spouse, Mr. HEUNG Lap Chi, Eugene.*

* *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2024.*

Save as disclosed above, as at 31 March 2024, no person, other than the directors of the Company whose interests are set out in the section headed "Directors and Chief Executives Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Share Schemes

2023 Share Award Plan

A new share award plan ("2023 Share Award Plan") has been adopted by the Company in the annual general meeting on 7 September 2023 (the "2023 AGM"). Details of the 2023 Share Award Plan are set out in the circular of the Company dated 25 July 2023 (the "Circular"). The purposes of the 2023 Share Award Plan are to recognise and reward the contributions of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The 2023 Share Award Plan shall be valid and effective for a term of 10 years from 7 September 2023 unless terminated earlier by the Board and is administered by the Board or its delegates and the trustee of the 2023 Share Award Plan. The total number of shares to be awarded under the 2023 Share Award Plan shall not exceed 10% of the total number of issued shares of the Company (the "Shares"), being 84,254,000 shares, as at the adoption date of the 2023 Share Award Plan from time to time. The maximum number of Shares which may be awarded to a selected participant under the 2023 Share Award Plan shall not exceed 1% of the total number of issued Shares from time to time. As at 7 September 2023, the number of Awarded Shares available for grant under the 2023 Share Award Plan and other share schemes of the Company under the scheme mandate limit was 84,254,000.

The purposes of the 2023 Share Award Plan are to recognize and reward the contributions of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The eligible participants include the employee participants and related entity participants. The vesting of the Awards is subject to the fulfilment of certain performance targets and other requirements as set out in the grant notice to be entered into between the Company and each Grantee. The performance targets shall include: financial targets such as net profit after tax for the year of the Group and management targets (such as stakeholder engagement, productivity, client satisfaction etc.) which shall be determined based on the (i) individual performance; (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the selected Grantees. There is no service provider sublimit being defined under the 2023 Share Award Plan.

On 26 September 2023 (the "First Grant Date"), the Company granted a total of 6,000,000 award shares (the "Awards") to five senior management of the Group (the "Grantees") pursuant to the 2023 Share Award Plan, which all the Grantees have duly accepted. Each of the Awards represents a conditional right to receive one awarded share subject to certain terms and conditions of the grant of such Awards. Details of the grant of Awards are set out in the announcement of the Company dated 26 September 2023. As at 31 March 2024, the Company has granted accumulated 6,000,000 Awards under the 2023 Share Award Plan. 6,000,000 Awards were unvested and no Awards were vested, expired, lapsed or cancelled.

The closing price of the Shares, immediately before the First Grant Date was HK$0.34. The aggregate fair value of the Awards at the First Grant Date amounted to approximately HK$2,070,000. The fair value of equity-settled the Awards granted was estimated on the basis of the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on 26 September 2023. As at 31 March 2024 and 1 April 2024, the number of Awards available for grant under the 2023 Share Award Plan and other share schemes of the Company under the scheme mandate limit was 78,254,000.

On 26 April 2024 (the "Second Grant Date"), the Board (including all the Independent Non-Executive Directors) resolved to, among other things, grants 5,100,000 and 3,200,000 Awards under the 2023 Share Award Plan to Mr. AUYANG Pak Hong Bernard and Mr. WONG Wah Shun respectively. The conditional grant is subject to the approval of the independent shareholders at the 2024 AGM. The number of Shares available for future grant after the conditional grant of the Awards and options under the 2023 Share Award Plan and the 2023 Share Option Scheme will be 69,954,000 Shares. Details of the conditional grant of Awards are set out in the announcement of the Company dated 26 April 2024. Save as disclosed above, no other share awards were granted after the reporting period.

The closing price of the Shares, immediately before the Second Grant Date was HK$0.37. The aggregate fair value of the Awards at the Second Grant Date amounted to approximately HK$3,071,000. The fair value of equity-settled the Awards granted was estimated on the basis of the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on 26 April 2024.

As at the date of this report, the number of Awards available for grant under the 2023 Share Award Plan and other share schemes of the Company under the scheme mandate limit was 69,954,000, representing approximately 8.30% of the issued share capital of the Company.

Details of the movement of the Awards under 2023 Share Award Plan during the Year were as follows:

Number of the Awards				Changed during the Year					
Category of participant	**Date of grant**	**Vesting period**	**Number of granted Shares**	**Unvested as at 1 April 2023**	**Granted during the Year**	**Vested during the Year**	**Lapsed/ cancelled during the Year**	**Unvested as at 31 March 2024**	**Weighted average closing price of the Share immediately before the date of vesting during the Year**
– Employee participants:	26 September 2023	26 September 2023 to 25 September 2024	2,000,000	–	2,000,000	–	–	2,000,000	N/A
	26 September 2023	26 September 2023 to 25 September 2025	2,000,000	–	2,000,000	–	–	2,000,000	N/A
	26 September 2023	26 September 2023 to 25 September 2026	2,000,000	–	2,000,000	–	–	2,000,000	N/A
– Related entity participants	–	–	–	–	–	–	–	–	–
Total			**6,000,000**	**–**	**6,000,000**	**–**	**–**	**6,000,000**	

Details of the movement of the Awards granted under 2023 Share Award Plan from 1 April 2024 to the date of this report (the "Period") were as follow:

Category of participant	Date of grant	Vesting period	Number of granted Shares	Unvested as at 1 April 2024	Granted during the Period	Vested during the Period	Lapsed/ cancelled during the Period	Unvested as at the date of this report	Weighted average closing price of the Share immediately before the date of vesting during the Period
	Number of the Awards			Changed during the Period					
– Director									
Mr. AUYANG Pak Hong Bernard	26 April 2024	26 April 2024 to 25 April 2025	1,700,000	–	1,700,000	–	–	1,700,000	N/A
	26 April 2024	26 April 2024 to 25 April 2026	1,700,000	–	1,700,000	–	–	1,700,000	N/A
	26 April 2024	26 April 2024 to 25 April 2027	1,700,000	–	1,700,000	–	–	1,700,000	N/A
Mr. WONG Wah Shun	26 April 2024	26 April 2024 to 25 April 2025	1,100,000	–	1,100,000	–	–	1,100,000	N/A
	26 April 2024	26 April 2024 to 25 April 2026	1,100,000	–	1,100,000	–	–	1,100,000	N/A
	26 April 2024	26 April 2024 to 25 April 2027	1,000,000	–	1,000,000	–	–	1,000,000	N/A
– Employee participant	–	–	–	–	–	–	–	–	–
– Related entity participants	–	–	–	–	–	–	–	–	–
Total			**8,300,000**	**–**	**8,300,000**	**–**	**–**	**8,300,000**	

2023 Share Option Scheme

The Company had a share option scheme which was adopted on 14 September 2016 ("2016 Share Option Scheme") following the expiry of the old share option scheme on 14 September 2016 ("2006 Share Option Scheme"). The 2016 Share Option Scheme was terminated in the 2023 AGM. A new share option scheme of the Company was adopted in the 2023 AGM (the "2023 Share Option Scheme") under which the Company can grant options to, inter alia, employees of the Group to subscribe for shares of the Company with a view to rewarding those who have contributed to the Group and encouraging employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and Shareholders as a whole. Details of the 2023 Share Option Scheme are set out in the Circular.

As at 1 April 2023, there is no outstanding share options under the 2006 Share Option Scheme and the 2016 Share Option Scheme and the number of options available for grant under the 2016 Share Option Scheme was 83,642,000, representing approximately 9.93% of the issued share capital of the Company. Since the 2006 Share Option Scheme and the 2016 Share Option Scheme expired on 14 September 2016 and terminated on 7 September 2023 respectively, no further options could be issued under the 2006 Share Option Scheme and the 2016 Share Option Scheme thereafter. During the Year and up to the date of this report, no share options were granted, exercised and cancelled under the 2006 Share Option Scheme, the 2016 Share Option Scheme and the 2023 Share Option Scheme.

As at the date of this report, the number of options available for grant under the 2023 Share Option Scheme and other schemes of the Company under the share scheme mandate limit was 69,954,000, representing approximately 8.30% of issued share capital of the Company.

Management Contracts

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

Major Customers and Suppliers

The percentages of sales for the Year attributable to the Group's major customers are as follows:

Sales

—	the largest customer:	21.3%
—	five largest customers combined:	63.4%

None of the Directors, their close associates or any Shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the Company) had an interest in the major customers noted above.

The aggregate percentage of purchases attributable to the Group's five largest suppliers for the Year was less than 30% of the Group's purchases.

Directors' Interest in Competing Business

As at 31 March 2024, to the best knowledge of the Directors, none of the Directors was considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as Directors to represent the interests of the Company and/or the Group.

Corporate Governance

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" in this annual report.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

Audit Committee

The Audit Committee comprising four Independent Non-executive Directors, namely, Mr. Roy KUAN (chairman of the Audit Committee), Mr. HO Pak Chuen Patrick, Ms. LEE Shang Yuee Christabel and Ms. MAY Man Yee Mariana and a Non-executive Director, namely, Mr. KAM Chi Chiu, Anthony, has reviewed the consolidated financial statements of the Group for the Year and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group and internal controls and financial reporting matters.

Discloseable Transaction

During the Year, the Group had below discloseable transaction, details of which were disclosed in compliance with the requirement of Chapter 14 of the Listing Rules.

The Renewal of the Lease Agreements

On 3 January 2024, Computime Limited, an indirect wholly-owned subsidiary of the Company, as Tenant entered into the 2024 Lease Agreement with the Hong Kong Science and Technology Parks Corporation, owned by the Government of the Hong Kong Special Administrative Region in respect of the renewal of the Lease Agreements for a term of three years commencing from 11 January 2024 to 10 January 2027 for use as the offices of the Group. Details of the Renewal of the Lease Agreements were disclosed in the Company's announcement dated 3 January 2024.

In respect of the discloseable transaction disclosed above, the Directors confirm that the Company has complied with the disclosure requirement in accordance with Chapter 14 of the Listing Rules during the Year.

Event after the Reporting Period

On 26 April 2024, the Board (including all the Independent Non-Executive Directors) resolved to, among other things, grant 5,100,000 and 3,200,000 Awarded Shares under the 2023 Share Award Plan to Mr. AUYANG Pak Hong Bernard and Mr. WONG Wah Shun, respectively. The conditional grant is subject to the approval of the independent shareholders at the 2024 AGM. The number of Shares available for future grant after the conditional grant of the Awards and options under the 2023 Share Award Plan and the 2023 Share Option Scheme will be 69,954,000 Shares. Details of the conditional grant of Awards are set out in the announcement of the Company dated 26 April 2024.

Litigation

On 13 April 2021, the Company received a writ of summons (the "Writ") indorsed with a statement of claim (the "Statement of Claim") filed with the Registry of the High Court of the HKSAR issued by Altis Technology (Hong Kong) Limited, Altis Technology Limited, and Altis Global Limited as the plaintiffs (collectively the "Plaintiffs"). The defendants listed in the Writ are, among others, the Company and three direct or indirect wholly-owned subsidiaries of the Company (CT Nova Limited, Computime China Distribution (Hong Kong) Limited and Computime International Limited); AUYANG Pak Hong Bernard, the Chairman and Chief Executive Officer; and Solar Power Group Limited, a substantial shareholder of the Company. Details of the litigation were disclosed in the Company's announcement dated 13 April 2021.

Sufficiency of Public Float

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

Auditor

Ernst & Young will retire and a resolution for their re-appointment as auditor of the Company will be proposed at the 2024 AGM.

Appreciation

On behalf of the Board, I would like to express my gratitude to our management and staff for their dedication and contribution to the Group throughout the Year.

By Order of the Board

AUYANG Pak Hong Bernard
Chairman and Chief Executive Officer

Hong Kong, 27 June 2024

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the Year.

Corporate Governance Principles and Practices of the Company

The Board believes that good corporate governance practices are important for enhancing corporate value and investors' confidence and interests. The Company has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of the business of the Group, the cornerstone of which is to have an experienced and committed Board and an effective internal control and to enhance its transparency and accountability to Shareholders.

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules. The Board is of the view that the Company has complied with the code provisions (the"Code Provision") set out in the CG Code throughout the Year, except for the deviation from Code Provision C.2.1 of the CG Code as described below:

Code Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. With effect from 13 April 2022, Mr. AUYANG Pak Hong Bernard, the chief executive officer of the Company, has also assumed the role of the Chairman. The Board believes that this can provide the Group with consistent leadership and allow more effective implementation of the overall strategy of the Group. The Board is of the view that this structure does not compromise the balance of power and authority, as major decisions are made in consultation with the Board, which currently comprises a high percentage of independent non-executive directors who can scrutinise important decisions and monitor the power of the chairman and chief executive. The current senior management team of the Group also possesses rich knowledge and experience in different professional fields to assist Mr. AUYANG Pak Hong Bernard to make decisions about the businesses and operations of the Group. The Board believes that the interests of the Group and the Shareholders as a whole have been safeguarded. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group's circumstances.

The Board will continue to enhance the corporate governance practices and standards of the Company appropriate to the conduct and growth of its business and to review such practices and standards regularly to ensure that they comply with the statutory and professional standards and align with the latest developments. The key corporate governance principles and practices of the Company are summarised as follows:

Our Vision, Mission and Values

Computime envisions becoming a leading innovator and promoter of smart and sustainable living with a mission to universalize smart and sustainable living through technologies, products, and manufacturing solutions. Computime advocates for the five core values of "Customer Focus, Solution-Driven, Innovation, Collaboration, and Integrity" to drive the Group's sustainable development.

The Board of Directors

Responsibilities and Delegation

The overall management and control of the Company's business are vested in its Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in the attainment of the objective of creating value to Shareholders, and, on behalf of the Shareholders, overseeing the Company's financial performance. All directors carry out their duties in good faith and in compliance with the standards of applicable laws and regulations, take decisions objectively and act in the interests of the Company and its Shareholders at all times.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Company has maintained various measure and mechanisms to ensure that independent views and input are available to the Board. All Directors have full, timely and independently access to all relevant information as well as the advice and services of the senior management, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board.

The implementation and effectiveness of the relevant measures and mechanisms are reviewed by the Board on an annual basis.

The day-to-day management, administration and operation of the Company are led by the Executive Committee and the Chief Executive Officer of the Company. The Board has also delegated a schedule of responsibilities to the senior management of the Company, which include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems. The Board has the full support of the senior management to discharge its responsibilities.

The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the foregoing officers and senior management.

Board Composition

As at 31 March 2024, the Board comprised eight members in total, with two Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. During the Year, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors (representing at least one-third of its Board) with at least one independent non-executive director possessing appropriate professional qualifications and accounting and related financial management expertise.

The list of all Directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The Independent Non-executive Directors are expressly identified in all corporate communications of the Company. The Company also has maintained on its website an updated list of its directors identifying their roles and functions.

The relationships among the members of the Board are disclosed under the section headed "Profile of Chairman Emeritus, Directors, Senior Management and Company Secretary" in this annual report.

The composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business of the Group and for the exercise of independent judgement. Each Executive Director supervises specific areas of the Group's business in accordance with his expertise. The Non-executive Directors are of sufficient caliber and number for their views to carry weight and they bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and serving on Board committees, the Non-executive Directors have made various contributions to the effective direction of the Company.

The Company has received a written annual confirmation from each Independent Non-executive Director of his independence pursuant to the requirements under the Listing Rules. The Company considers all of its Independent Non-executive Directors independent in accordance with the independence guidelines set out in the Listing Rules.

The Company firmly believes that the increasing diversity at the board level is one of the essential elements in supporting the attainment of its strategic objectives and its sustainable development, therefore, the Company has formulated Board Diversity Policy. While determining the composition of the Board, the Company shall consider the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, professional experiences, skills, knowledge and service tenure, and finally make decisions based on the value of candidates and contributions they can bring to the Board.

Chairman and Chief Executive Officer

There are two key aspects of the management of the Company – the management of the Board and the day-to-day management of the Group's business. The Company fully supports that there should be a clear division of these responsibilities at the Board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

For the Year, Mr. AUYANG Pak Hong Bernard, who was the Chairman and the Chief Executive Officer, took up the responsibility of the management of the Board and was responsible for the day-to-day management of the Group's business. The respective responsibilities between the Chairman and the Chief Executive Officer had been clearly established and set out in writing.

Deviation from Code Provision C.2.1 of the CG Code is disclosed under the section of "Corporate Governance Principles and Practices of the Company" in the Corporate Governance Report.

Appointment and Re-Election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association. The Company has established a Nomination Committee, which is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of Independent Non-executive Directors. Additional information on such Nomination Committee is set out in the "Board Committees and Corporate Governance Functions" section below.

Each of the Executive Directors is engaged on a service contract with the Company for a term of three years. The Company has also issued respective letters of appointment to its Non-executive Directors and Independent Non-executive Directors specifying their term of appointment. The current term of appointment of all the Non-executive Directors and Independent Non-executive Directors does not exceed three years.

In addition, in accordance with the Articles of Association, all the Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by Shareholders at the first general meeting after his/her appointment.

Induction and Continuing Development for Directors

Each newly appointed Director receives an induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction is normally supplemented with visits to the Group's key plant sites and/or meetings with the senior management of the Company.

Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

Besides, continuing briefings and professional development for Directors will be arranged whenever necessary.

Under Code Provision C.1.4 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

According to the records of training maintained by the Company, during the Year, all the Directors pursued continuous professional development and relevant details are set out below:

Name of Director/retired Director	Type of Training *(Notes)*
Mr. AUYANG Pak Hong Bernard	A, B
Mr. WONG Wah Shun	A, B
Mr. KAM Chi Chiu, Anthony	A, B
Mr. WONG Chun Kong	A, B
Mr. HO Pak Chuen Patrick	A, B
Mr. Roy KUAN	A, B
Ms. LEE Shang Yuee Christabel *(Note 1)*	A, B
Ms. MAY Man Yee Mariana *(Note 2)*	A, B
Mr. LUK Koon Hoo *(Note 3)*	A, B
Mr. Patrick Thomas SIEWERT *(Note 3)*	A, B

Notes:

1: Appointed as an Independent Non-executive Director with effect from 7 September 2023
2: Appointed as an Independent Non-executive Director with effect from 1 December 2023
3: Retired as an Independent Non-executive Director with effect from 7 September 2023
A: reading journals, updates, articles and/or materials, etc.
B: attending seminars, conference and/or forums

Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Group, when necessary, and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting or by way of signing a written resolution of the Directors. The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates have a material interest.

Model Code for Securities Transactions

The Company has adopted its own code of conduct (the "Own Code") regarding dealings in the securities of the Company by the Directors, senior personnel and certain employees of the Group (who are likely to be in possession of inside information in relation to the Company or its securities) on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules. Each Director has been given a copy of the Own Code. The Company will notify Directors and relevant employees in advance in respect of the restricted period on dealings in the Company's securities, if the period is known to the Company.

Specific enquiry has been made of the Directors and all of them have confirmed that they have complied with the required standards set out in the Model Code and the Own Code throughout the period from 1 April 2023 to the date of this report.

In addition, no incident of non-compliance of the Own Code by the employees of the Group was noted for the period from 1 April 2023 to the date of this report.

Board Committees and Corporate Governance Functions

The Board has established four Board committees, namely, the Executive Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "www.computime.com" (the terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are also posted on the website of the Stock Exchange) and are available to Shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Executive Committee

For the Year, the Executive Committee comprises all the Executive Directors with the Chairman, Mr. AUYANG Pak Hong Bernard, acting as the chairman of this committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Group.

Audit Committee

The Audit Committee comprises a total of five members, four of which are Independent Non-executive Directors, namely, Mr. Roy KUAN, Mr. HO Pak Chuen Patrick, Ms. LEE Shang Yuee Christabel and Ms. MAY Man Yee Mariana and a Non-executive Director, Mr. KAM Chi Chiu, Anthony. The chairman of the Audit Committee is Mr. Roy KUAN who possesses the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules and is an Independent Non-executive Director. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the Year, the Audit Committee met four times with the presence of the Company's senior management and/or the external auditor and performed the following major works:

— Review of the financial statements, results announcements and reports for the year ended 31 March 2023 and for the six months ended 30 September 2023, the accounting principles and practices adopted by the Group and the relevant audit findings;

— Review and discussion with the auditor on the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures; and the review of the arrangements for employees of the Company to raise concerns about possible improprieties; and

— Review the risk management process prepared by the senior management;

— Review of the annual ESG report;

— Discuss the litigation update; and

— Consideration of the internal audit plan and report.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditor.

Nomination Committee

For the Year, the Nomination Committee comprised a total of six members, being one Executive Director, namely Mr. AUYANG Pak Hong Bernard and four Independent Non-executive Directors, namely, Mr. HO Pak Chuen Patrick, Mr. Roy KUAN, Ms. LEE Shang Yuee Christabel, Ms. MAY Man Yee Mariana and one Non-executive Director, namely Mr. WONG Chun Kong. Accordingly, a majority of the members are Independent Non-executive Directors. The chairman of the Nomination Committee was Mr. AUYANG Pak Hong Bernard, who was an Executive Director and the Chairman.

The principal duties of the Nomination Committee are reviewing and giving recommendation on the composition of the Board, formulating relevant procedures for nomination and appointment of Directors, identifying qualified individuals to become members of the Board, monitoring the appointment and succession planning of Directors, and assessing the independence of the Independent Non-executive Directors.

The Company has adopted the Director Nomination Policy. Such policy, devising the criteria and process of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors. The Board believes that the defined selection process is good for corporate governance in ensuring the Board's continuity and appropriate leadership at the Board level, and enhancing better Board effectiveness and diversity as well as in compliance with the applicable rules and regulations.

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. In selecting and evaluating candidates for directorship, the Nomination Committee may make reference to certain criteria, such as the needs of the Company, the integrity, experience, skills and professional knowledge of the candidate, and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. Each candidate shall be ranked by order of preference based on the needs of the Company and his/her reference check. The Nomination Committee shall report its findings and make recommendations to the Board on the appointment of appropriate candidate for directorship for decision. The Human Resources department will also assist and an external recruitment agency may be engaged in carrying out the recruitment and selection process where necessary.

The Company also recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Company believes that greater diversity of directors is good for corporate governance and is committed to attract and retain candidate(s) for the Board with a combination of competencies from the widest possible pool of available talents; and to assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any. A Board Diversity Policy was adopted by the Company, pursuant to the Code Provision B.1.3 of the CG Code, the board should review the implementation and effectiveness of Company's policy on board diversity on an annual basis. The Nomination Committee has performed the above duties in terms of selection of candidates and review of the implementation and effectiveness of the Company's diversity policy during the Year. The Board and the Nomination Committee is responsible for reviewing and assessing the composition of the Board under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience) and for ensuring that changes to the composition of the Board be managed without undue disruption. The Nomination Committee shall report its findings and make recommendations to the Board, if any. Such policy and objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimal composition of the Board that are aligning with the Company's strategies and objectives.

During the Year, the Nomination Committee has met two times and performed the following major works:

— Review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

— Assessment of the independence of the Independent Non-executive Directors; and

— Recommendation on the re-appointment of retiring Directors at the 2024 AGM.

During the Year, the Board has significantly improved on in its composition. The Board appointed two female directors, which enhanced gender diversity and brought valuable knowledge, experiences, and perspectives to the Board. This commitment to diversity at the highest levels aligns with our goal of fostering inclusiveness and broadening governance and decision-making process. As at 31 March 2024, The Board consists of 6 males and 2 females. The Company complied with the the Listing Rules regime, that the Company should achieve Board diversity in terms of gender by 2024. The Board considers by engaging human resources agencies and/or through open selection process to identify potential successors for the Board and enhance gender diversity in the coming years in order to comply with Rule 13.92 of the Listing Rules and will emphasize to include gender as a factor to be taken into consideration for achieving the Board diversity.

The Company is committed to promoting gender diversity not only within the Board but among the Group's workforce generally. As at the date of this report, the percentage of male employees to the female employees of the Group was 41% and 59%. The Board is of the view that the Group has achieved gender diversity among employees. The Group's recruitment strategy is underpinned by the appointment of the right employee for the right position, in order to achieve employee diversity for all employees (including the senior management) in terms of gender, age, cultural and educational background, expertise, skills and know-how.

Remuneration Committee

For the Year, the Remuneration Committee comprises a total of five members, being one Executive Director, namely, Mr. AUYANG Pak Hong Bernard and four Independent Non-executive Directors, namely, Mr. HO Pak Chuen Patrick, Mr. Roy KUAN, Ms. LEE Shang Yuee Christabel and Ms. MAY Man Yee Mariana. Accordingly, a majority of the members are Independent Non-executive Directors. The chairman of the Remuneration Committee is Mr. HO Pak Chuen Patrick, who is an Independent Non-executive Director.

The principal duties of the Remuneration Committee are to make recommendations to the Board on the Company's remuneration policy and structure for directors and senior management and the establishment of a formal and transparent procedure for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration; make recommendations on the remuneration packages of Executive Directors and senior management (i.e. the model described in the Code Provision E.1.2(c) of the CG Code is adopted); and review and approve performance-based remuneration by reference to corporate goals and objectives.

The Human Resources department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee consults with the Chairman and the Chief Executive Officer about these recommendations on remuneration policy and structure and remuneration packages.

During the Year, the Remuneration Committee has met four times and performed the following works:

— Review and recommendation of the remuneration packages of Directors and senior management of the Group;

— Review and recommendation of the terms of the Director's service contract;

— Review and recommendation of performance-based remuneration and bonus to the Directors and senior management of the Group;

— Review and recommendation of the remuneration packages of the directors newly appointed and re-designated during FY2024; and

— Review and approve matters relating to share schemes under Chapter 17 of the Listing Rules, including the grants of awards to the Directors and senior managers to attract, remunerate, incentivize and reward the key talents, and encourage them to work towards enhancing the value of the Company and its Shares, including the following material matters in relation to its existing share schemes:

  - the grant of share awards under the 2023 Share Award Plan to five senior management of the Group on 26 September 2023;

  - the conditional grant of share awards under the 2023 Share Award Plan to Mr. AUYANG Pak Hong Bernard and Mr. WONG Wah Shun on 26 April 2024, subject to the approval of the independent shareholders at the annual general meeting of the Company which will be held on 5 September 2024;

  - in relation to the above grants of share awards to Directors that would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the Shares in issue, the Conditional Grant is subject to the approval by the independent shareholders at the 2024 AGM, where Mr. AUYANG Pak Hong Bernard and Mr. WONG Wah Shun, their associates and all core connected persons of the Company shall abstain from voting in favour on the relevant resolution(s) at the 2024 AGM pursuant to the Listing Rules, the Remuneration Committee was of the view that such arrangement aligns with the purpose of the 2023 Share Award Plan as it incentivizes and encourages them to work towards enhancing the value of the Company and its Shares.

Details of the grants of share awards to Directors and senior management of the Company, were disclosed in the Company's announcement dated 26 September 2023 and 26 April 2024.

Pursuant to Code Provision E.1.5 of the CG Code, the remuneration of the members of senior management by band for the Year is set out below:

	Number of Employees
Nil to HK$2,000,000	3
HK$2,000,001 to HK$2,500,000	3
HK$2,500,001 to HK$3,000,000	2
HK$3,000,001 to HK$3,500,000	1
	9

Details of the remuneration of each Director for the Year are set out in note 8 to the financial statements.

Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the CG Code.

For the Year, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Attendance Records of Directors and Committee Members

For the Year, the Board held five Board meetings. The attendance records of each Director at the Board and Board Committee meetings (except the Executive Committee) and the annual general meeting of the Company held during the Year is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Mr. AUYANG Pak Hong Bernard	5/5	–	2/2	4/4	1/1
Mr. WONG Wah Shun	5/5	–	–	–	1/1
Mr. KAM Chi Chiu, Anthony	5/5	4/4	–	–	1/1
Mr. WONG Chun Kong	5/5	–	–	–	1/1
Mr. LUK Koon Hoo (Note 1)	3/3	2/2	1/1	2/2	1/1
Mr. Patrick Thomas SIEWERT (Note 1)	3/3	2/2	1/1	2/2	1/1
Mr. HO Pak Chuen Patrick	5/5	4/4	2/2	4/4	1/1
Mr. Roy KUAN	5/5	4/4	2/2	4/4	1/1
Ms. LEE Shang Yuee Christabel (Note 2)	2/2	2/2	–	2/2	–
Ms. MAY Man Yee Mariana (Note 3)	1/1	1/1	–	2/2	–

Notes:

(1) Retired as an Independent Non-executive Director with effect from 7 September 2023

(2) Appointed as an Independent Non-executive Director with effect from 7 September 2023

(3) Appointed as an Independent Non-executive Director with effect from 1 December 2023

Directors' Responsibilities for Financial Reporting in respect of the Financial Statements

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the Year.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

Risk Management and Internal Controls

The Board has delegated the responsibilities to oversee the Group's Risk Management and Internal Control Systems to the Audit Committee of the Group. These Systems include responsibilities to oversee the Group's Enterprise Risk Management ("ERM") Framework, to advise the Board on the Group's risk-related matters, to approve the Group's risk policies, and to assess the effectiveness of the Group's risk controls and mitigation tools.

The Board acknowledges that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk Management Process

Risk context establishment

The ERM Framework and the Risk Management Committee was set up in April 2016. The Group's risk appetite defining the extent of risks that the Group is willing to undertake was set up for the Group as to ensure risks and opportunities are identified and assessed in a consistent manner.

Risk identification

Management's input on opportunities and risk exposures across the business lines is solicited through facilitated workshops and a series of Internal Control Questionnaires. A comprehensive list of threats and opportunities based on those events that might enhance, prevent, degrade, accelerate or delay the achievement of objectives is generated.

Risk assessment and prioritisation

Identified opportunities and risks are further evaluated by management using a scale to evaluate their likelihood of occurrence and impact to the Group's business activities, finances, operations and regulatory compliance. The risks are then prioritised based on the evaluation results.

Risk treatment

Identified risk owners assess effectiveness of existing controls and provide treatment plans when required. Individual risks that fall outside the Group's risk tolerance are treated, monitored and reviewed in accordance with a priority order.

Risk review

The Risk Officers and the respective process owners in Risk Management Committee review and update their risk registers, facilitate and monitor the implementation of effective risk management practices, report adequate risk-related information throughout the Group to the Board and Audit Committee. Risk Management Committee is responsible for identifying and assessing opportunities and risks in a macroscopic and strategic view, including emerging risks.

Risk reporting

Management reports key corporate and business level risks and action plans to Audit Committee on a regular basis. Significant changes in key risks on a day-to-day basis are mitigated and reported to management as they arise.

Risk monitoring activities

The Board and Audit Committee oversee the process, assisted by Internal Audit department. Management updates its updated reports to the Audit Committee on movements of top risks and appropriate mitigating measures.

Risk Governance

The Group's risk governance structure is based on a "Three Lines of Defence" model, with oversight and directions from the Audit Committee, as below:

Board of Directors

- Establishes business strategy and approves risk appetite

Audit Committee

Risk related duties

- Oversees the Group ERM Framework and approves risk management policies
- Advises the Board on the Group's risk-related matters
- Reviews the overall risk assessment along with the effectiveness of the risk controls and mitigation process
- Considers emerging risks related to the Group's business and strategies
- Reviews risk reports and breaches of risk tolerances and the related policies

Financial and fiduciary duties

- Oversees financial reporting
- Oversees internal control systems

Risk Management Committee

Functions that oversee risks

- Reviews departmental reports on key risks and considers common risks across the Group
- Oversees implementation of the Group's ERM Framework applicable throughout the Group

Internal Audit Department

- Provides independent assurance

Management

Functions that own and manage risks

- Maintains effective internal controls and for executing risk and controls procedures on a day-to-day basis
- Implements corrective actions to address process and controls deficiencies
- Identifies, assesses, controls, and mitigates risks, guides the development and implementation of internal policies and procedures and ensures that activities are consistent with the Group's goals and objectives

The Three Lines of Defence model distinguishes among three groups (or lines) involved in effective risk management:

1. First Line of Defence, functions that own and manage risks:

   At the first line of defence, operational managers own and manage risks. The operational managers are also responsible for implementing corrective actions to address process and controls deficiencies. Operational management is responsible for maintaining effective internal controls and for executing risk and controls procedures on a day-to-day basis. Operational management identifies, assesses, controls, and mitigates risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with goals and objectives. Through a cascading responsibility structure, mid-level managers design and implement detailed procedures that serve as controls and supervise execution of those procedures by their employees.

   Operational management naturally serves as the first line of defence because controls are designed into systems and processes und.er their guidance of operational management. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight controls breakdown, inadequate processes, and unexpected events.

2. Second Line of Defence, functions that oversee risks:

   Management establishes various risk management and compliance functions to help building and/or monitoring the first line of defence controls. The Risk Management Committee facilitates and monitors the implementation of effective risk management practices by operational management and assists different risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the Group. The Risk Management Committee classifies all identified risks into four major categories, and delegates to the corresponding management to oversee and manage the associated identified risks. The four major categories comprise of financial, compliance, operational and business related risk matters. Each corresponding management is required to ensure that the first line of defence is properly designed, in place, and operating as intended.

3. Third Line of Defence, functions that provide independent assurance:

   Internal audit function provides the Audit Committee and senior management with assurance based on the highest level of independence and objectivity within the Group. This high level of independence is not available in the second line of defence. Internal audit provides assurance on the effectiveness of governance, risk management, and internal controls.

Disclosure of Inside Information Procedures

The Group has incorporated procedures for reporting and disseminating inside information. These procedures ensure the timely disclosure of information on the Group and the fulfilment of the Group's continuous disclosure obligations.

Review on the Effectiveness of Risk Management and Internal Controls

During the Year, the Group conducted an annual Group-wide review based on the Group's ERM Framework to assess the risks relevant to both existing and new businesses of the Group.

For the Year, the Board considered the risk management and internal control systems effective and adequate. No significant areas of concern that may affect the financial, operational, compliance, business controls, and risk management functions of the Group have been identified.

During the review, the Board also considered the resources, qualification and experience of staff of the Group's internal controls, accounting and financial reporting function, and their training and budget were adequate.

Forward-looking in Risk Management and Internal Controls

In the context of a fast-changing global and local environment, the monitoring of "emerging risks" will be a focus. In general, maintaining an effective risk management system on a day-to-day basis by our operating units is a continuous journey. The Group shall continue this path, with further integration of internal controls and risk management into its business processes.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the Year is set out in the section headed "Independent Auditor's Report" in this annual report.

A summary of audit and non-audit services provided by the external auditor for the Year and their corresponding remuneration is as follows:

Nature of services	**Amount** HK$'000
Audit services	3,239
Non-audit services	
(i) Tax services	656
(ii) Services rendered in connection with the Company's announcement of final results	24

Company Secretary

Mr. CHUNG Ming Kit, the Chief Financial Officer of the Group, has been appointed by the Company as Company Secretary on 3 January 2024. Profile of Mr. CHUNG can be referred to the section of Profile of Directors, Senior Management and Company Secretary. All Directors have access to the advice and services of Mr. CHUNG.

For the Year, Mr. CHUNG has taken no less than 15 hours of relevant professional trainings and duly complied with the training requirement under Rule 3.29 of the Listing Rules.

Dividend Policy

Details of the Dividend Policy are set out in the section headed "Report of Directors" in this annual report.

Communications with Shareholders and Investors

The Board believes that a transparent and timely disclosure of the Group's information will enable Shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.computime.com" as a communication platform with Shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may write directly to the Company's principal place of business in Hong Kong or via email to "ir@computime.com" for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board also considers that general meetings of the Company provide a useful forum for Shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee, the Nomination Committee and the Remuneration Committee normally attend the annual general meetings and other shareholders' meetings of the Company to answer questions raised.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Group's developments.

The Board reviews the shareholder and investor relations policy on an annual basis, and makes any changes it considers necessary to ensure its effectiveness and that the legal interests of Shareholders and investors are substantially protected. The Board is satisfied with the implementation and effectiveness of the shareholders' communication policies.

Shareholders' Rights

One of the measures is to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings as follows:

(1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the Company Secretary. The objectives of the meeting must be stated in the written requisition.

(2) If a Shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the office of the Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end 7 days prior to the date of such general meeting.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address: 6/F, Building 20E, Phase 3, Hong Kong Science Park, 20 Science Park East Avenue, Shatin, New Territories, Hong Kong

Email: "ir@computime.com"

For the avoidance of doubt, Shareholder(s) must provide their full name, contact details and identification, in the originally signed written requisition, notice or statement, or enquiry (as the case may be), in order to give effect thereto. Shareholders' information may be disclosed as required by law.

All resolutions proposed at Shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.computime.com) immediately after the relevant general meetings.

Independent Auditor's Report

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To the shareholders of Computime Group Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Computime Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 61 to 157, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, the consolidated statement of 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 a summary of material accounting policy information.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Trade receivables	
As at 31 March 2024, the Group had a gross trade receivables balance of HK$515,471,000 and impairment allowance of HK$6,095,000. Significant management judgement and estimates were involved in evaluating the impairment allowances for trade receivables, based on the lifetime expected credit losses to be incurred, by taking into account the ageing of the trade receivable balances, a review of the customers' accounts, experience of collection trends, the history and status of disputes or legal proceedings with customers, current business conditions as well as the extent of coverage by credit insurance. Both current and future general economic conditions are also taken into consideration by management in the estimation. The accounting policies and disclosures for the impairment allowances for trade receivables are included in notes 2.4, 3 and 22 to the consolidated financial statements.	Our audit procedures included: (i) selecting samples for the circularisation of debtor confirmations, (ii) testing and evaluating the trade receivables' ageing report to identify any long overdue debts and their historical pattern of settlement, (iii) reviewing the status of disputes and legal proceedings with customers, (iv) assessing the subsequent settlement of trade receivables, and (v) checking the credit insurance agreements on a sampling basis. In addition, we examined the information used by management to estimate the loss allowances for trade receivables, including testing the historical default data and forward-looking information by checking to the published macroeconomic factors, and examining the actual losses recorded during the current financial year.
Provision for inventories	
As at 31 March 2024, the Group had a gross inventory balance of HK$868,161,000 and an inventory provision of HK$44,185,000. In determining the provision, management applied significant judgement and estimates, which included assumptions that are affected by current and future market conditions, and which took into account factors such as the historical usage, age, and forecast purchases and sales of inventories. The accounting policies and disclosures for provision for inventories are included in notes 2.4, 3 and 21 to the consolidated financial statements.	Our audit procedures included: (i) assessing the lower of cost and net realisable value, by reviewing the gross profit margin analysis of products and discussing with management regarding the pricing policy, margin and provision basis, (ii) performing an obsolescence review by evaluating the subsequent usage of raw materials, work in progress and sales of finished goods to customers, and (iii) attending the physical inventory counts.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

Ernst & Young
Certified Public Accountants

Hong Kong

27 June 2024

Consolidated Statement of Profit or Loss

Year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	*5*	**4,037,818**	4,204,764
Cost of sales		**(3,406,739)**	(3,695,968)
Gross profit		**631,079**	508,796
Other income	*5*	**14,499**	27,150
Selling and distribution expenses		**(106,631)**	(107,463)
Administrative expenses		**(377,892)**	(347,523)
Other operating income, net		**10,134**	444
Finance costs	*6*	**(65,677)**	(49,418)
Share of losses of associates		**(414)**	(594)
Share of profit of a joint venture		**2,482**	–
PROFIT BEFORE TAX	*7*	**107,580**	31,392
Income tax expense	*10*	**(23,668)**	(7,853)
PROFIT FOR THE YEAR		**83,912**	23,539
ATTRIBUTABLE TO:			
Owners of the Company		**84,772**	22,504
Non-controlling interests		**(860)**	1,035
		83,912	23,539
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*12*		
Basic		**10.10 cents**	2.67 HK cents
Diluted		**10.08 cents**	2.67 HK cents

Consolidated Statement of Comprehensive Income

Year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
PROFIT FOR THE YEAR	**83,912**	23,539
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,659)**	(50,591)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX	**(1,659)**	(50,591)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**82,253**	(27,052)
Attributable to:		
Owners of the Company	**83,129**	(28,140)
Non-controlling interests	**(876)**	1,088
	82,253	(27,052)

Consolidated Statement of Financial Position

31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**342,066**	362,524
Right-of-use assets	*14(a)*	**111,942**	139,167
Goodwill	*15*	**111,549**	111,773
Club debenture		**705**	705
Intangible assets	*16*	**302,615**	262,224
Interests in associates	*17*	**–**	1,485
Interests in a joint venture	*18*	**13,513**	–
Financial asset at fair value through other comprehensive income	*19*	**–**	–
Financial assets at fair value through profit or loss	*20*	**12,065**	9,493
Prepayments and deposits		**36,626**	47,450
Deferred tax assets	*30*	**22,338**	23,411
Total non-current assets		**953,419**	958,232
CURRENT ASSETS			
Inventories	*21*	**823,976**	969,470
Trade receivables	*22*	**509,376**	555,236
Amount due from a joint venture		**6,970**	–
Prepayments, deposits and other receivables	*23*	**100,246**	139,766
Derivative financial instruments	*28*	**242**	–
Tax recoverable		**–**	10,257
Cash and bank balances	*24*	**226,699**	307,770
Total current assets		**1,667,509**	1,982,499
CURRENT LIABILITIES			
Trade and bills payables	*25*	**745,346**	1,012,386
Other payables and accrued liabilities	*26*	**166,732**	175,377
Contract liabilities	*27*	**40,216**	36,162
Interest-bearing bank borrowings	*29*	**136,445**	223,510
Lease liabilities	*14(b)*	**44,665**	48,125
Tax payable		**2,713**	–
Total current liabilities		**1,136,117**	1,495,560
NET CURRENT ASSETS		**531,392**	486,939
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,484,811**	1,445,171

Consolidated Statement of Financial Position (continued)

31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	*14(b)*	**52,977**	78,098
Deferred tax liabilities	*30*	**47,397**	44,258
Total non-current liabilities		**100,374**	122,356
Net assets		**1,384,437**	1,322,815
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*31*	**84,254**	84,254
Reserves	*33*	**1,296,484**	1,233,986
		1,380,738	1,318,240
Non-controlling interests		**3,699**	4,575
Total equity		**1,384,437**	1,322,815

AUYANG Pak Hong Bernard
Director

WONG Wah Shun
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2024

		Attributable to owners of the Company									
	Notes	Issued capital HK$'000 *(note 31)*	Share premium account* HK$'000	Contributed surplus* HK$'000 *(note 33)*	Share option reserve* HK$'000 *(note 32)*	Shares held under share award scheme* HK$'000 *(note 32)*	Exchange fluctuation reserve* HK$'000	Retained profits* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2022		84,254	396,142	1,879	5,926	–	32,610	865,590	1,386,401	3,487	1,389,888
Profit for the year		–	–	–	–	–	–	22,504	22,504	1,035	23,539
Other comprehensive income/(expense) for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	–	(50,644)	–	(50,644)	53	(50,591)
Total comprehensive income/(expense) for the year		–	–	–	–	–	(50,644)	22,504	(28,140)	1,088	(27,052)
Transfer of share option reserve upon the forfeiture or lapse of share options	*32*	–	–	–	(5,926)	–	–	5,926	–	–	–
Final 2022 dividend paid	*11*	–	–	–	–	–	–	(40,021)	(40,021)	–	(40,021)
At 31 March 2023 and 1 April 2023		84,254	396,142	1,879	–	–	(18,034)	853,999	1,318,240	4,575	1,322,815
Profit for the year		–	–	–	–	–	–	84,772	84,772	(860)	83,912
Other comprehensive expense for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	–	(1,643)	–	(1,643)	(16)	(1,659)
Total comprehensive income/(expense) for the year		–	–	–	–	–	(1,643)	84,772	83,129	(876)	82,253
Shares granted under share award scheme	*32*	–	–	–	–	634	–	–	634	–	634
Share purchased under share award scheme		–	–	–	–	(3,572)	–	–	(3,572)	–	(3,572)
Final 2023 dividend paid	*11*	–	–	–	–	–	–	(17,693)	(17,693)	–	(17,693)
At 31 March 2024		84,254	396,142	1,879	–	(2,938)	(19,677)	921,078	1,380,738	3,699	1,384,437

* *These reserve accounts comprise the consolidated reserves of HK$1,296,484,000 (2023: HK$1,233,986,000) in the consolidated statement of financial position as at 31 March 2024.*

Consolidated Statement of Cash Flows

Year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**107,580**	31,392
Adjustments for:			
Bank interest income	*5*	**(2,060)**	(2,041)
Interest on bank loans	*6*	**61,428**	46,119
Interest on lease liabilities	*6*	**4,249**	3,299
Depreciation of property, plant and equipment	*7*	**70,263**	70,457
Depreciation of right-of-use assets	*7*	**49,752**	48,638
Amortisation of intangible assets	*7*	**49,719**	41,495
Write-off of deferred expenditure	*7*	**–**	798
Write-down of inventories to net realisable value	*7*	**11,716**	57,842
Loss on disposal of items of property, plant and equipment, net	*7*	**706**	883
Impairment of trade receivables, net	*7*	**3,249**	2,275
Share based payment expense	*7*	**634**	–
Gains from derivative instruments – transactions not qualifying as hedges, net		**(1,105)**	(4,713)
Fair value gain from financial assets at fair value through profit or loss	*7*	**(7,045)**	(135)
Gain on termination of a lease contract	*7*	**–**	(107)
Share of losses of associates		**414**	594
Share of profit of a joint venture		**(2,482)**	–
		347,018	296,796
Decrease/(increase) in inventories		**133,778**	(91,428)
Decrease/(increase) in trade receivables		**42,611**	(58,360)
Decrease/(increase) in prepayments, deposits and other receivables		**50,344**	(3,860)
(Decrease)/increase in trade and bills payables		**(267,040)**	205,366
(Decrease)/increase in other payables and accrued liabilities		**(8,645)**	9,416
Increase in amount due from a joint venture		**(6,970)**	–
Increase in contract liabilities		**4,054**	22,014
Movements in derivative financial instruments		**742**	4,497
Decrease/(increase) in restricted bank deposits		**38,162**	(8,068)
Effect of foreign exchange rate changes, net		**9,572**	(35,807)
Cash generated from operations		**343,626**	340,566
Hong Kong profits tax refunded/(paid)		**44**	(4,712)
Overseas tax paid		**(6,727)**	(20,749)
Net cash flows from operating activities		**336,943**	315,105

Consolidated Statement of Cash Flows (continued)

Year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Net cash flows from operating activities (continued)		**336,943**	315,105
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,060**	2,041
Investment in a joint venture		**(10,923)**	–
Purchase of a financial asset at fair value through profit or loss		**(2,206)**	–
Proceeds from disposal of financial asset at fair value through profit or loss		**7,750**	–
Purchases of items of property, plant and equipment		**(66,134)**	(92,287)
Proceeds from disposal of items of property, plant and equipment		**6,998**	76
Additions to intangible assets	*16*	**(91,555)**	(73,325)
Additions of right-of-use assets		**(2,631)**	–
Effect of foreign exchange rate changes, net		**1,396**	–
Net cash flows used in investing activities		**(155,245)**	(163,495)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of shares held under share award scheme		**(3,572)**	–
Principal portion of lease payments		**(48,649)**	(47,794)
New bank loans		**296,457**	–
Repayment of interest-bearing bank borrowings		**(383,520)**	(65,128)
Interest paid		**(65,677)**	(49,418)
Dividend paid		**(17,693)**	(40,021)
Effect of foreign exchange rate changes, net		**(4,942)**	(924)
Net cash flows used in financing activities		**(227,596)**	(203,285)
NET DECREASE IN CASH AND BANK BALANCES		**(45,898)**	(51,675)
Cash and bank balances at beginning of year		**253,733**	301,758
Effect of foreign exchange rate changes, net		**2,989**	3,650
CASH AND BANK BALANCES AT END OF YEAR		**210,824**	253,733
ANALYSIS OF BALANCES OF CASH AND BANK BALANCES			
Cash and bank balances	*24*	**210,824**	253,733

Notes to Financial Statements

31 March 2024

1. CORPORATE AND GROUP INFORMATION

Computime Group Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 23 June 2006 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The registered address of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands and the principal place of business is located at 6/F, Building 20E, Phase 3, Hong Kong Science Park, 20 Science Park East Avenue, Shatin, New Territories, Hong Kong.

During the year, the Company and its subsidiaries (collectively the "Group") are principally engaged in the research and development, design, manufacture and trading of electronic control products.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary shares/ registered capital	Percentage of equity attributable to the Company	Principal activities
Computime International Limited ("CIL")	British Virgin Islands/ Hong Kong	US$400	100	Investment holding
Computime Limited	Hong Kong	HK$2,000,000	100	Investment holding, research and development, design, manufacture and trading of electronic control products
Computime (Malaysia) Sdn. Bhd.	Malaysia	MYR2,500,000	100	Manufacture and trading of electronic control products
金寶通電子 (深圳) 有限公司 Computime Electronics (Shenzhen) Co. Ltd.#	People's Republic of China ("PRC")/ Mainland China	US$14,000,000	100	Manufacture and trading of electronic control products, and provision of research and development support services

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary shares/ registered capital	Percentage of equity attributable to the Company	Principal activities
金寶通智能製造 (深圳) 有限公司 Computime Control Devices Manufacturing (Shenzhen) Co. Ltd.#	PRC/Mainland China	RMB20,920,000	100	Manufacture and trading of electronic control products
Asia Electronics HK Technologies Limited	Hong Kong	HK$23,250,100	100	Trading of electronic control products
Asia Electronics Technologies (Dongguan) Co. Ltd.#	PRC/Mainland China	US$3,300,000	100	Manufacture and trading of electronic control products
Computime Vietnam Company Limited	Vietnam	US$250,000	100	Manufacture of electronic control products
Computime (Singapore) Pte. Ltd.	Singapore	SGD1	100	Investment holding
Computime North America, Inc.	United States of America	US$1,000	100	Distribution and trading of electronic control products, and provision of research and development support services
Salus Controls Plc	United Kingdom	GBP3,000,000	100	Distribution and trading of electronic control products

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary shares/ registered capital	Percentage of equity attributable to the Company	Principal activities
Salus Controls GmbH	Germany	EUR3,025,000	100	Distribution and trading of electronic control products
Salus Controls Romania s.r.l.	Romania	NEW LEI200	100	Distribution and trading of electronic control products
Salus Nordic A/S	Denmark	DKK9,000,000	100	Distribution and trading of electronic control products
Braeburn Systems LLC ("Braeburn")	United States of America	1,232.88 units	90	Distribution and trading of electronic control products

\# *Registered as wholly-owned foreign enterprises under PRC law*

Except for CIL, all the above subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a financial asset at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
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*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the Group's financial statements.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments and the mandatory temporary exception retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any significant impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback* [1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments") [1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments") [1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements* [1]
Amendments to HKAS 21	*Lack of Exchangeability* [2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's interests in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, deferred tax assets, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	40 years
Leasehold improvements	Over the shorter of the lease term and 10% - 20%
Furniture, fixtures and equipment	10% - 33.3%
Tools and machinery	10% - 33.3%
Motor vehicles	10% - 33.3%
Moulds and tooling	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Deferred expenditure

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Deferred expenditure which does not meet these criteria is expensed when incurred.

Deferred expenditure is stated at cost less any impairment losses and is amortised using the straight-line basis over the commercial lives of the underlying products of three or five years, commencing from the date when the products are put into commercial production.

Brand name, patent, customer relationships and software

Separately acquired brand name, patent, customer relationships and software are stated at historical cost. Brand name, patent and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The following intangible assets are amortised from the date they are available for use and their estimated useful lives are as follows:

Brand name	Indefinite
Patent	10 years
Customer relationships	8 years
Software	5-10 years

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee **(continued)**

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	51 years
Properties	1 year to 6 years
Computer software	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(c) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Fair value measurement

The Group measures its derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accrued liabilities and interest-bearing bank borrowings.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, financial liabilities included in other payables and accrued liabilities, and interest-bearing borrowings)

After initial recognition, trade and bills payables, financial liabilities included in other payables and accrued liabilities, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties for designated customers in relation to the sale of goods for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with interests in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of products

Revenue from the sale of electronic control products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the electronic control products.

Some contracts for the sale of electronic control products provide customers with rights of return and early settlement rebates, giving rise to variable consideration.

(i) *Rights of return*

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) *Early settlement rebates*

Retrospective early settlement rebates are provided to certain customers once the customers could early settle their receivable balances to the Group at a specific date. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used. The above method that best predicts the amount of variable consideration is primarily driven by the historical settlement pattern of the customers. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Shares held under share award scheme

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost.

No gain or loss is recognised in the statement of profit or loss on the purchases, sale, issue or cancellation of the Group's own equity instruments.

Share-based payments

The Company operates a share option scheme and a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 32 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and the overseas associate and joint venture are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment testing.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

(a) Impairment of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the financial statements.

(b) Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the ageing and estimated net realisable value of inventories. The assessment of the write-down amount requires management's estimates and judgements. Where the actual outcome or expectation in the future is different from the original estimate, such differences will impact the carrying value of inventories and the write-down of inventories in the period in which such estimate has been changed. The carrying amount of inventories at 31 March 2024 was HK$823,976,000 (2023: HK$969,470,000).

(c) Impairment of intangible assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all intangible assets at the end of each reporting period. Intangible assets not yet available for use are tested for impairment annually irrespective of whether such an indicator exists. All intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(d) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2024 was HK$111,549,000 (2023: HK$111,773,000). Further details are given in note 15.

(e) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The IBR applied by the Group ranged from 1.0% to 6.8% (2023: 1.0% to 5.5%).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income, finance costs, share of losses of associates, share of profit of a joint venture, as well as corporate and unallocated expenses are excluded from such measurement.

Segment assets mainly exclude property, plant and equipment, goodwill, a club debenture, interests in associates, interest in a joint venture, a financial asset at fair value through other comprehensive income, financial assets at fair value through profit or loss, right-of-use assets, deferred tax assets, cash and bank balances, amount due from a joint venture, derivative financial instruments, certain balances of intangible assets, certain balances of prepayments, deposits and other receivables, tax recoverable, and corporate and other unallocated assets as these assets are managed on a group basis.

4. OPERATING SEGMENT INFORMATION (continued)

Segment liabilities mainly exclude interest-bearing bank borrowings, lease liabilities, certain balances of deferred tax liabilities, certain balances of trade and bills payables, certain balances of other payables and accrued liabilities, tax payable, and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Inter-segment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Control solutions		Branded business		Total	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Segment revenue:						
Sales to external customers	**3,600,983**	3,665,675	**436,835**	539,089	**4,037,818**	4,204,764
Segment results	**314,476**	206,753	**(29,544)**	(23,553)	**284,932**	183,200
Bank interest income					**2,060**	2,041
Government grants					**9,467**	12,318
Other income (excluding bank interest income and government grants)					**2,972**	12,791
Corporate and other unallocated expenses					**(128,242)**	(128,946)
Finance costs					**(65,677)**	(49,418)
Share of losses of associates	**–**	–	**(414)**	(594)	**(414)**	(594)
Share of profit of a joint venture	**2,482**	–	**–**	–	**2,482**	–
Profit before tax					**107,580**	31,392
Income tax expense					**(23,668)**	(7,853)
Profit for the year					**83,912**	23,539

4. OPERATING SEGMENT INFORMATION (continued)

	Control solutions		Branded business		Total	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Assets and liabilities						
Segment assets	1,172,277	1,351,838	381,843	405,861	1,554,120	1,757,699
Interests in associates	–	–	–	1,485	–	1,485
Interests in a joint venture	13,513	–	–	–	13,513	–
Corporate and other unallocated assets					1,053,295	1,181,547
Total assets					2,620,928	2,940,731
Segment liabilities	51,992	33,554	45,256	51,930	97,248	85,484
Corporate and other unallocated liabilities					1,139,243	1,532,432
Total liabilities					1,236,491	1,617,916
Other segment information:						
Capital expenditure*					160,320	165,612
Depreciation of property, plant and equipment					70,263	70,457
Depreciation of right-of-use assets					49,752	48,638
Amortisation of intangible assets	49,061	40,808	658	687	49,719	41,495
Fair value gains from financial assets at fair value through profit or loss	–	–	(7,045)	(135)	(7,045)	(135)
Write-off of deferred expenditure	–	–	–	798	–	798
Impairment of trade receivables, net	210	542	3,039	1,733	3,249	2,275
Write-down/(reversal of write-down) of inventories to net realisable value	8,523	57,858	3,193	(16)	11,716	57,842

* *Capital expenditure consists of additions to property, plant and equipment, intangible assets and leasehold land classified as right-of-use assets.*

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) *Revenue from external customers*

	2024 HK$'000	2023 HK$'000
The Americas	1,892,423	1,957,061
Europe	1,562,529	1,693,476
Asia	574,971	552,494
Oceania	7,895	1,733
	4,037,818	4,204,764

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

(b) *Non-current assets*

	2024 HK$'000	2023 HK$'000
The Americas	37,478	23,465
Europe	8,026	10,753
Asia	458,643	516,408
	504,147	550,626

The non-current asset information above is based on the locations of the assets and excludes goodwill, a club debenture, intangible assets, a financial asset at fair value through other comprehensive income, financial assets at fair value through profit or loss and deferred tax assets.

Information about major customers

For the year ended 31 March 2024, revenue of approximately HK$860,458,000 (2023: HK$869,210,000) and HK$813,560,000 (2023: HK$854,891,000), which represented 21.3% (2023: 20.7%) and 20.1% (2023: 20.3%) of the Group's total revenue, respectively, was derived from sales by the control solutions segment to two separate single customers. They included sales to a group of entities which are known to be under common control with these customers.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers	**4,037,818**	4,204,764

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024 HK$'000	2023 HK$'000
Geographical markets		
The Americas	**1,892,423**	1,957,061
Europe	**1,562,529**	1,693,476
Asia	**574,971**	552,494
Oceania	**7,895**	1,733
	4,037,818	4,204,764

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of electronic control products	**31,309**	13,105

(ii) Performance obligations

Sale of electronic control products

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 150 days (2023: 30 to 150 days) from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with early settlement rebates which give rise to variable consideration subject to constraint.

5. REVENUE AND OTHER INCOME (continued)

An analysis of other income is as follows:

	2024 HK$'000	2023 HK$'000
Bank interest income	**2,060**	2,041
Government grants*	**9,467**	12,318
Sundry income	**2,972**	12,791
	14,499	27,150

* *Government grants were granted by respective governmental authorities in Hong Kong and Mainland China. During the year ended 31 March 2024, HK$119,000 (2023: HK$3,897,000) and RMB521,000 (2023: RMB458,000) (equivalent to approximately HK$575,000 (2023: HK$534,000)) were granted by respective governmental authorities to subsidise stable employment of enterprises in Hong Kong and Mainland China, and RMB7,981,000 (2023: RMB6,953,000) (equivalent to approximately HK$8,773,000 (2023: HK$7,887,000)) was granted by governmental authorities in Mainland China to subsidise the development of the industry which the Group operates. There are no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK$'000	2023 HK$'000
Interest on bank loans	**61,428**	46,119
Interest on lease liabilities	**4,249**	3,299
	65,677	49,418

7. PROFIT BEFORE TAX

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

	Notes	2024 HK$'000	2023 HK$'000
Cost of inventories sold*		**3,395,023**	3,638,126
Depreciation of property, plant and equipment	*13*	**70,263**	70,457
Depreciation of right-of-use assets	*14(a)*	**49,752**	48,638
Amortisation of intangible assets^	*16*	**2,957**	687
Research and development ("R&D") costs:			
Amortisation of deferred expenditure^^	*16*	**46,762**	40,808
Write-off of deferred expenditure^^	*16*	**–**	798
Current year expenditure		**15,061**	13,546
		61,823	55,152
Lease payments not included in the measurement of lease liabilities	*14(c)*	**1,818**	2,728
Loss on termination of a lease contract	*14(c)*	**–**	107
Auditor's remuneration		**3,239**	2,621
Employee benefit expense* (including directors' remuneration – note 8):			
Wages, salaries and other benefits		**646,780**	682,114
Pension scheme contributions##		**4,958**	3,426
Share based payment expense		**634**	–
		652,372	685,540
Foreign exchange differences, net#		**(5,549)**	897
Loss on disposal of items of property, plant and equipment, net#		**706**	883
Impairment of trade receivables, net#	*22*	**3,249**	2,275
Write-down of inventories to net realisable value**		**11,716**	57,842
Derivative instruments – transactions not qualifying as hedges#			
– Realised gains, net	*28*	**(1,105)**	(4,497)
Fair value gains from financial assets at fair value through profit or loss#		**(7,045)**	(135)

7. PROFIT BEFORE TAX (continued)

* *Employee benefit expense of HK$369,984,000 (2023: HK$413,686,000) is included in "Cost of inventories sold" above.*

** *Write-down of inventories to net realisable value is included in "Cost of sales" on the face of the consolidated statement of profit or loss.*

^ *The amortisation of intangible assets included (i) patent and customer relationships and (ii) software for the year are included in "Administrative expenses" on the face of the consolidated statement of profit or loss.*

^^ *The amortisation of deferred expenditure and write-off of deferred expenditure for the year are included in "Administrative expenses" on the face of the consolidated statement of profit or loss.*

\# *These items are included in "Other operating income, net" on the face of the consolidated statement of profit or loss.*

\## *There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.*

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK$'000	2023 HK$'000
Fees	**1,732**	1,600
Other emoluments:		
Salaries, allowances and benefits in kind	**8,878**	8,864
Pension scheme contributions	**36**	36
	10,646	10,500

As at 31 March 2024, no director (2023: Nil) had outstanding share options granted by the Company, in respect of his services to the Group, under the share option schemes of the Company, further details of which are set out in note 32 to the financial statements.

After the reporting period, on 26 April 2024, certain directors were granted share awards, in respect of their service to the Company, under the share awards scheme of the Company, further details of which are set out in note 32 to the financial statements.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

The remuneration of each of the directors and chief executive for the year ended 31 March 2024 is set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive Directors				
Mr. AUYANG Pak Hong Bernard^ ("Mr. Bernard AUYANG")	–	6,888	18	6,906
Mr. Wong Wah Shun	–	1,990	18	2,008
	–	8,878	36	8,914
Non-executive Directors				
Mr. WONG Chun Kong	240	–	–	240
Mr. KAM Chi Chiu, Anthony	240	–	–	240
	480	–	–	480
Independent Non-executive Directors				
Mr. Ho Pak Chuen Patrick	334	–	–	334
Mr. Roy KUAN	334	–	–	334
Ms. LEE Shang Yuee Christabel*	170	–	–	170
Ms. MAY Man Yee Mariana %	100	–	–	100
Mr. LUK Koon Hoo$	157	–	–	157
Mr. Patrick Thomas SIEWERT$	157	–	–	157
	1,252	–	–	1,252
	1,732	8,878	36	10,646

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

The remuneration of each of the directors and chief executive for the year ended 31 March 2023 is set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Chairman Emeritus				
Mr. AUYANG Ho#	–	632	–	632
Executive Directors				
Mr. Bernard AUYANG	–	6,241	18	6,259
Mr. Wong Wah Shun	–	1,991	18	2,009
	–	8,864	36	8,900
Non-executive Directors				
Mr. WONG Chun Kong	178	–	–	178
Mr. KAM Chi Chiu, Anthony	238	–	–	238
	416	–	–	416
Independent Non-executive Directors				
Mr. LUK Koon Hoo$	296	–	–	296
Mr. Patrick Thomas SIEWERT$	296	–	–	296
Mr. Ho Pak Chuen Patrick	296	–	–	296
Mr. Roy KUAN	296	–	–	296
	1,184	–	–	1,184
	1,600	8,864	36	10,500

There was no arrangement under which a Director or the Chief Executive waived or agreed to waive any remuneration during the year (2023: Nil).

^ *Mr. Bernard AUYANG is the Chairman and the Chief Executive Officer of the Group.*

* *Ms. LEE Shang Yuee Christabel was appointed as an independent non-executive director with effect from 7 September 2023.*

% *Ms. MAY Man Yee Mariana was appointed as an independent non-executive director with effect from 1 December 2023.*

$ *Mr. LUK Koon Hoo and Mr. Patrick Thomas SIEWERT retired as independent non-executive directors of the Company with effect from 7 September 2023.*

Mr. AUYANG Ho retired as an executive director and the chairman of the Board and was appointed as the Chairman Emeritus on 13 April 2022.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2023: one) director, details of whose emoluments are set out in note 8 above. Details of the remuneration of the remaining four (2023: four) non-director highest paid employees for the year are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits in kind	**11,396**	11,388
Pension scheme contributions	**60**	72
Share based payment expense	**507**	–
	11,963	11,460

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**1**	2
HK$2,500,001 to HK$3,000,000	**2**	–
HK$3,000,001 to HK$3,500,000	**1**	2
	4	4

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group entities operate.

	2024 HK$'000	2023 HK$'000
Current – Hong Kong:		
Charge for the year	12,378	134
Underprovision in prior years	15	69
Current – Mainland China and other countries:		
Charge for the year	5,753	14,166
Underprovision/(overprovision) in prior years	1,290	(1,321)
Deferred *(note 30)*	4,232	(5,195)
Total tax charge for the year	23,668	7,853

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the Group's effective tax rate is as follows:

	2024 HK$'000	2024 %	2023 HK$'000	2023 %
Profit before tax	107,580		31,392	
Tax at the statutory tax rate	17,751	16.5	5,180	16.5
Higher tax rates for other countries	2,734	2.5	4,255	13.6
Adjustments in respect of current tax of previous periods	1,305	1.2	(1,252)	(4.0)
Recognition of tax losses	(1,102)	(1.0)	(815)	(2.6)
Profit attributable to associates and a joint venture, net	(341)	(0.3)	98	0.3
Income not subject to tax	(1,894)	(1.8)	(1,837)	(5.9)
Expenses not deductible for tax	4,148	3.9	2,631	8.4
Tax losses not recognised	835	0.8	217	0.7
Tax losses utilised from previous periods	–	–	(1,225)	(3.9)
Other temporary differences	232	0.2	601	1.9
Tax charge at the Group's effective rate	23,668	22.0	7,853	25.0

11. DIVIDENDS

Dividend paid during the year

	2024 HK$'000	2023 HK$'000
Final dividend in respect of the financial year ended 31 March 2023 – HK$0.0210 per ordinary share (2023: final dividend of HK$0.0475 per ordinary share, in respect of the financial year ended 31 March 2022)	**17,693**	40,021

Proposed final dividend

	2024 HK$'000	2023 HK$'000
Final - HK$0.0500 (2023: HK$0.0210) per ordinary share	**42,127**	17,693

The proposed final dividend for the year ended 31 March 2024 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$84,772,000 (2023: HK$22,504,000) and the weighted average number of ordinary shares of 839,589,000 (2023: 842,540,000) in issue during the year.

For the year ended 31 March 2024, the calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the Company of HK$84,772,000. The weighted average number of ordinary shares used in the calculation of 840,692,000 is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration in relation to the share awards granted during the year.

A reconciliation between the weighted average number of ordinary shares used in calculating the basic earnings per share and that used in calculating the diluted earnings per share for the year ended 31 March 2024 is as follows:

	2024
Weighted average number of ordinary shares used in calculating the basic earnings per share	839,589,000
Effect of dilution - weighted average number of ordinary shares:	
Share awards	1,103,000
Weighted average number of ordinary shares used in calculating the diluted earnings per share	840,692,000

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 March 2023.

13. PROPERTY, PLANT AND EQUIPMENT

	Note	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Tools and machinery HK$'000	Motor vehicles HK$'000	Moulds and tooling HK$'000	Total HK$'000
At 31 March 2024								
At 31 March 2023 and at 1 April 2023:								
Cost		25,970	133,398	314,685	475,556	6,117	43,954	999,680
Accumulated depreciation		(1,757)	(98,517)	(208,976)	(280,351)	(5,312)	(42,243)	(637,156)
Net carrying amount		24,213	34,881	105,709	195,205	805	1,711	362,524
At 1 April 2023, net of accumulated depreciation		24,213	34,881	105,709	195,205	805	1,711	362,524
Additions		4,666	6.459	20,465	29,170	1,326	4,048	66,134
Disposals and write-offs		–	(3)	(1,816)	(5,882)	–	(2)	(7,703)
Depreciation provided during the year	7	(637)	(9,365)	(22,968)	(32,916)	(832)	(3,545)	(70,263)
Exchange realignment		(480)	1,674	(14,009)	544	127	3,518	(8,626)
At 31 March 2024, net of accumulated depreciation		27,762	33,646	87,381	186,121	1,426	5,730	342,066
At 31 March 2024:								
Cost		30,151	100,183	324,732	468,506	7,225	55,883	986,680
Accumulated depreciation		(2,389)	(66,537)	(237,351)	(282,385)	(5,799)	(50,153)	(644,614)
Net carrying amount		27,762	33,646	87,381	186,121	1,426	5,730	342,066

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Tools and machinery HK$'000	Motor vehicles HK$'000	Moulds and tooling HK$'000	Total HK$'000
At 31 March 2023								
At 1 April 2022:								
Cost		25,488	138,075	296,356	490,325	4,951	42,536	997,731
Accumulated depreciation		(1,115)	(97,296)	(202,666)	(289,614)	(4,847)	(40,180)	(635,718)
Net carrying amount		24,373	40,779	93,690	200,711	104	2,356	362,013
At 1 April 2022, net of accumulated depreciation		24,373	40,779	93,690	200,711	104	2,356	362,013
Additions		409	7,400	35,913	45,861	1,286	1,418	92,287
Disposals and write-offs		–	(178)	(74)	(707)	–	–	(959)
Depreciation provided during the year	7	(639)	(12,338)	(16,459)	(38,377)	(581)	(2,063)	(70,457)
Exchange realignment		70	(782)	(7,361)	(12,283)	(4)	–	(20,360)
At 31 March 2023, net of accumulated depreciation		24,213	34,881	105,709	195,205	805	1,711	362,524
At 31 March 2023:								
Cost		25,970	133,398	314,685	475,556	6,117	43,954	999,680
Accumulated depreciation		(1,757)	(98,517)	(208,976)	(280,351)	(5,312)	(42,243)	(637,156)
Net carrying amount		24,213	34,881	105,709	195,205	805	1,711	362,524

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties and computer software used in its operation. Lump sum payments were made upfront to acquire the leased land from the owner with lease periods of 51 years, and no ongoing payments are required under the terms of these land leases. Leases of properties generally have lease terms between 1 and 6 years, while computer software has lease term of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2024				2023			
	Leasehold land HK$'000	Properties HK$'000	Computer software HK$'000	Total HK$'000	Leasehold land HK$'000	Properties HK$'000	Computer software HK$'000	Total HK$'000
At beginning of the year	16,455	118,107	4,605	139,167	16,750	83,165	6,229	106,144
Additions	2,631	22,017	–	24,648	–	85,633	–	85,633
Termination of a lease	–	–	–	–	–	(950)	–	(950)
Depreciation charge	(342)	(47,785)	(1,625)	(49,752)	(342)	(46,672)	(1,624)	(48,638)
Lease modification	–	–	–	–	–	(1,691)	–	(1,691)
Exchange realignment	(49)	(2,072)	–	(2,121)	47	(1,378)	–	(1,331)
At end of the year	18,695	90,267	2,980	111,942	16,455	118,107	4,605	139,167

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2024 HK$'000	2023 HK$'000
Carrying amount at beginning of the year	126,223	94,842
New leases	22,018	85,582
Termination of a lease	–	(1,057)
Accretion of interest recognised during the year	4,249	3,299
Payments	(52,898)	(51,093)
Lease modification	–	(1,711)
Exchange realignment	(1,950)	(3,639)
Carrying amount at end of the year	97,642	126,223
Analysed into:		
Current portion	44,665	48,125
Non-current portion	52,977	78,098

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	4,249	3,299
Depreciation of right-of-use assets	49,752	48,638
Expenses relating to short-term leases		
– included in administrative expenses	1,818	2,728
Loss on termination of a lease contract	–	107
Gain on lease modification	–	20
Total amount recognised in profit or loss	55,819	54,792

(d) The total cash outflow for leases is disclosed in note 40(c) to the financial statements.

15. GOODWILL

	2024 HK$'000	2023 HK$'000
Cost at 1 April, net of accumulated impairment	**111,773**	111,560
Exchange realignment	**(224)**	213
Cost at 31 March, net of accumulated impairment	**111,549**	111,773
At 31 March:		
Cost	**113,293**	113,517
Accumulated impairment	**(1,744)**	(1,744)
Net carrying amount	**111,549**	111,773

Impairment testing of goodwill

Included in the balance was mainly the goodwill acquired through business combination of Asia Electronics HK Technologies Limited and Asia Electronics Technologies (Dongguan) Co. Ltd. (collectively the "Asia Electronics Entity") and Braeburn, which have been regarded as two cash-generating units ("CGU") for impairment testing.

Asia Electronics Entity CGU

The recoverable amount of the Asia Electronics Entity CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management, with cash flows beyond the five-year period being extrapolated using a growth rate of 2% (2023: 2%). The discount rate applied to the cash flow projections is 12% (2023: 13%).

The carrying amount of goodwill allocated to the Asia Electronics Entity CGU was HK$34,136,000 (2023: HK$34,136,000) as at 31 March 2024.

Certain key assumptions were used in the value-in-use calculation of the Asia Electronics Entity CGU for 31 March 2024. Management determined the value assigned to the budgeted gross margins based on the average gross margins achieved in the year immediately before the budget year, adjusted for expected efficiency improvements. Changes in revenue and costs are based on management experience and expectations of future changes in the market. The discount rate used is a pre-tax rate and reflects specific risks relating to the relevant unit.

15. GOODWILL (continued)

Impairment testing of goodwill (continued)

Braeburn CGU

Goodwill of US$9,599,000 arose from the acquisition of an additional 62.9998% equity interest in Braeburn. Braeburn is engaged in the distribution and trading of electronic control products.

As at 31 March 2024, the recoverable amount of the Braeburn CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management, with cash flows beyond the five-year period being extrapolated using a growth rate of 3% (2023: 3%). The discount rate applied to the cash flow projections is 15% (2023: 12%).

The carrying amount of goodwill allocated to the Braeburn CGU was US$9,599,000 (equivalent to HK$75,129,000) (2023: US$9,599,000 equivalent to HK$75,353,000) as at 31 March 2024.

Certain key assumptions were used in the value-in-use calculation of the Braeburn CGU for 31 March 2024. Management determined the value assigned to the budgeted gross margins based on the average gross margins achieved in the year immediately before the budget year, adjusted for expected efficiency improvements. Changes in revenue and costs are based on management experience and expectations of future changes in the market. The discount rate used is a pre-tax rate and reflects specific risks relating to the relevant unit.

16. INTANGIBLE ASSETS

	Note	Deferred expenditure HK$'000	Brand name HK$'000	Customer relationships HK$'000	Patent HK$'000	Software HK$'000	Total HK$'000
31 March 2024							
At beginning of the year:							
Cost		750,116	22,434	1,295	3,547	–	777,392
Accumulated amortisation		(514,311)	–	(203)	(654)	–	(515,168)
Net carrying amount		235,805	22,434	1,092	2,893	–	262,224
At beginning of the year, net of accumulated amortisation		235,805	22,434	1,092	2,893	–	262,224
Additions		54,311	–	–	–	37,244	91,555
Amortisation provided during the year	7	(46,762)	–	(161)	(497)	(2,299)	(49,719)
Exchange realignment		(867)	(67)	(3)	(9)	(499)	(1,445)
At end of the year, net of accumulated amortisation		242,487	22,367	928	2,387	34,446	302,615
At 31 March:							
Cost		803,624	22,367	1,291	3,536	37,244	868,062
Accumulated amortisation		(561,137)	–	(363)	(1,149)	(2,798)	(565,447)
Net carrying amount		242,487	22,367	928	2,387	34,446	302,615

16. INTANGIBLE ASSETS (continued)

	Note	Deferred expenditure HK$'000	Brand name HK$'000	Customer relationships HK$'000	Patent HK$'000	Total HK$'000
31 March 2023						
At beginning of the year:						
Cost		678,436	22,371	1,291	2,691	704,789
Accumulated amortisation		(473,503)	–	(40)	(123)	(473,666)
Net carrying amount		204,933	22,371	1,251	2,568	231,123
At beginning of the year, net of accumulated amortisation		204,933	22,371	1,251	2,568	231,123
Additions		72,478	–	–	847	73,325
Amortisation provided during the year	*7*	(40,808)	–	(162)	(525)	(41,495)
Write-off during the year	*7*	(798)	–	–	–	(798)
Exchange realignment		–	63	3	3	69
At end of the year, net of accumulated amortisation		235,805	22,434	1,092	2,893	262,224
At 31 March:						
Cost		750,116	22,434	1,295	3,547	777,392
Accumulated amortisation		(514,311)	–	(203)	(654)	(515,168)
Net carrying amount		235,805	22,434	1,092	2,893	262,224

16. INTANGIBLE ASSETS (continued)

Impairment testing of brand name

Included in the balance was mainly the intangible asset of brand name with indefinite useful life acquired through business combination of Braeburn, which have been regarded as a cash-generating unit ("CGU") for impairment testing.

Braeburn CGU

Brand name of US$2,858,000 arose from the acquisition of an additional 62.9998% equity interest in Braeburn. Braeburn is engaged in the distribution and trading of electronic control products.

As at 31 March 2024, the recoverable amount of the Braeburn CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management, with cash flows beyond the five-year period being extrapolated using a growth rate of 3% (2023: 3%). The discount rate applied to the cash flow projections is 15% (2023: 12%).

The carrying amount of brand name for the Braeburn CGU was US$2,858,000 (equivalent to HK$22,367,000) (2023: US$2,858,000 equivalent to HK$22,434,000) as at 31 March 2024.

Certain key assumptions were used in the value-in-use calculation of the Braeburn CGU for 31 March 2024. Management determined the value assigned to the budgeted gross margins based on the average gross margins achieved in the year immediately before the budget year, adjusted for expected efficiency improvements. Changes in revenue and costs are based on management experience and expectations of future changes in the market. The discount rate used is a pre-tax rate and reflects specific risks relating to the relevant unit.

17. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	–	1,485

Particulars of the associates as at 31 March 2023 and 31 March 2024 are as follows:

Name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable to the Group	Principal activities
CCN Technologies Limited *(note (a))*	Ordinary shares	Hong Kong	Nil (2023: 35%)	Engaging in services in internet of things in robotics
UleEco Limited	Ordinary shares	Hong Kong	30% (2023: 30%)	Provision of consulting service on sales, management information system and management

Notes:

(a) *On 20 November 2023, the Group disposed of all of the 35% equity interest in CCN Technologies Limited and entered into a share swap agreement among/between Novelte Technology International Limited ("Novelte") and other parties in exchange of 4.0% equity interest in Novelte.*

The disposal of equity interest in CCN Technologies Limited was completed on 20 November 2023.

17. INTERESTS IN ASSOCIATES (continued)

The following table illustrates the aggregate financial information of the associates:

	2024 HK$'000	2023 HK$'000
Share of the associates' loss for the year	**(414)**	(594)
Share of the associates' total comprehensive expense	**(414)**	(594)
Carrying amount of the interest in the associate disposed of	**(1,071)**	–
Aggregate carrying amount of the interests in the associates	**–**	1,485

18. INTERESTS IN A JOINT VENTURE

	2024 HK$'000
Share of net assets	**13,513**

Particulars of the joint venture are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Computime Electronics (Dongguan) Co. Ltd	Ordinary Shares	PRC/Mainland China	50	50	50	Manufacturing and trading of electronic control products

The above investment is directly held by the Company.

18. INTERESTS IN A JOINT VENTURE (continued)

Computime Electronics (Dongguan) Co. Ltd, which is considered a material joint venture of the Group, acts as the Group's manufacturer and trader of electronic control products in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Computime Electronics (Dongguan) Co. Ltd adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 HK$'000
Cash and cash equivalents	285
Other current assets	108,889
Current assets	109,174
Non-current assets	8,211
Current liabilities	(90,359)
Net assets	27,026
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	50%
Group's share of net assets of the joint venture, excluding goodwill	13,513
Carrying amount of the investment	13,513
Revenue	178,210
Interest income	21
Depreciation and amortisation	(313)
Tax	(607)
Profit and total comprehensive income for the year	4,964

19. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK$'000	2023 HK$'000
Equity investment, at fair value		
Glen Canyon Corporation	–	–

The above investment represents the investment in unlisted equity securities which was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature. The investee company was engaged in the development of energy saving products and solutions. In the opinion of the directors, the fair value of the investment was minimal with reference to the fair value of the underlying assets and liabilities held by the investee company.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Unlisted investments, at fair value	12,065	9,493

The above unlisted investments represent the equity securities of HK$12,065,000 (2023: HK$4,344,000) and put option of Nil (2023: HK$5,149,000) which were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. The investee companies were engaged in the engineering, design and manufacture of electronic products and household appliances, and the trading and rental of robots.

21. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	342,674	531,373
Work in progress	78,131	81,738
Finished goods	403,171	356,359
	823,976	969,470

22. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**515,471**	560,329
Impairment	**(6,095)**	(5,093)
	509,376	555,236

As at 31 March 2024, gross trade receivables of certain customers of HK$168,342,000 (2023: HK$162,221,000), which are designated in trade receivable factoring arrangements entered into between the Group and banks, were measured at fair value through other comprehensive income as these trade receivables are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at 31 March 2023, the balance included HK$9,347,000 due from a joint venture with a normal credit period of 2 months, arose from normal trading activities (note 35(a)).

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one to five months (2023: one to five months). The Group maintains strict credit control over its customers and outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period 14.9% (2023: 12.0%) and 59.7% (2023: 59.2%) of the total trade receivables were due from the Group's largest customer and the five largest customers, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2024 HK$'000	2023 HK$'000
Within 1 month	**249,472**	316,229
1 to 2 months	**136,841**	168,266
2 to 3 months	**67,214**	22,131
Over 3 months	**55,849**	48,610
	509,376	555,236

22. TRADE RECEIVABLES (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the payment due date and net of loss allowance, is as follows:

	2024 HK$'000	2023 HK$'000
Current and due within 1 month	**459,258**	517,407
1 to 2 months	**27,897**	18,826
2 to 3 months	**7,125**	5,678
Over 3 months	**15,096**	13,325
	509,376	555,236

As part of its normal business, the Group entered into trade receivable factoring arrangements (the "Arrangements"), pursuant to which the Group assigned the rights to certain trade receivables to certain banks. The Group is not exposed to default risks of the trade debtors after the assignment. The Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. Trade receivables as if without the Arrangements as at 31 March 2024 amounted to HK$1,033,188,000 (as at 31 March 2023: HK$946,473,000).

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 HK$'000	2023 HK$'000
At beginning of year	**5,093**	2,930
Impairment of trade receivables, net *(note 7)*	**3,249**	2,275
Amount written off as uncollectible	**(1,932)**	–
Exchange realignment	**(315)**	(112)
At end of year	**6,095**	5,093

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

22. TRADE RECEIVABLES (continued)

As at 31 March 2024

			Past due		
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	**0.03%**	**0.02%**	**0.92%**	**27.24%**	**1.18%**
Gross carrying amount (HK$'000)	**399,221**	**60,153**	**35,348**	**20,749**	**515,471**
Expected credit losses (HK$'000)	**105**	**11**	**326**	**5,653**	**6,095**

As at 31 March 2023

			Past due		
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.05%	0.00%	0.69%	26.0%	0.90%
Gross carrying amount (HK$'000)	469,114	48,537	24,674	18,004	560,329
Expected credit losses (HK$'000)	244	–	170	4,679	5,093

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The financial assets included in the balances related to receivables for which there was no recent history of default and past due amounts. As at 31 March 2024 and 2023, the loss allowance was assessed to be minimal.

24. CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**210,824**	253,733
Restricted bank deposits	**15,875**	54,037
	226,699	307,770

At the end of the reporting period, the cash and bank balances denominated in RMB amounted to HK$53,263,000 (2023: HK$80,322,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. CASH AND BANK BALANCES (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months (2023: one day and three months) depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 March 2024 and 2023, restricted bank deposits mainly included deposits for issuance of bank acceptance notes with a bank.

25. TRADE AND BILLS PAYABLES

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

	2024 HK$'000	2023 HK$'000
Within 1 month	300,741	241,141
1 to 2 months	245,388	190,921
2 to 3 months	28,256	151,216
Over 3 months	170,961	429,108
	745,346	1,012,386

An ageing analysis of trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

	2024 HK$'000	2023 HK$'000
Current and due within 1 month	695,280	677,916
1 to 2 months	13,642	89,975
2 to 3 months	15,565	58,175
Over 3 months	20,859	186,320
	745,346	1,012,386

The trade payables are non-interest-bearing and generally have payment terms ranging from one to six months (2023: one to six months).

26. OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities are non-interest-bearing and have payment terms ranging from one to three months (2023: one to three months).

27. CONTRACT LIABILITIES

	31 March 2024 HK$'000	31 March 2023 HK$'000	1 April 2022 HK$'000
Receipts in advance from customers	**40,216**	36,162	14,148

Contract liabilities include short-term advances received to deliver products. The increase in contract liabilities in 2024 and 2023 was mainly due to the increase in short-term advances received from customers in relation to the delivery of products at the end of the years.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	2024		2023	
	Contract amount HK$'000	Assets HK$'000	Contract amount HK$'000	Assets HK$'000
Forward currency contracts	**15,653**	**242**	–	–

As at 31 March 2024 and 2023, the forward currency contracts were not designated for hedge accounting and were measured at fair value through profit or loss. Changes in realised gains on non-hedging forward currency contracts totaling HK$1,105,000 (2023: HK$4,497,000) were credited to the statement of profit or loss during the year.

29. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective interest rate p.a. (%)	Maturity	HK$'000	Effective interest rate p.a. (%)	Maturity	HK$'000
Current						
Bank import loans – unsecured	5.93%	2024 or on demand	3,763	5.59%	2023 or on demand	65,716
Bank revolving loans – unsecured	4.82%	2024 or on demand	17,150	–	–	–
Bank term loans – unsecured	6.82%	2024 - 2026 or on demand	115,532	6.27%	2023 - 2026 or on demand	157,794
			136,445			223,510

	2024 HK$'000	2023 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	136,445	223,510

Other interest rate information:

	Floating rate	
	2024 HK$'000	2023 HK$'000
Bank loans – unsecured	136,445	223,510

As at 31 March 2024, all other borrowings were denominated in EUR, HK$, RMB and US dollars (2023: all other borrowings were denominated in United States dollars).

At 31 March 2024 and 2023, the interest-bearing bank borrowings were secured by corporate guarantees executed by the Company and certain of its wholly-owned subsidiaries.

30. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities/(assets)

	Deferred tax liabilities/(assets)											
	Inventory	Unutilised tax losses	Unrealised profit	Credit losses	Lease liabilities	Right-of-use assets	Depreciation in excess of related depreciation allowance	Depreciation allowance in excess of related depreciation	Deferred expenditure	Intangible assets	Fair value adjustments arising from acquisition of a subsidiary	Net deferred tax liabilities
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	(4,123)	(7,606)	–	(634)	(18,969)	17,999	(875)	132	33,370	–	6,331	25,625
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	(463)	(7,808)	(1,710)	153	(10,444)	10,873	(195)	1,106	3,750	–	(457)	(5,195)
Exchange realignment	297	45	–	–	872	(822)	–	2	–	–	23	417
At 31 March 2023 and 1 April 2023	(4,289)	(15,369)	(1,710)	(481)	(28,541)	28,050	(1,070)	1,240	37,120	–	5,897	20,847
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	(1,372)	5,921	(3,188)	210	8,962	(9,369)	(160)	1,920	(4,014)	5,458	(136)	4,232
Exchange realignment	145	(55)	–	–	448	(470)	–	(70)	–	–	(18)	(20)
At 31 March 2024	(5,516)	(9,503)	(4,898)	(271)	(19,131)	18,211	(1,230)	3,090	33,106	5,458	5,743	25,059

30. DEFERRED TAX (continued)

Deferred tax liabilities/(assets) (continued)

Represented as:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**(22,338)**	(23,411)
Deferred tax liabilities	**47,397**	44,258

At 31 March 2024, the Group had unutilised tax losses arising in Hong Kong and overseas of HK$8,427,000 (2023: HK$50,279,000) and HK$30,154,000 (2023: HK$26,676,000), respectively. Deferred tax assets have been recognised in respect of these losses.

At 31 March 2024, the Group had unrecognised tax losses arising in Hong Kong of HK$2,293,000 (2023: HK$943,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also had unrecognised tax losses arising in Mainland China and overseas countries of HK$25,320,000 (2023: HK$24,443,000) and HK$2,836,000 (2023: Nil), respectively, that will expire in seven to ten years for offsetting against future profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not certain that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences on undistributed profit of the subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$345,178,000 at 31 March 2024 (2023: HK$329,014,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. ISSUED CAPITAL

Shares

	2024 HK$'000	2023 HK$'000
Authorised:		
5,000,000,000 (2023: 5,000,000,000) ordinary shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
842,540,000 (2023: 842,540,000) ordinary shares of HK$0.10 each	**84,254**	84,254

Shares helds under share award scheme

	Number of ordinary shares held 2024	HK$'000 2024
Balance at beginning of year	–	–
Shares purchased under share award scheme	10,214,000	3,572
Share granted under share award schemed *(Note a)*	(6,000,000)	(634)
Balance at end of year	4,214,000	2,938

Note a: During the year, pursuant to the shares award scheme of the Company, the Company awarded 6,000,000 ordinary shares to five share award grantees.

Share options and share award

Details of the Company's share option schemes and share award scheme and the share options and share award issued under the schemes are included in note 32 to the financial statements.

32. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

Share Option Scheme

The Company had a share option scheme which was adopted on 14 September 2016 ("2016 Share Option Scheme") following the expiry of the old share option scheme on 14 September 2016 ("2006 Share Option Scheme"). During the year ended 31 March 2024, the 2016 Share Option Scheme was terminated in the annual general meeting on 7 September 2023.

A new share option scheme of the Company was adopted in the 2023 annual general meeting (the "2023 Share Option Scheme") under which the Company can grant options to, inter alia, employees of the Group to subscribe for shares of the Company with a view to rewarding those who have contributed to the Group and encouraging employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders of the Company as a whole.

The Company operates the 2023 Share Option Scheme for the purpose of providing incentives and rewarding the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2023 Share Option Scheme and any other share option schemes and share award schemes of the Company shall not exceed 10% of the total number of issued shares of the Company (the "Shares"), being 84,254,000 shares, as at the adoption date of the 2023 Share Option Scheme.

The maximum number of shares issued and to be issued under share options to each eligible participant under the 2023 Share Option Scheme (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, were subject to approval by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or any 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 on that date, within any 12-month period, were subject to shareholders' approval in a general meeting.

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; and (iii) the nominal value of the Company's shares.

32. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

Share Option Scheme (continued)

As at the end of the reporting period, the total number of shares available for issue under the 2023 Share Option Scheme was 78,254,000, representing approximately 9.29% of the shares of the Company in issue as at that date.

The exercise period of the share options granted is determinable by the Directors, which may commence from the date of offer of the share options, and ends on a date which is not later than 10 years from the date of offer of the share options.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Share Option Scheme as an equity-settled plan.

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

During the year ended 31 March 2024, no share options were granted, exercised and cancelled under the 2006 Share Option Scheme, the 2016 Share Option Scheme and the 2023 Share Option Scheme.

During the year ended 31 March 2023, the movement in the number of option under the 2006 Share Option Scheme and the 2016 Share Option Scheme were as follows:

2006 Share Option Scheme	**Weighted average exercise price** HK$ per share	**Number of option**
At 1 April 2022	1.175	8,000,000
Lapsed/forfeited during the year	1.175	(8,000,000)
At 31 March 2023	–	–

2016 Share Option Scheme	**Weighted average exercise price** HK$ per share	**Number of option**
At 1 April 2022	0.576	6,000,000
Lapsed/forfeited during the year	0.576	(6,000,000)
At 31 March 2023	–	–

32. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

Share Option Scheme (continued)

Details and movements of the share options of the Company granted under the 2006 Share Option Scheme during the year ended 31 March 2023 are as follows (continued):

Category of participants	As at 1 April 2022	Exercised during the year *(Note 2)*	Lapsed/ forfeited during the year *(Note 1)*	As at 31 March 2023	Date of grant of share options *(Note 3)*	Exercise period of share options	Date of share options vested/to be vested	Exercise price per share HK$	The price of the Company's shares at the grant date HK$
Other eligible participant	1,600,000	–	(1,600,000)	–	28 April 2016	From 28 April 2017 to 27 April 2026	28 April 2017	1.174	1.13
	1,600,000	–	(1,600,000)	–	28 April 2016	From 28 April 2018 to 27 April 2026	28 April 2018	1.174	1.13
	1,600,000	–	(1,600,000)	–	28 April 2016	From 28 April 2019 to 27 April 2026	28 April 2019	1.174	1.13
	1,600,000	–	(1,600,000)	–	28 April 2016	From 28 April 2020 to 27 April 2026	28 April 2020	1.174	1.13
	1,600,000	–	(1,600,000)	–	28 April 2016	From 28 April 2021 to 27 April 2026	3 September 2020	1.174	1.13
Total	8,000,000	–	(8,000,000)	–					

Notes:

1. *8,000,000 share options granted under the 2006 Share Option Scheme have lapsed or were forfeited during the year ended 31 March 2023. The corresponding amount of HK$5,926,000 in share option reserve for the share options granted and vested in prior years but not yet exercised had been transferred from share option reserve to retained profits in 31 March 2023.*

2. *No share options granted under the 2006 Share Option Scheme have been exercised during the year ended 31 March 2023. No share options granted under the 2006 Share Option Scheme have been cancelled during the year ended 31 March 2023.*

3. *The vesting period of the share options granted under the 2006 Share Option Scheme is from the date of grant to the commencement of the exercise period.*

32. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

Share Option Scheme (continued)

Details and movements of the share options of the Company granted under the 2016 Share Option Scheme during the year ended 31 March 2023 are as follows (continued):

Category of participants	As at 1 April 2022	Granted during the year	Lapsed/ forfeited during the year *(Note 1)*	As at 31 March 2023	Date of grant of share options	Exercise period of share options	Date of share options vested/to be vested	Exercise price per share HK$	The price of the Company's shares at the grant date HK$
Other eligible participant	200,000	–	(200,000)	–	28 April 2017	From 28 April 2020 to 27 April 2027	28 April 2020	1.04	1.04
	200,000	–	(200,000)	–	28 April 2017	From 28 April 2021 to 27 April 2027	3 September 2020	1.04	1.04
	1,600,000	–	(1,600,000)	–	28 April 2017	From 28 April 2022 to 27 April 2027	3 September 2020	1.04	1.04
	2,000,000	–	(2,000,000)	–					
Director									
Mr. Bernard AUYANG	4,000,000	–	(4,000,000) *(Note 2)*	–	1 April 2020	From 1 July 2022 to 30 June 2030	1 July 2022	0.345	0.345
	4,000,000	–	(4,000,000)	–					
Total	6,000,000	–	(6,000,000)	–					

Notes:

1. *No share options granted under the 2016 Share Option Scheme have been exercised or cancelled or have lapsed during the years ended 31 March 2023.*

At the end of the reporting period,the Company did not have share options outstanding under the 2023 Share Option Scheme.

32. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

Share award scheme

A Share Award Scheme (the "2023 Share Award Plan") has been adopted by the Company in the annual general meeting on 7 September 2023.

The purposes of the 2023 Share Award Plan are to recognise and reward the contributions of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The 2023 Share Award Plan shall be valid and effective for a term of 10 years from 7 September 2023 unless terminated earlier by the Board. The shares to be awarded under the 2023 Share Award Scheme (the "Awarded Shares") will be acquired by the trustee of the 2023 Share Award Plan (the "Trustee") from the open market from time to time, which will be settled by cash contributed by the Group. The Trustee will hold the Awarded Shares in trust for the awardees until such shares are vested with the awardees in accordance with the provisions of the 2023 Share Award Plan.

The Trustee shall not exercise the voting rights in respect of any shares held under the trust.

The total number of shares to be awarded under the 2023 Share Award Plan shall not exceed 10% of the total number of issued shares of the Company (the "Shares"), being 84,254,000 shares, as at the adoption date of the 2023 Share Award Plan from time to time. The maximum number of Shares which may be awarded to a selected participant under the 2023 Share Award Plan shall not exceed 1% of the issued share capital of the Company from time to time.

The vesting of the shares awarded to the awardees is subject to the fulfilment of certain performance targets and other requirements as set out in the grant notice to be entered into between the Company and each Grantee. The performance targets shall include: financial targets such as net profit after tax for the year of the Group and management targets (such as stakeholder engagement, productivity, client satisfaction etc.) which shall be determined based on the (i) individual performance; (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the selected Grantees. There is no service provider sublimit being defined under the 2023 Share Award Plan.

On 26 September 2023 (the "Grant Date"), the Company granted a total of 6,000,000 Awarded Shares (the "Awards") to five senior management of the Group (the "Grantees") pursuant to the 2023 Share Award Plan, which all Grantees have duly accepted. Each of the Awards represents a conditional right to receive one Awarded Share subject to certain terms and conditions of the grant of such Awards.

As at the end of the reporting period, the number of awarded shares remain available for grant under the Share Award Scheme is 78,254,000 shares, representing approximately 9.29% of the total issued shares of the Company as at the end of the reporting period.

Out of the aggregate 6,000,000 Awarded Shares, all are granted to the five senior management of the Group.

32. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME (continued)

Share award scheme (continued)

After the reporting period, on 26 April 2024, the Company grants 5,100,000 and 3,200,000 Awarded Shares to executive directors, Mr. Bernard AUYANG and Mr. Wong Wah Shun respectively. The conditional grant is subject to the approval of the independent shareholders at the AGM 2024.

As 31 March 2024, details of the outstanding Awarded Shares under the Share Award Plan are as follows:

Grand date	Number of Award Shares to vest	Vesting period	Price of the Company's share at grant date of the award shares HK$ per share
26 September 2023	2,000,000	26 September 2023 to 26 September 2024	0.345
26 September 2023	2,000,000	26 September 2023 to 26 September 2025	0.345
26 September 2023	2,000,000	26 September 2023 to 26 September 2026	0.345

Movement in the number of Awarded Shares were as follows:

	Number of Award Shares 2024
Outstanding at 1 April	–
Awarded Shares granted	6,000,000
Outstanding at 31 March	6,000,000

During the year ended 31 March 2024, share based payment expense of HK$634,000 was charged to the consolidated statement of profit or loss.

33. RESERVES

The amounts of reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

The Group's contributed surplus represents (i) the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the reorganisation of certain subsidiaries of the Group which took place in a prior year over the nominal value of CIL's shares issued in exchange therefor; and (ii) the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation over the nominal value of the Company's shares issued in exchange therefor.

34. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 HK$'000	2023 HK$'000
Contracted, but not provided for:		
Leasehold improvements	**2,199**	3,314
Plant and machinery	**1,066**	7,239
Computer software	**4,837**	12,917
	8,102	23,470

In addition, as at 31 March 2023, the Group had a capital contribution commitment, contracted but not provided for, provided to a joint venture of HK$11,423,000.

35. MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances set out elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2024 HK$'000	2023 HK$'000
Sales to disposal of fixed assets from a joint venture	**6,600**	–
Sales of finished goods to a joint venture	**896**	8,172
Service fee income from associates	**2,693**	3,260
Recharge of salary to an associate	**369**	467

The sales were made with reference to the prices and conditions offered to the major customers of the Group.

(b) Compensation of key management personnel of the Group

	2024 HK$'000	2023 HK$'000
Short term employee benefits	**29,834**	27,654
Post-employment benefits	**198**	180
Share based payment expense	**634**	–
	30,666	27,834

Further details of directors' emoluments are included in note 8 to the financial statements.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at amortised cost HK$'000	Financial assets at fair value through other comprehensive income: Debt investments HK$'000	Financial assets at fair value through other comprehensive income: Equity investment HK$'000	Financial asset at fair value through profit or loss: Designated as such upon initial recognition HK$'000	Financial asset at fair value through profit or loss: Mandatorily designated as such HK$'000	Total HK$'000
2024						
Financial asset at fair value through other comprehensive income	–	–	–	–	–	–
Financial assets at fair value through profit or loss	–	–	–	12,065	–	12,065
Derivative financial instruments	–	–	–	–	242	242
Trade receivables	341,034	168,342	–	–	–	509,376
Amount due from a joint venture	6,970	–	–	–	–	6,970
Financial assets included in prepayments, deposits and other receivables	96,824	–	–	–	–	96,824
Cash and bank balances	226,699	–	–	–	–	226,699
	671,527	168,342	–	12,065	242	852,176
2023						
Financial asset at fair value through other comprehensive income	–	–	–	–	–	–
Financial assets at fair value through profit or loss	–	–	–	9,493	–	9,493
Trade receivables	393,015	162,221	–	–	–	555,236
Financial assets included in prepayments, deposits and other receivables	131,905	–	–	–	–	131,905
Cash and bank balances	307,770	–	–	–	–	307,770
	832,690	162,221	–	9,493	–	1,004,404

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets that are derecognised in their entirety

As part of its normal business, the Group entered into trade receivable factoring arrangements (the "Arrangements"), pursuant to which the Group assigned the rights to certain trade receivables to certain banks. The Group is not exposed to default risks of the trade debtors after the assignment. The Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables assigned under the Arrangements that have not been settled as at 31 March 2024 was HK$517,717,000 (2023: HK$386,143,000).

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
2024		
Trade and bills payables	**745,346**	**745,346**
Financial liabilities included in other payables and accrued liabilities	**92,488**	**92,488**
Interest-bearing bank borrowings	**136,445**	**136,445**
Lease liabilities	**97,642**	**97,642**
	1,071,921	**1,071,921**
2023		
Trade and bills payables	1,012,386	1,012,386
Financial liabilities included in other payables and accrued liabilities	82,642	82,642
Interest-bearing bank borrowings	223,510	223,510
Lease liabilities	126,223	126,223
	1,444,761	1,444,761

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accrued liabilities and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. The valuations of the Group's financial asset at fair value through other comprehensive income in level 3 as at 31 March 2024 and 31 March 2023 were conducted with reference to the carrying value of the net asset value of the investment based on the cost approach by management.

As at 31 March 2024, the fair values of unlisted equity investments which were classified as financial assets at fair value through profit or loss in level 3 have been estimated using a discounted cash flow valuation model. The valuation requires management to make certain assumption about the model inputs, including forecasts cash flow, the discount rate, and discount for lack of marketability. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimates of the fair value.

The valuation methodologies on estimating the fair values of another unlisted equity investment were based on recent transactions of the investment during the year ending 31 March 2024.

As at 31 March 2023, the fair values of unlisted equity investments which were classified as financial assets at fair value through profit or loss in level 3 have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple, enterprise value to sales ("EV/S") ratio, and discount for lack of marketability, for each comparable company identified. The multiple is calculated by dividing the enterprise value or market value of invested capital of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The put option included in the financial asset at fair value through profit or loss in level 3 as at 31 March 2023 has been estimated using a binomial lattice model.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

During the years ended 31 March 2024 and 31 March 2023, the Group entered into derivative financial instruments with various counterparties, principally creditworthy banks with no recent history of default. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

As at 31 March 2024 and 31 March 2023, the derivative financial instruments and trade receivables designated at debt investments at fair value through other comprehensive income were classified under fair value measurement using significant observable inputs within level 2. The valuations of the Group's trade receivables designated at debt investments at fair value through other comprehensive income as at 31 March 2024 and 31 March 2023 were determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 March 2024:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted equity investments	Discounted cash flow valuation model	Discount for lack of marketability	10.7% to 20.7%	5% increase/decrease in discount for lack of marketability would result in decrease/increase in fair value of HK$700,000 to HK$800,000
		Discount rate	12%	1% increase/decrease in weighted average cost of capital would result in decrease/increase in fair value of HK$1,200,000 to HK$1,500,000

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 March 2023:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	EV/EBITDA multiple	0.88 to 7.98	5% increase/decrease in EV/EBITDA multiple would result in increase/decrease in fair value of HK$157,000 to HK$158,000
		EV/S ratio	1.53 to 4.27	5% increase/decrease in EV/S ratio would result in increase/decrease in fair value of HK$92,000 to HK$93,000
		Discount for lack of marketability	18.0% to 47.4%	5% increase/decrease in discount for lack of marketability would result in decrease/increase in fair value of HK$156,000 to HK$170,000
Put option included in unlisted investments	Binomial lattice model	Volatility	44.6% to 49.3%	5% increase/decrease in volatility would result in decrease/increase in fair value of Nil

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

	Put option HK$'000	**Equity investments** HK$'000
Unlisted investments designated at fair value through profit or loss:		
At 1 April 2022	3,525	5,834
Total gains recognised in the consolidated statement of profit or loss included in other operating income, net	1,624	(1,490)
At 31 March 2023	5,149	4,344

	Put option HK$'000	**Equity investment** HK$'000
Unlisted investments designated at fair value through profit or loss:		
At 1 April 2023	5,149	4,344
Total gains recognised in the consolidated statement of profit or loss included in other operating income, net	41	7,004
Disposal of unlisted investment	(5,190)	(2,560)
Addition of unlisted investment	–	3,277
At 31 March 2024	–	12,065

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, cash and bank balances and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, and financial liabilities included in other payables and accrued liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Management meets periodically to analyse and formulate measures to manage the Group's exposure to financial risks. Generally, the Group employs a conservative strategy regarding its risk management.

(i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits and debt obligations with floating interest rates.

The interest rates and the terms of repayment of the Group's bank deposits and interest-bearing bank borrowings are disclosed in notes 24 and 29, respectively. The Group did not use any derivative instruments to hedge against its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on interest-bearing bank borrowings and bank deposits) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2024			
Bank deposits	**100**	**2,267**	**1,700**
Bank borrowings	**100**	**(1,364)**	**(1,023)**
Bank deposits	**(100)**	**(2,267)**	**(1,700)**
Bank borrowings	**(100)**	**1,364**	**1,023**
2023			
Bank deposits	100	3,077	2,308
Bank borrowings	100	(2,235)	(1,676)
Bank deposits	(100)	(3,077)	(2,308)
Bank borrowings	(100)	2,235	1,676

* *Excluding retained profit.*

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Foreign currency risk

The Group's exposure to the risk of changes in market currency rates relates primarily to the Group's sales and purchases which are mainly denominated in United States dollars and, to a lesser extent, Euro zone currencies. Certain production and operating overheads of the Group's production facilities in Mainland China are denominated in RMB. Due to the fact that the Hong Kong dollar is pegged to the United States dollar, the Group's exposure to foreign currency risk regarding the United States dollar is low. During the year, the Group managed foreign currency risk arising from certain transactions of RMB, EUR and GBP by the use of forward currency contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of RMB, EUR and GBP against HK$, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities, including trade and other receivables, cash and bank balances and trade and other payables).

	Increase/ (decrease) exchange rate against HK$ %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity HK$'000
2024			
If the Hong Kong dollar weakens against RMB	**5**	**60**	**60**
If the Hong Kong dollar weakens against EUR	**5**	**8,103**	**8,747**
If the Hong Kong dollar weakens against GBP	**5**	**81**	**81**
If the Hong Kong dollar strengthens against RMB	**(5)**	**(60)**	**(60)**
If the Hong Kong dollar strengthens against EUR	**(5)**	**(8,103)**	**(8,747)**
If the Hong Kong dollar strengthens against GBP	**(5)**	**(81)**	**(81)**
2023			
If the Hong Kong dollar weakens against RMB	5	(78,615)	(78,615)
If the Hong Kong dollar weakens against EUR	5	6,259	6,259
If the Hong Kong dollar weakens against GBP	5	7,383	7,383
If the Hong Kong dollar strengthens against RMB	(5)	78,615	78,615
If the Hong Kong dollar strengthens against EUR	(5)	(6,259)	(6,259)
If the Hong Kong dollar strengthens against GBP	(5)	(7,383)	(7,383)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Outstanding receivable balances are monitored on an ongoing basis. In addition, the Group had no significant historical bad debt records in prior years. Accordingly, the Group's exposure to credit risk is not significant. In addition, certain trade receivables were covered by credit insurance purchased by the Group.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
				Simplified	
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	approach HK$'000	Total HK$'000
As at 31 March 2024					
Debt investments at fair value through other comprehensive income					
– Trade receivables*	–	–	–	168,342	168,342
Trade receivables*	–	–	–	347,129	347,129
Amount due from a joint venture	–	–	–	6,970	6,970
Financial assets included in prepayments, deposits and other receivables					
– Normal**	96,824	–	–	–	96,824
Cash and bank balances					
– Not yet past due	226,699	–	–	–	226,699
	323,523	–	–	522,441	845,964

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 31 March 2023					
Debt investments at fair value through other comprehensive income – Trade receivables*	–	–	–	162,221	162,221
Trade receivables*	–	–	–	398,108	398,108
Financial assets included in prepayments, deposits and other receivables – Normal**	131,905	–	–	–	131,905
Cash and bank balances – Not yet past due	307,770	–	–	–	307,770
	439,675	–	–	560,329	1,000,004

* *For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the financial statements.*

** *The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.*

Since the Group trades only with creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables were widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

2024

	Within one year/ on demand HK$'000	One to five years HK$'000	Total HK$'000
Trade and bills payables	745,346	–	745,346
Financial liabilities included in other payables and accrued liabilities	92,488	–	92,488
Interest-bearing bank borrowings	136,445	–	136,445
Lease liabilities	47,058	54,758	101,816
	1,021,337	54,758	1,076,095

2023

	Within one year/ on demand HK$'000	One to five years HK$'000	Total HK$'000
Trade and bills payables	1,018,995	–	1,018,995
Financial liabilities included in other payables and accrued liabilities	82,642	–	82,642
Interest-bearing bank borrowings	223,510	–	223,510
Lease liabilities	51,652	79,739	131,391
	1,376,799	79,739	1,456,538

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(v) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

The Group's capital comprises all components of equity. As at 31 March 2024, the Group had net cash of HK$90,254,000 (2023: HK$84,260,000), representing total cash and bank balances less total interest-bearing bank borrowings.

The Group is subject to capital requirements imposed by various banks for banking facilities granted. During the year, the Group has complied with the capital requirements imposed by these banks.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**958,693**	982,209
Total non-current assets	**958,693**	982,209
CURRENT ASSETS		
Prepayments, deposits and other receivables	**3,383**	206
Tax recoverable	**–**	130
Cash and bank balances	**688**	1,876
Total current assets	**4,071**	2,212
CURRENT LIABILITIES		
Other payables and accrued liabilities	**1,198**	1,736
Tax payable	**127**	–
Total current liabilities	**1,325**	1,736
NET CURRENT ASSETS	**2,746**	476
Net assets	**961,439**	982,685
EQUITY		
Issued capital	**84,254**	84,254
Reserves *(note)*	**877,185**	898,431
Total equity	**961,439**	982,685

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

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Share held under share award scheme HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2022	396,142	353,435	5,926	–	183,883	939,386
Transfer of share option reserve upon the forfeiture or lapse of share options	–	–	(5,926)	–	5,926	–
Total comprehensive expense for the year	–	–	–	–	(768)	(768)
2022 final dividend declared and paid	–	–	–	–	(40,187)	(40,187)
At 31 March 2023 and 1 April 2023	396,142	353,435	–	–	148,854	898,431
share granted under share award scheme	–	–	–	634	–	634
share purchased under share award scheme	–	–	–	(3,572)	–	(3,572)
Total comprehensive expense for the year	–	–	–	–	(615)	(615)
2023 final dividend declared and paid	–	–	–	–	(17,693)	(17,693)
At 31 March 2024	396,142	353,435	–	(2,938)	130,546	877,185

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation (note 33), over the previous nominal value of the Company's shares issued in exchange therefor. Under the Companies Law of the Cayman Islands, the contributed surplus may be distributed to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$22,017,000 (2023: HK$85,633,000) and HK$22,018,000 (2023: HK$85,582,000), respectively, in respect of lease arrangements for properties.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings HK$'000	Lease liabilities HK$'000
At 1 April 2022	285,923	94,842
Changes from financing cash flows	(65,128)	(51,093)
New leases	–	85,582
Termination of a lease	–	(1,057)
Interest expenses	–	3,299
Lease modification	–	(1,711)
Effect of foreign exchange rate changes, net	2,715	(3,639)
At 31 March 2023 and 1 April 2023	223,510	126,223
Changes from financing cash flows	(87,062)	(52,898)
New leases	–	22,018
Interest expenses	–	4,249
Effect of foreign exchange rate changes, net	(3)	(1,950)
At 31 March 2024	136,445	97,642

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 HK$'000	2023 HK$'000
Within operating activities	**1,818**	2,728
Within investing activities	**2,631**	–
Within financing activities	**52,898**	51,093
	57,347	53,821

41. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by Braeburn's non-controlling interests:		
Braeburn	10%	10%

	2024 HK$'000	2023 HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Braeburn	(351)	1,035
Accumulated balances of non-controlling interests at the reporting date:		
Braeburn	4,208	4,575

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

2024	Braeburn HK$'000
Revenue	131,732
Total expenses	(134,840)
Loss for the year	(3,108)
Total comprehensive loss	(3,108)
Current assets	33,337
Non-current assets	32,287
Current liabilities	(16,765)
Non-current liabilities	(6,781)
Net cash flows used in operating activities	(4,635)
Net cash flows used in investing activities	(230)
Net cash flows from financing activities	29
Net decrease in cash and cash equivalents	(4,836)

41. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

2023	Braeburn HK$'000
Revenue	169,601
Total expenses	(157,876)
Profit for the year	11,725
Total comprehensive income	11,725
Current assets	82,727
Non-current assets	33,793
Current liabilities	(73,800)
Non-current liabilities	(5,874)
Net cash flows used in operating activities	(450)
Net cash flows used in investing activities	(1,673)
Net cash flows used in financing activities	(911)
Net decrease in cash and cash equivalents	(3,034)

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 June 2024.

Financial Summary

Results

	Year ended 31 March				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
REVENUE	**4,037,818**	4,204,764	4,184,831	3,596,660	3,262,496
PROFIT BEFORE TAX	**107,580**	31,392	102,861	102,494	14,869
INCOME TAX EXPENSE	**(23,668)**	(7,853)	(19,141)	(21,103)	(3,896)
PROFIT FOR THE YEAR	**83,912**	23,539	83,720	81,391	10,973
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	**84,772**	22,504	84,227	81,391	10,993
NON-CONTROLLING INTERESTS	**(860)**	1,035	(507)	–	(20)
	83,912	23,539	83,720	81,391	10,973

Assets, Liabilities and Non-controlling Interests

	As at 31 March				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
TOTAL ASSETS	**2,620,928**	2,940,731	2,799,964	2,487,620	2,328,507
TOTAL LIABILITIES	**(1,236,491)**	(1,617,916)	(1,410,076)	(1,089,201)	(1,069,584)
NET ASSETS	**1,384,437**	1,322,815	1,389,888	1,398,419	1,258,923
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**1,380,738**	1,318,240	1,386,401	1,398,410	1,258,914
NON-CONTROLLING INTERESTS	**3,699**	4,575	3,487	9	9
TOTAL EQUITY	**1,384,437**	1,322,815	1,389,888	1,398,419	1,258,923