



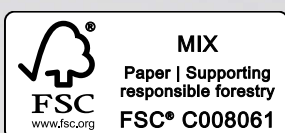
Annual Report 2024/2025



SATU HOLDINGS LIMITED
舍圖控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 8392



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



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. She Leung Choi
(*Chairman and Chief Executive Officer*)
Ms. Chan Lai Yin
Mr. She Leung Ngai Alex (Resigned on 28 August 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Kim Ching
Mr. Chan Ching Sum Sam
Ms. Fan Pui Shan

AUDIT COMMITTEE

Mr. Ho Kim Ching (*Chairman*)
Mr. Chan Ching Sum Sam
Ms. Fan Pui Shan

REMUNERATION COMMITTEE

Mr. Chan Ching Sum Sam (*Chairman*)
Mr. She Leung Choi
Mr. Ho Kim Ching

NOMINATION COMMITTEE

Mr. Chan Ching Sum Sam (*Chairman*)
Mr. She Leung Choi
Mr. Ho Kim Ching

RISK MANAGEMENT COMMITTEE

Ms. Chan Lai Yin (*Chairlady*)
Mr. She Leung Choi (Appointed on 28 August 2024)
Mr. She Leung Ngai Alex (Resigned on 28 August 2024)
Ms. Fan Pui Shan

COMPANY SECRETARY

Mr. Hung Wai Ho (Resigned on 1 December 2024)
Mr. Law Pak Hin Edward (Appointed on 1 December 2024)

AUTHORISED REPRESENTATIVES

Mr. She Leung Choi
Mr. Hung Wai Ho (Resigned on 1 December 2024)
Mr. Law Pak Hin Edward (Appointed on 1 December 2024)

COMPLIANCE OFFICER

Mr. She Leung Choi

REGISTERED OFFICE

P.O. Box 31119
Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2504, 25th Floor
Nanyang Plaza
57 Hung To Road
Kwun Tong, Kowloon
Hong Kong

PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Units 01 to 11, 23/F
Oriental Plaza
Luohu, Shenzhen
The PRC

LEGAL ADVISER

As to Hong Kong Law
ONC Lawyers
19th Floor
Three Exchange Square
8 Connaught Place
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
P.O. Box 31119
Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

AUDITOR

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditor
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

COMPANY'S WEBSITE

www.satuhome.com

STOCK CODE

8392

FINANCIAL SUMMARY

A summary of the results, and the assets and liabilities of the Company and its subsidiaries for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	Year ended 31 March				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Revenue	60,625	125,766	61,225	45,718	51,073
Cost of sales	(42,229)	(96,223)	(42,616)	(32,600)	(35,054)
Gross profit	18,396	29,543	18,609	13,118	16,019
Other income and other gains and losses	846	522	1,213	723	1,323
Selling and distribution expenses	(13,200)	(13,253)	(13,664)	(9,770)	(7,997)
Administrative expenses	(13,323)	(13,418)	(12,620)	(11,845)	(11,672)
(Loss)/profit from operations	(7,281)	3,394	(6,462)	(7,774)	(2,327)
Finance costs	(49)	(30)	(26)	(41)	(16)
(Loss)/profit before tax	(7,330)	3,364	(6,488)	(7,815)	(2,343)
Income tax (expense)/credit	(8)	(9)	(105)	56	(4)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	(7,338)	3,355	(6,593)	(7,759)	(2,347)

ASSETS AND LIABILITIES

	As at 31 March				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
TOTAL ASSETS	40,875	43,954	36,250	26,744	23,683
TOTAL LIABILITIES	8,639	8,410	7,161	5,243	4,486
TOTAL EQUITY	32,236	35,544	29,089	21,501	19,197

The shares of the Company were first listed on the GEM of The Stock Exchange of Hong Kong Limited on 16 October 2017.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the **"Board"**) of Satu Holdings Limited (together with its subsidiaries (the **"Group"** or **"we"**, **"our"** or **"us"**)), I am pleased to present the audited annual results of the Group for the financial year ended 31 March 2025 (the **"Year"**).

BUSINESS OVERVIEW

The Year was full of uncertainties. The unfavorable global economic environment affected the overall business conditions, the Sino-US trade tensions and increased volatility in the homeware market. Moreover, the prolonged regional military conflicts broke out since 2022 have put pressure on the consumers' market, especially in Europe. Despite the impact of the global economic uncertainties and the military conflicts, our overall revenue recorded moderate growth by approximately 11.8% from approximately HK\$45.7 million for the financial year ended 31 March 2024 (**"FY2024"**) to approximately HK\$51.1 million for the Year and the Group's gross profit increased by approximately HK\$2.9 million from approximately HK\$13.1 million for FY2024 to approximately HK\$16.0 million for the Year. The loss attributable to owners of the Company decreased from approximately HK\$7.8 million for FY2024 to approximately HK\$2.3 million for the Year.

The revenue of our homeware export business increased from approximately HK\$40.9 million for FY2024 to approximately HK\$46.3 million for the Year.

The revenue of our e-commerce business decreased by approximately HK\$0.3 million from approximately HK\$3.1 million for FY2024 to approximately HK\$2.8 million for the Year.

The revenue of our own brand products in the People's Republic of China (the **"PRC"**) increased from approximately HK\$1.8 million for FY2024 to approximately HK\$2.0 million for the Year.

PROSPECT

In the face of the aforesaid challenges and the Sino-US trade tensions, we foresee that the business environment in the coming year would remain challenging with a substantial degree of uncertainty. Any deterioration of the economic and consumption sentiment may have negative impact on our homeware export business. Nevertheless, the Board remains prudently optimistic on the business and prospects of the Group in the long run.

Moreover, we will remain focus on our core strengths in high quality products and will continue to introduce a greater variety of products, undertake cost control measures and diversify our sales networks and customer base. We will endeavour to achieve a sustainable business growth and maximise the long-term benefits for our shareholders.

A NOTE OF APPRECIATION

Finally, on behalf of the Board, I would like to express my sincere appreciation to all of our staff for their efforts, diligence and contribution to the Group, and express my utmost gratitude to all shareholders, investors, customers, suppliers and business partners for their continued and valuable support and trust to the Group.

She Leung Choi

Chairman

Hong Kong, 20 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of the Company hereby presents the audited consolidated results of the Group for the Year together with the comparative figures for FY2024.

BUSINESS REVIEW AND PROSPECTS

The Group was principally engaged in the businesses of homeware export, e-commerce, and sales of our own brand products during the Year. Our homeware customers comprise international brand owners and licensees, chain supermarkets and renowned department stores mainly in Europe. The total revenue of the Group was approximately HK\$51.1 million for the Year, representing an increase of approximately 11.8% as compared to that of approximately HK\$45.7 million for FY2024. The homeware export business was still the Group's major source of revenue, which contributed approximately 90.6% of the total revenue of the Group during the Year.

The global homeware market, especially in Europe, dominated our main source of revenue. Despite the impact of the global economic slowdown and the military conflicts in Europe, we kept on focusing on the growth of our revenue. During the Year, the homeware export business has regained the growing momentum as the revenue increased from approximately HK\$40.9 million for FY2024 to approximately HK\$46.3 million for the Year. The increase of homeware export sales was mainly attributable to the increase in sales orders from one of the major customers for the Year. The gross profit margin of homeware export business increases from approximately 29.6% for FY2024 to approximately 30.8% for the Year. Such increase was mainly due to the increase in revenue during the Year from one of the major customers who placed orders on products with higher gross profit margin.

The sales performance of e-commerce business for the Year was approximately HK\$2.8 million, representing a decrease of approximately 9.7%, as compared to that of approximately HK\$3.1 million for FY2024. The revenue of our own brand products increased to approximately HK\$2.0 million, representing an increase of approximately 11.1%, from approximately HK\$1.8 million for FY2024. The businesses of e-commerce and our own brand products contributed approximately 5.5% and 3.9%, respectively, of the total revenue of the Group during the Year.

Looking forward, in the face of the aforesaid challenges and the Sino-US trade tensions, the Group maintains a cautious outlook for the coming year and will continue to broaden our customer base and reinforce our competitiveness by enhancing the variety and strengthening the quality of our products. Our management is confident that the Group will remain competitive with its well-established foundation and bring fruitful returns for our shareholders in the future.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Year was approximately HK\$51.1 million, representing an increase of approximately 11.8% as compared to that of approximately HK\$45.7 million in FY2024. Such increase in revenue was primarily due to the combined effect of (i) the increase in sales orders from the customers in homeware export business; (ii) the decrease in revenue from e-commerce business; and (iii) the increase in revenue generated by our own brand products during the Year as compared to that of FY2024.

Cost of Sales

The cost of sales of the Group increased by approximately 7.7% from approximately HK\$32.6 million in FY2024 to approximately HK\$35.1 million for the Year, which was driven by the increase in revenue as a result of the increase in sales orders for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

Gross profit increased by approximately 22.1% to approximately HK\$16.0 million in the Year from approximately HK\$13.1 million in FY2024. The gross profit margin increased from approximately 28.7% in FY2024 to approximately 31.4% in the Year. Such increase was mainly due to (i) increase in revenue during the Year from one of the major customers who placed orders on products with higher gross profit margin; and (ii) the reversal of allowance for slow-moving inventories of approximately HK\$155,000 during the Year.

Other Income and Other Gains and Losses

The other income and other gains and losses of the Group increased by approximately HK\$0.6 million, from approximately HK\$0.7 million in FY2024 to approximately HK\$1.3 million in the Year. The increase was primarily due to the receipt of the government grants of approximately HK\$0.8 million under the Small and Medium-sized Enterprise Export Marketing Fund to support export promotion activities, as well as funding from the Dedicated Fund on Branding, Upgrading and Domestic Sales Mainland Programme to facilitate brand development, operational upgrades, and sales promotion in the PRC and other markets with signed Free Trade Agreements or Investment Promotion and Protection Agreements during the Year as compared to FY2024.

Selling and Distribution Expenses

During the Year, selling and distribution expenses of the Group decreased to approximately HK\$8.0 million, representing a decrease of approximately 18.4%, from approximately HK\$9.8 million in FY2024. Such decrease was mainly due to the decrease in advertising and promotion costs.

Administrative Expenses

The administrative expenses of the Group remained relatively stable at approximately HK\$11.7 million during the Year as compared to approximately HK\$11.8 million in FY2024.

Finance Costs

The finance costs decreased by approximately HK\$25,000 from approximately HK\$41,000 in FY2024 to approximately HK\$16,000 in the Year. The decrease was mainly due to the decrease in interest expense on lease liabilities.

Income Tax (Expense)/Credit

The Group's income tax expense was approximately HK\$4,000 in the Year, as compared to income tax credit of approximately HK\$56,000 in FY2024, which was mainly due to the combined effect of (i) the increase in income tax expense resulting from the increase in taxable profit of a subsidiary during the Year; and (ii) the over-provision of the PRC enterprise income tax expense in respect of prior years recognised in FY2024.

Loss for the Year Attributable to Owners of the Company

After taking into account of the foregoing, the Group recorded a loss attributable to owners of the Company of approximately HK\$2.3 million in the Year, representing a decrease of approximately 70.5% as compared to approximately HK\$7.8 million in FY2024.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group's treasury policy is to regularly monitor its current and expected liquidity requirements and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 31 March 2025, the Group had bank and cash balances of approximately HK\$11.1 million (31 March 2024: approximately HK\$13.7 million), which were principally denominated in United States Dollar and Renminbi. As at 31 March 2025, the Group's indebtedness comprised bank overdrafts of approximately HK\$0.2 million (31 March 2024: Nil), which was denominated in Hong Kong dollars ("HKD") and repayable on demand, and lease liabilities of approximately HK\$0.3 million (31 March 2024: approximately HK\$0.4 million). As at 31 March 2025, the Group had no outstanding bank borrowings (31 March 2024: Nil).

The Group's gearing ratio, which is calculated based on total debts (defined as the sum of lease liabilities and bank overdrafts) divided by total equity and multiplied by 100%, increased from approximately 1.9% as at 31 March 2024 to approximately 2.5% as at 31 March 2025, primarily due to the decrease in the balance of total equity as at 31 March 2025.

As at 31 March 2025, the Group's total assets amounted to approximately HK\$23.7 million (31 March 2024: approximately HK\$26.7 million) and net assets amounted to approximately HK\$19.2 million (31 March 2024: approximately HK\$21.5 million).

As at 31 March 2025, current ratio and quick ratio of the Group was maintained at approximately 5.5 times and approximately 5.3 times respectively (31 March 2024: approximately 5.0 times and approximately 4.8 times).

CHARGE ON ASSETS

As at 31 March 2025, there was a charge on asset of pledged bank deposits of approximately HK\$1.2 million pledged to a bank as securities for the banking facilities granted to the Group. (31 March 2024: Nil). Other than the pledged bank deposit disclosed herein, the Group had no other charge on assets as at 31 March 2025.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on 16 October 2017. There has been no change in the capital structure of the Company since then. The equity of the Company only comprises ordinary shares.

As at 31 March 2025 and the date of this report, the issued share capital of the Company was HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each. During the Year and up to the date of this report, the Company held no treasury shares and did not sell any treasury shares.

SEGMENTAL INFORMATION

Segmental information is presented for the Group in note 7 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group had a total of 31 (as at 31 March 2024: 33) full-time employees including two (as at 31 March 2024: three) executive Directors. The total employee benefit expenses (including Directors' emoluments) for the Year amounted to approximately HK\$8.8 million (31 March 2024: approximately HK\$9.1 million). The Group determines the remuneration of its employees based on, among other factors, each employee's qualifications, experience and past performance. The remuneration package of employees are reviewed on a regular basis. The Group also arranges induction and regular trainings to employees from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recognises the importance of having good relationship with our employees, and believes our working environment and employee development opportunities have contributed to the Group's good employee relations and employee retention. The Group recruits our employees based on a number of factors such as their working experience, educational background and our needs. Apart from salary payments, other staff benefits include mandatory provident fund contributions, medical insurance coverage, discretionary bonus and share options which may be granted under the share option scheme adopted by the Company. The remuneration committee will regularly review and make recommendations to the Board on the overall remuneration policy, compensation package and structure for our Directors and senior management.

Other than the statutory Mandatory Provident Fund Scheme in Hong Kong or the central pension scheme in the PRC, the Group does not have pension scheme for employees and there was no contributions which could be forfeited by the Group as at the end of the Year.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk as most of its business transactions, assets and liabilities are principally denominated in HKD, Renminbi ("**RMB**"), British Pound ("**GBP**") and United States Dollars ("**USD**"). The Group's sales and purchases are primarily denominated and settled in USD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities but would monitor the foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise. During the Year, the Group did not have any foreign currency investments which have been hedged by currency borrowing or entered into any other financial instruments for hedging purpose. The Board would monitor the exposure to fluctuation in exchange rate so that the related risk would be controlled at an acceptable level.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. No financial instrument other than cash and bank deposits were held by the Group during the Year.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution of the then shareholders of the Company (the "**Shareholders**") on 22 September 2017 (the "**Date of Adoption**") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. From the Date of Adoption and up to the date of this report, no option had been granted or agreed to be granted, lapsed, exercised, or cancelled and there were no outstanding share options under the Share Option Scheme as at 31 March 2025. For detailed terms of the share option scheme, please refer to the paragraphs headed "Share Option Scheme" in the directors' report on this report.

OPERATING LEASE ARRANGEMENT

As at 31 March 2025, the Group had approximately HK\$1.4 million (31 March 2024: approximately HK\$1.9 million) outstanding short-term lease commitment relating to certain premises in the PRC.

On 3 January 2025, the Group entered into a new lease for use of office premise in Hong Kong through its wholly owned subsidiary, namely B&C Industries Limited for a fixed term of 2 years commencing from 1 April 2025 to 31 March 2027 with non-cancellable and without extension options. The total future undiscounted cash flows over the non-cancellable period amounted to approximately HK\$1.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

As at 31 March 2025 and 2024, the Group did not have any material capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENTS HELD, FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment held as at 31 March 2025 by the Group. There was no other plan for material investments or capital assets as at 31 March 2025 by the Group.

DIVIDENDS

The Board takes into account, among other factors, the Group's overall results of operation, financial position and capital requirements in considering the declaration of dividends. The Board resolved not to recommend any payment of final dividend for the Year (2024: Nil).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. She Leung Choi (余良材) (“Mr. She”), aged 55, is one of the founders of the Group, an executive Director, the chairman of the Board, the chief executive officer and member of the remuneration committee, nomination committee and risk management committee of the Board. Mr. She is also the Compliance Officer of the Group. Mr. She is brother of Mr. She Leung Ngai Alex, who has resigned as an executive Director of the Company on 28 August 2024. He was appointed as a Director on 27 March 2017 and was re-designated as an executive Director on 11 May 2017 and held various positions within the Group. Mr. She has been a director of B&C Industries Limited (“**B&C Industries HK**”) since 2000 and has been involved in business and product development, marketing and the management of B&C Industries HK. Mr. She was involved in all aspects of and the day-to-day operation during the initial start-up stage of B&C Industries HK. As the business develops and the operation of B&C Industries HK expands over the years, Mr. She is now taking up a managerial role and is more focused on the overall business development, corporate strategic planning and corporate management of the Group. He is also a director of B&C Industries (BVI) Limited, Satu Brown International Limited, Creative Fine International Limited, South Technology (International) Limited, and 正南電子商務 (深圳) 有限公司 (South Technology Business (Shenzhen) Company Limited*), which are subsidiaries of the Group.

Mr. She has over 23 years of management and operational experience in the homeware products export industry. Prior to establishing the first operating subsidiary, Mr. She set up B&C Enterprises Limited with his business partner, an independent third party of the Group, in October 1996 and served as one of its directors until its dissolution by way of deregistration in June 2002.

Mr. She obtained a degree of bachelor of business administration (honours) in management information systems from the Hong Kong Baptist University in December 1994. For Mr. She’s interest in the Shares in the Company, please refer to the paragraph headed “Directors and Chief executive’s interest and short positions in Shares, underlying shares and debentures of the Company and its associated Corporations” in the directors report in this annual report.

Ms. Chan Lai Yin (陳麗燕) (“Ms. Chan”), aged 54, is one of the founders of the Group and an executive Director. Ms. Chan was appointed as a Director on 27 March 2017 and was re-designated as an executive Director on 11 May 2017 and is the chairlady of the risk management of the Board. Ms. Chan has been a director of B&C Industries HK since 2000 and she is currently involved in business and product development, sales and marketing and customer relations of B&C Industries HK. Ms. Chan is responsible for the business operation, corporate management, corporate strategy implementations, sales and marketing, customer service and product development of the Group. She is also a director of B&C Industries (BVI) Limited, Satu Brown International Limited, Creative Fine International Limited, South Technology (International) Limited and 舍圖時尚用品 (深圳) 有限公司 (Satu Fashion Products (Shenzhen) Company Limited*), which are subsidiaries of the Group.

Ms. Chan has over 23 years of management, operation and sales experience in the homeware products export industry. Prior to joining the Group, Ms. Chan worked at Light Land International Limited, a Hong Kong company engaged in the fashion and apparel industry, from 1995 to 2000, as an assistant manageress primarily responsible for sales management, product selection and customer service. From 1993 to 1995, Ms. Chan worked at Prejecting 2500 Limited, a Hong Kong company, as a merchandiser primarily responsible for development of product lines, style design and the coordination of sales.

Ms. Chan obtained a degree of bachelor of business administration (honours) in applied economics from the Hong Kong Baptist College (currently known as Hong Kong Baptist University) in December 1993. For Ms. Chan’s interest in the Shares, please refer to the paragraph headed “Directors and Chief executive’s interest and short positions in Shares, underlying shares and debentures of the Company and its associated Corporations” in the directors’ report in this annual report.

* For identification purpose only

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Kim Ching (何劍菁) (“Mr. Ho”), aged 48, was appointed as an independent non-executive Director on 22 September 2017 and is the Chairman of the audit committee, member of the remuneration committee and nomination committee of the Board. Mr. Ho has over 22 years of experience in the accounting and finance industry. From June 2010 to August 2019, Mr. Ho worked for Viva Goods Company Limited (stock code: 933), shares of which are listed on the Main Board of the Stock Exchange (previously listed on GEM of the Stock Exchange (stock code: 8032)), in which he worked as the vice president of the corporate finance department, mainly responsible for overseeing the corporate finance matters of that group from June 2010 to March 2013, and acted as the company secretary and authorised representative, mainly responsible for overseeing the company secretarial and corporate governance matters from June 2010 to April 2016. From April 2013 to March 2018 and from April 2018 to August 2019, he serves as the corporate development director and vice president of the group respectively who has been mainly responsible for overseeing the corporate development, corporate finance, investment and investor relations matters of that group. From January 2006 to June 2010, Mr. Ho worked for Piper Jaffray Asia Limited as representative with type 6 licence (advising on corporate finance) of the regulated activities under the SFO, primarily responsible for corporate finance transactions including new listing, mergers and acquisitions and takeovers. From January 2003 to May 2005, Mr. Ho worked in the assurance and advisory business services department of Ernst & Young as an accountant. Mr. Ho is a certified public accountant of the Board of Accountancy in the Washington State, the U.S. and was conferred the right to use the designation of chartered financial analyst by the CFA Institute in September 2005.

Mr. Ho obtained a degree of bachelor of business administration and a degree of master of business administration from Simon Fraser University in May 1999 and September 2001, respectively.

Mr. Chan Ching Sum Sam (陳錚森) (“Mr. Chan”), aged 42, was appointed as an independent non-executive Director on 22 September 2017 and is the Chairman of the remuneration committee and nomination committee and a member of the audit committee of the Board. Mr. Chan has over 19 years of experience in the finance and accounting industry. He has extensive knowledge and experience in cross-border as well as domestic mergers and acquisitions transactions and capital market transactions including initial public offerings, takeovers and financial advisory. From August 2022 to March 2025, Mr. Chan served as an independent non-executive director of Hang Chi Holdings Limited (stock code: 8405), the shares of which were previously listed on GEM of the Stock Exchange and were delisted from GEM of the Stock Exchange on 4 March 2025. From September 2022 to May 2024, Mr. Chan has served as a head of mergers and acquisitions & ESG of Wai Chi Opto Technology Limited, wholly owned subsidiary of Wai Chi Holdings Company Limited, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1305). From May 2020 to July 2022, Mr. Chan served as a head of mergers and acquisitions and an executive director of the corporate finance department for Eddid Capital Limited. From December 2017 to May 2020, he was a director of First Shanghai Capital Limited. From February 2013 to February 2017, he worked at Changjiang Securities Holdings (HK) Limited and his last position was senior vice president of the corporate finance department. From December 2010 to August 2012, he worked at Piper Jaffray Asia Limited as an investment banking analyst. From July 2009 to December 2010, he worked at China Construction Bank Corporation (stock code: 939), shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited, as an accounting senior officer in the finance division. From March 2008 to July 2009, he worked at PricewaterhouseCoopers as senior associate in the assurance department. From September 2005 to March 2008, he worked at Ernst & Young as accountant in the assurance and advisory business services department.

Mr. Chan obtained a degree of bachelor of business administration in accounting from the Hong Kong Baptist University in November 2005, and a degree of master of science in financial analysis from The Hong Kong University of Science and Technology in November 2012. Mr. Chan is currently a fellow member of the Hong Kong Institute of Certified Public Accountants.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Fan Pui Shan (樊佩珊) (“Ms. Fan”), aged 55, was appointed as an independent non-executive Director on 22 September 2017 and a member of the audit committee and risk management committee of the Board. Ms. Fan has over 30 years of experience in the information technology industry. From January 2012 to August 2024, Ms. Fan worked at Fossil Asia Pacific Limited, an indirect wholly-owned subsidiary of Fossil Group, Inc. (NYSE stock code: FOSL), shares of which are listed on the NASDAQ stock market, and her last position was senior director of IT Portfolio. From August 2008 to January 2012, Ms. Fan served as the business systems director of the information technology division of Ralph Lauren Asia Pacific Limited, a subsidiary of Ralph Lauren Corporation (NYSE stock code: RL), shares of which are listed on the NASDAQ stock market. From March 2000 to July 2008, Ms. Fan worked at SupplyLINE Logistics Limited and her last position at the company was information technology manager. From November 1999 to March 2000, Ms. Fan worked at Li & Fung (Trading) Limited, a wholly-owned subsidiary of Li & Fung Limited (former stock code: 494), shares of which were formerly listed on the Main Board of the Stock Exchange and was privatised in May 2020, as systems analyst of the information technology services division. From July 1995 to November 1999, Ms. Fan worked at Armitage Computer Systems Limited and her last position was systems analyst, mainly responsible for systems analysis and design, software development, systems testing and implementation. From August 1994 to July 1995, Ms. Fan worked at Wah Hing Group Co. Limited as information services assistant.

Ms. Fan obtained a degree of bachelor of business administration (honours) in management information systems from the Hong Kong Baptist University in December 1994 and a degree of master of arts in information systems from the City University of Hong Kong in November 2001.

SENIOR MANAGEMENT

Mr. Law Pak Hin Edward (羅柏峴) (“Mr. Law”), aged 38, joined the Group in November 2024 as the financial controller of the Group and has been appointed as the company secretary of the Company since 1 December 2024. Mr. Law is primarily responsible for financial management, financial planning, financial reporting and compliance assurance of the Group.

Mr. Law has over 14 years of experience in accounting, finance and auditing. Mr. Law has been working for Wing Fung Group Asia Limited (stock code: 8526), a company listed on GEM of the Stock Exchange as chief financial officer since September 2016 and company secretary since February 2017.

Mr. Law obtained his degree of Bachelor of Commerce in July 2010 from the Australian National University in Australia. He is a full member of the CPA Australia since July 2013.

CORPORATE GOVERNANCE REPORT

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules. Save as the deviation of code provision C.2.1 of the CG Code disclosed below in the section headed "Chairman and Chief Executive" in this report, the Company has complied with all the applicable code provisions set out in the CG Code throughout the Year.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings as set out in Rules 5.48 to 5.67 to the GEM Listing Rules (the "**Model Code**") during the Year. The Company had made specific enquiry to the Directors and each of the Director has confirmed that he/she has fully complied with the Model Code, and the Company was not aware of any non-compliance with the Model Code by the Directors during the Year.

BOARD OF DIRECTORS

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support are in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, determining all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's articles of association (the "**Articles of Association**"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The Board may from time to time delegate certain functions to the management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The Company has adopted the code provisions stated in the CG Code (as defined in the GEM Listing Rules).

Composition of the Board

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors (the "**INEDs**") so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

CORPORATE GOVERNANCE REPORT

During the Year and up to the date of this report, the Board comprises the following Directors:

Executive Directors:

Mr. She Leung Choi (*Chairman and Chief Executive Officer*)

Ms. Chan Lai Yin

Mr. She Leung Ngai Alex (Resigned on 28 August 2024)

INEDs:

Mr. Ho Kim Ching

Mr. Chan Ching Sum Sam

Ms. Fan Pui Shan

The biographical details of each of the Directors are set out in the section headed “Biographies of Directors and Senior Management” in this report. Pursuant to Article 84 of the Articles of Association, one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

Mr. She Leung Choi, an executive Director, the chief executive officer, the chairman of the Board, the compliance officer of the Company and one of the controlling shareholders, is the brother of Mr. She Leung Ngai Alex, who has resigned as an executive Director on 28 August 2024.

Save as disclosed, there was no financial, business, family or other material relationship among the Directors and member of the senior management during the Year and up to the date of this report.

The INEDs have brought in a wide range of business and financial expertise, experiences and independent judgment to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will make various contributions to the Company.

In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules

Throughout the Year, the Board had three INEDs, representing at least one-third of the members of the Board as required under the GEM Listing Rules, and has met the requirement that at least one of the INEDs, namely Mr. Ho Kim Ching and Mr. Chan Ching Sum Sam, has appropriate professional qualifications or accounting or related financial management expertise.

In accordance with code provision B.2.2 of the CG Code, the Company has entered into a letter of appointment with each of the INEDs under which each INED is appointed for a fixed term (subject to re-election). Each of the letter of appointment is for a fixed term of three years commencing from 16 October 2024.

Upon specific enquiry being made to the INEDs, the Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules during the Year and as of the date of this report.

Proper insurance coverage in respect of legal actions against the Directors’ liability has been arranged by the Company.

CORPORATE GOVERNANCE REPORT

MECHANISM ENSURING SUFFICIENT INDEPENDENCE VIEWS TO THE BOARD

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the GEM Listing Rules from time to time).

Apart from complying with the requirements prescribed by the GEM Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

Independence Assessment

The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the Exchange Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his/her independence.

The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement.

Decision Making

All Directors (including independent non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including independent non-executive Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under the statutes and common law, the GEM Listing Rules, inside information provision under Part XIV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and other regulatory requirements and the Company's business and governance policies. All Directors had attended continuous professional training sessions on recent updates on the GEM Listing Rules and regulatory framework conducted by the Company's Hong Kong legal advisor during the Year as to regulatory and GEM Listing Rules updates in compliance with the code provision C.1.5 of the CG Code.

CORPORATE GOVERNANCE REPORT

The Company will from time to time provide briefings to all Directors to develop and refresh their knowledge and understanding about their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. During the Year, the Directors had attended relevant trainings on directors' duties and regulatory updates given by the Hong Kong legal advisers of the Company and the Directors have confirmed their participation in appropriate continuous professional development activities by way of attending seminars or self-study on regulatory updates.

MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

Regular Board meetings of the Year are scheduled in advance. The Board meets at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice is given within a reasonable time in advance. During the Year, four meetings were held by the Board. All Directors participated to discuss the strategy, operational and financial performance and internal control of the Group. The Directors are allowed to include any other matters in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters for discussion and/or resolution at the meetings are sent to all Directors at least three days before the intended date of each regular Board Meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the "Company Secretary") with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record within a reasonable time after each meeting and the final version is open and available for the Directors' inspection. According to the GEM Listing Rules, any Directors and their associates (as defined in the GEM Listing Rules) with a material interest in the transactions to be declared and discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of the meetings.

Details of the attendance of each Director at the annual general meeting held on 2 August 2024 ("2024 AGM") and the meetings of the Board and the board committee meetings held during the Year are as follows:

Name of Directors	2024 AGM	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Risk management Committee Meeting
<i>Executive Directors:</i>						
Mr. She Leung Choi	1/1	4/4	N/A	2/2	2/2	1/1
Ms. Chan Lai Yin	1/1	4/4	N/A	N/A	N/A	1/1
Mr. She Leung Ngai Alex (Resigned on 28 August 2024)	1/1	2/2	N/A	N/A	N/A	N/A
<i>INEDs:</i>						
Mr. Ho Kim Ching	1/1	4/4	2/2	2/2	2/2	N/A
Mr. Chan Ching Sum Sam	1/1	4/4	2/2	2/2	2/2	N/A
Ms. Fan Pui Shan	1/1	4/4	2/2	N/A	N/A	1/1

Apart from the above Board meetings, the chairman of the Board (the "Chairman") held a meeting with all the INEDs without the presence of the other executive Directors during the Year.

DIRECTORS' COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the Year and up to and including the date of this report.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

I. Policy Objective

The Board has adopted a policy of Board diversity (the “**Board Diversity Policy**”) on 1 February 2019, which was last updated on 31 August 2022. The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business. The Company believes that board diversity as an essential element in maintaining a competitive advantage, elevating the decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value will be reinforced. A summary of the Board Diversity Policy is disclosed below.

II. Policy Statement and Measurable Objective

In considering the Board’s composition, the Company takes into consideration the benefits of various aspects of diversity, including but not limited to gender, age, culture, ethnicity, educational background, professional experience, skills, knowledge, spectrum of perspectives, breadth of vision, sense of development direction and length of service and other factors that may be relevant from time to time towards achieving a diversified Board. The Board is conscious of maintaining Board diversity with an approximate level of female Board members, which shall not be less than one female member with immediate effect and may increase further in the future.

Having due regard to the benefit of diversity without having focused on a single gender aspects, appointment to the Board is based on objective criteria of meritocracy and the selected candidates will be considered in terms of the attributes that they have and which enable them to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company. The Board will take the opportunity to increase the number of female members over the time when selecting and making recommendation on suitable candidates for Board appointments.

III. Review and Monitoring

The Nomination Committee of the Company (the “**NC**”) is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board and the progress in achieving the diversity objectives of the Company at least annually. In reviewing and assessing the composition of the Board, the NC will consider the benefits of all aspects of diversity, including without limitation those benefits described above, in order to maintain an appropriate range and balance of talents, skills, experience and knowledge in the formation of the Board. The NC is also responsible for making recommendations to the Board on the selection and appointment of Directors and the review of the succession plan of Directors.

The Board reviews from time to time this Board Diversity Policy and monitors its implementation to ensure its continued effectiveness and that this Policy will remain relevant to the Company’s needs and reflect both the current and applicable regulatory requirements and good corporate governance practice, and will discuss any proposed changes to this Policy, as and wherever necessary and appropriate. The NC will also continuously review this Board Diversity Policy (as appropriate) to ensure the effectiveness of this Board Diversity Policy and that this Policy remains up-to-date in meeting the changing needs of the Company, and will recommend to the Board for consideration of changes to this Policy whenever and wherever it deems fit and appropriate.

CORPORATE GOVERNANCE REPORT

The Board had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation was sufficient and effective.

Board Diversity

During the Year and as at the date of this Report, the Board comprised two female Board members, in which case the Board considered gender diversity and the measurable objective for gender diversity has been archived. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

For recruiting potential successors to the Board to achieve Board diversity including gender diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which the candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms.

Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicants and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 March 2025, the Group had a total of 29 staff members (including the member of the senior management but excluding Directors). The gender composition of the staff members (including the member of the senior management but excluding Directors) was approximately 44.8% male staff members and 55.2% female staff members. Since the Company only had one member of senior management, the gender ratio of senior management was 100% male and no female senior management.

The Board considered that gender diversity of the workforce of the Group has been well maintained during the Year. As such, the plan for the Group in terms of gender diversity in workforce is to maintain the balance of gender diversity in the foreseeable future.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Board adopted a dividend policy on 1 February 2019 (the “**Dividend Policy**”), which was last updated on 31 August 2022. The Dividend Policy outlined the principles and guidelines as well as the Group’s considerations and approval structure in respect of the Company’s dividends.

As a matter of general principle, provided that the Group is profitable and without affecting the normal operations of the Group, the Group may consider to declare and pay dividends to the shareholders of the Group.

In considering the payment of dividends, the Group intends to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the shareholders of the Group.

The declaration and payment of dividends by the Group is subject to any restrictions under the Companies Act of the Cayman Islands, the Rules Governing the Listing of Securities on the Stock Exchange, the laws of Hong Kong and the Company’s Memorandum and Articles of Association and any other applicable laws and regulations.

Any declaration and payment of future dividends under the Dividend Policy are subject to the Board’s determination that the same will have to be in the best interests of the Group and the shareholders of the Group as a whole. The Board aims to make effective use of retained earnings to strengthen the operating base and fund growth of established businesses and the development of new businesses and strike a balance between the Shareholder interests and prudent capital management.

The Company does not have any pre-determined dividend distribution ratio. The Company’s dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future. There can be no assurance that dividends will be paid in any particular amount for or in any given period.

The Dividend Policy shall in no way constitute a legally binding commitment by the Group in respect of any future dividend distribution and/or in no way obligate the Group to declare a dividend at any time or from time to time.

The Board usually considers a number of factors including the Company’s results of operation, working capital requirements, the Group’s future development and general economic conditions before deciding to declare or recommend dividends. The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time.

CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision C.2.1 of the CG Code, the role of chairman and the chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. However, we do not have a separate chairman and chief executive as Mr. She Leung Choi (“**Mr. She**”) currently assumes the role of both chairman and chief executive of the Company. The Board believes that this structure has the benefit of ensuring consistent leadership within the Group and enables a more effective and efficient overall strategic planning for the Group. Since there are three INEDs in the Board, the Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure enables the Company to make and implement management and corporate decisions promptly, efficiently and effectively and there is sufficient checks and balances from the INEDs. The Board will continue to review and consider the need of appointing suitable candidate to assume the role of chief executive when necessary, taking into account the management needs and the corporate circumstances of our Group as a whole.

Save for the deviation from the code provision of C.2.1 of the CG Code disclosed above, the Company has complied with all the applicable code provisions set out in the CG Code during the Year.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and Risk Management Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

The written terms of reference for Board Committees are available on the websites of the Stock Exchange and the Company.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provisions D.3.3 and D.3.7 of the CG Code as set out in Appendix C1 to the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to supervise the Group's financial reporting process, make recommendations to the Board on the appointment, reappointment and removal of external auditors, monitor the integrity of the financial statements, review the annual report and half-year report, review the financial results and relevant financial statements of the Company, review the financial controls, risk management and internal control systems, and the financial and accounting policies and practices of the Group, ensure the Group's compliance with regulatory and statutory requirements and consider other topics as requested by the Board.

The Audit Committee comprises Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan, all being INEDs. The chairman of the Audit Committee is Mr. Ho Kim Ching, who holds the appropriate professional qualification as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. During the Year, two meetings were held by the Audit Committee. The summary of work of the Audit Committee is as follows: (i) consider and review the annual and interim results and reports of the Company before submission to the Board and the impact of the changes in accounting policies and practices and compliance with the relevant accounting standards as well as the GEM Listing Rules; (ii) have meeting with auditors to discuss the audit matters before commencement of the audit work; and (iii) review the effectiveness and adequacy of risk management and internal control system and the effectiveness of internal audit function.

The Group's consolidated financial statements for the Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Year comply with applicable accounting standards as well as the GEM Listing Rules and that adequate disclosures have been made. Details of attendance of the Audit Committee are set out under the section headed "Meetings of Board and Directors' Attendance Records" above in this report.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and code provision E.1.2 of the CG Code as set out in Appendix C1 to the GEM Listing Rules. The primary duties of the Remuneration Committee are, among other things, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, make recommendations to the Board on the remuneration packages of the Directors and senior management to assess the performance of executive Directors, and ensure that no Directors or any of his/her associates is involved in deciding his/her own remuneration. Details of the remuneration of Directors are set out in note 13 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee comprises Mr. Chan Ching Sum Sam, Mr. She Leung Choi and Mr. Ho Kim Ching. Mr. Chan Ching Sum Sam, who is an INED, is the chairman of the Remuneration Committee. The majority member of the Remuneration Committee are INEDs. The summary of work of Remuneration Committee during the Year is to assess the performance of the Directors and review the remuneration packages and emoluments of Directors and senior management and to consider whether they are fair and reasonable during the Year with reference to, among other things, the market level of remuneration paid by similar companies, the respective responsibility of the Directors and senior management and the overall performance of the Group. During the Year, two meetings were held by the Remuneration Committee. Details of attendance of the Remuneration Committee are set out under the section headed “Meetings of Board and Directors’ Attendance Records” above in this report.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with code provision B.3.1 of the CG Code as set out in Appendix C1 to the GEM Listing Rules. The primary duties of the Nomination Committee are, among other things, to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, select or make recommendations on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors, and review the board diversity policy adopted by the Board on a regular basis.

The Nomination Committee comprises Mr. Chan Ching Sum Sam, Mr. She Leung Choi and Mr. Ho Kim Ching. Mr. Chan Ching Sum Sam, who is an INED, is the chairman of the Nomination Committee. The majority members of the Nomination Committee are INEDs. During the Year, two meetings were held by the Nomination Committee. The summary of work of the Nomination Committee during the Year is to consider and review, among other matters, the diversity, structure, size and composition of the Board, the effectiveness of the Board Diversity Policy, the roles of chairman and chief executive, continuing professional development of Directors and senior management, assess the independence of the INEDs and consider the Directors to retire and to be re-appointed at the 2024 AGM. During the Year, no new Director was appointed.

The Nomination Committee held two meetings which, among other matters, (i) assessed the independence of the INEDs; (ii) reviewed the Board Diversity Policy; and (iii) recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming AGM. Details of attendance of the Nomination Committee are set out under the section headed “Meetings of Board and Directors’ Attendance Records” above in this report.

NOMINATION POLICY

The Board adopted a nomination policy (the “**Nomination Policy**”) on 1 February 2019, which was last updated on 31 August 2022. This Policy aims to set out the approach to guide the nomination committee of the Company (the “**Nomination Committee**”) in relation to the selection, appointment and re-appointment of the directors of the Company (the “**Directors**”); and ensure that the board of directors of the Company (the “**Board**”) has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company’s business.

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the “**Criteria**”):

- (a) Diversity in all aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- (b) Commitment for responsibilities of the Board in respect of available time, relevant interest and attention to the business of the Company and its subsidiaries;
- (c) Qualifications, including accomplishment and experience in the relevant industries in which the Company’s business is involved in;

CORPORATE GOVERNANCE REPORT

- (d) Compliance with the criteria for independence, in case for the appointment of an independent non-executive Director, as prescribed under Rules 5.05(2) and 5.09 of the GEM Listing Rules, subject to any amendments as may be made from time to time;
- (e) Reputation for integrity;
- (f) Potential contributions that the individual(s) can bring to the Board;
- (g) Plan(s) in place for the orderly succession of the Board; and
- (h) Any other relevant factors as may be determined by the Nomination Committee or the Board as appropriate from time to time.

The Nomination Committee will launch a formal process to review the Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Nomination Procedures

The Company has put in place the following director nomination procedures:

Appointment of New and Replacement Directors

- i. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable Director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms.
- ii. Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee and/or the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable Director candidate for appointment.

Re-election of Directors and Nomination from Shareholders

- i. Where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee and/or the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to Shareholders prior to a general meeting in accordance with the GEM Listing Rules.
- ii. Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the GEM Listing Rules. Particulars of the candidate so proposed will be sent to all Shareholders for information by a supplementary circular.

CORPORATE GOVERNANCE REPORT

Risk Management Committee

The Company has established the Risk Management Committee with written terms of reference in compliance with code provision D.2.1 of the CG Code as set out in Appendix C1 to the GEM Listing Rules. The primary duty of the Risk Management Committee is to monitor the exposure to sanctions risks. The Risk Management Committee reviewed the Group's exposure to sanctions risk during the Year.

The duties of reviewing the effectiveness and adequacy of risk management and internal control system and the effectiveness of internal audit function were performed by the Audit Committee. Details are set out under the section headed "Audit Committee".

On 28 August 2024, as a result of resigning as a Director, Mr. She Leung Ngai Alex ceased to be a member of the Risk Management Committee while Mr. She Leung Choi was appointed as a member of the Risk Management Committee. As at the date of this report, the Risk Management Committee comprises Ms. Chan Lai Yin, Mr. She Leung Choi and Ms. Fan Pui Shan. Ms. Chan Lai Yin is the Chairlady of the Risk Management Committee. During the Year, one meeting was held by the Risk Management Committee for reviewing the effectiveness and adequacy of risk management and internal control system of the Group.

Details of attendance of the Risk Management Committee are set out under the section headed "Meetings of Board and Directors' Attendance Records" above in this report.

Corporate Governance Function

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board and is in compliance with code provision A.2.1 of the CG Code. The Board will review the policy of the corporate governance and the corporate governance report of the Company annually.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years, commencing from 16 October 2023 and, subject to re-election and the provisions of the Articles of Association, such service agreement may be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with their respective service agreement.

Each of the INEDs has signed a letter of appointment with the Company for a term of three years commencing from 16 October 2024 and, subject to re-election and the provisions of the Articles of Association, such letter of appointment may be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with their respective letter of appointment.

Save as disclosed aforesaid, none of the Directors has a service agreement with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation).

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. According to Article 84 of the Articles of Association, at each annual general meeting (the "AGM"), one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and does not offer himself/herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

CORPORATE GOVERNANCE REPORT

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles of Association relating to retirement of Directors upon reaching any age limit.

According to Article 83(3) of the Articles of Association, the Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the years ended 31 March 2025 and 2024 are set out in note 13 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the member of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographies of Directors and Senior Management" in this report for the Year by band is set out below:

Remuneration band (in HK\$)	Number of individual
Nil to 1,000,000	1

INDEPENDENT AUDITOR'S REMUNERATION

For the Year, RSM Hong Kong was engaged as the Group's independent auditor. The remuneration paid/payable to RSM Hong Kong, the auditor are set out below:

Services	2025 Fee paid/ payable HK\$'000	2024 Fee paid/ payable HK\$'000
Audit services — annual audit services	570	580
Non-audit services	—	—
	570	580

During the Year, RSM Hong Kong was not engaged by the Group to perform any non-audit service.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Year, which (i) is free from any material misstatement, whether due to fraud or error; and (ii) give a true and fair view of the financial position of the Company and the Group and of the Group's financial performance and cash flow for the Year and are properly prepared on a going concern basis in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and applicable statutory requirements and accounting standards.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, RSM Hong Kong has stated in the independent auditor's report its reporting responsibilities on the Company's consolidated financial statements for the Year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges their responsibility to ensure the Company maintains sound and effective risk management and internal control to safeguard the Shareholders' investment and the Group's assets at all times. The Company has adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Pursuant to code provision D.2.5 of the CG Code, the Group has engaged an external independent professional advisory firm (the "**Independent Advisor**") to review the effectiveness and adequacy of internal control systems for the Year. The Independent Advisor had reviewed and analysed all material internal controls of the Group, including financial, operational and compliance controls and their associated risks. The relevant reports from the Independent Advisor were presented to and reviewed by the Audit Committee and the Board.

The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of the management's review on risk management and internal control systems; the result of internal audit work; the extent and frequency of communication with the Board in relation to the result of risk and internal control review; significant failures or weaknesses identified and their related implications; and the status of compliance with the GEM Listing Rules. The Board considers the Group's risk management and internal control systems are effective and adequate. Based on the risk management review conducted during the Year by the Independent Advisor, no significant risk was identified.

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.

CORPORATE GOVERNANCE REPORT

Handling and dissemination of inside information

The Group is aware of its obligation under relevant sections of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the “SFO”) and the Listing Rules for timely disclosure of inside information. An inside information policy has been established to lay down guidelines on definition, compliance and reporting mechanism of inside information. All members of the Board, senior management, and staff who are likely to possess inside information are strictly bound by this policy. Staff who have access to inside information are required to keep such unpublished inside information confidential until relevant announcement is made and are strictly prohibited from unauthorised use of confidential or inside information. Failure to comply with such requirements may result in disciplinary actions. In addition, the inside information policy of the Company also sets out:

- (i) designated reporting channels from different operations informing any potential inside information to designated departments;
- (ii) designated persons and departments to determine further escalation and disclosure as required; and
- (iii) designated persons authorised to act as spokespersons and respond to external enquiries which may involve disclosure of inside information.

COMPANY SECRETARY

Mr. Hung Wai Ho (“**Mr. Hung**”) was appointed as the Company Secretary on 1 January 2024 and resigned on 1 December 2024. Mr. Law Pak Hin Edward (“**Mr. Law**”) was appointed as the Company Secretary on 1 December 2024. Mr. Law is also the Financial Controller of B&C Industries HK and serves as the secretary of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. Mr. Law has confirmed that he has complied with the relevant professional training requirement for the Year under Rule 5.15 of the GEM Listing Rules.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary are subject to the Board’s approval.

The biographical details of the Company Secretary are set out in the section headed “Biographies of Directors and Senior Management” on page 12 of this report.

COMPLIANCE OFFICER

Mr. She is the compliance officer of our Company. The biography of Mr. She is set out in the section headed “Biographies of Directors and Senior Management” of this report.

SHAREHOLDERS’ RIGHTS

Procedures for putting forward proposals at Shareholders’ meetings

There are no provisions allowing Shareholders to make proposals or move resolutions at the general meetings under the memorandum of the Company and the Articles of Association (the “M&A”) or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene a general meeting in accordance with the “Procedures for Shareholders to convene a general meeting” set out below.

CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to convene a general meeting

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings of the Company (the “**Eligible Shareholder(s)**”) shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the general meeting.

Eligible Shareholders who wish to convene a general meeting for the purpose of making proposals or moving a resolution at the general meeting must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently at Unit 2504, 25/F., Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene a general meeting and the proposed agenda.

The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company’s branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene a general meeting and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the general meeting within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as being not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for a general meeting or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the general meeting.

If within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board to call for a general meeting shall be reimbursed to the Eligible Shareholder(s) by the Company.

Procedures for Shareholders to send enquires to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong, presently at Unit 2504, 25/F., Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong by post or by email to info@bnc.cc.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. matters within the Board’s purview to the executive Directors;
2. matters within a Board committee’s area of responsibility to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and consumer complaints, to the appropriate management of the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS COMMUNICATION POLICY

The Company has adopted a shareholders' communication policy, details of which is summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.
- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.satuhome.com), at the request of the Shareholders, and by post to the Shareholders.
- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.
- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles of Association. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.satuhome.com) subsequent to the close of the general meetings.

Arrangements for Dissemination of Corporate Communications

Pursuant to Rule 16.04A of the GEM Listing Rules and the Articles of Association, the Company has adopted the following policy for dissemination of the future financial reports and circulars of the Company (the "**Corporate Communications**") to the Shareholders electronically and only send Corporate Communications in printed form to the Shareholders upon request.

In this connection, the Company adopted the following arrangements on dissemination of Corporate Communications:

1. Actionable Corporate Communications

The Company will send the Actionable Corporate Communications (as defined under the GEM Listing Rules) to its Shareholders individually in electronic form by email. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will send the Actionable Corporate Communication in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future.

2. Corporate Communications

The Company will make the Corporate Communications available on its website (www.satuhome.com) and the Stock Exchange's website (www.hkexnews.hk).

The Company will send a notice of publication of the website version of Corporate Communications to its Shareholders by email and by post (only if the Company does not possess the functional email address of a Shareholder) on the publication date of the Corporate Communications.

CORPORATE GOVERNANCE REPORT

The Shareholders are encouraged to proactively monitor the availability of all future Corporate Communications on the websites and access the website version of Corporate Communications by themselves.

For those Shareholders who wish to receive a printed version of all future Corporate Communications and Actionable Corporate Communications or, if for any reason, have difficulty in gaining access to the Company's website, the Company will, upon receipt of request in writing by the Shareholder to the Company's branch share registrar in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to is-ecom@vistra.com, send future Corporate Communications and/or the relevant Corporate Communications (as the case may be) to such Shareholders in printed form free of charge. Shareholders should note that the preference to receive Corporate Communications in printed form should be renewed at the end of each financial year.

Company's Website

- The Company's website (www.satuhome.com) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.
- In addition to the "Investor Relations" section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange's website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company's website to facilitate communication between the Company, Shareholders and investment community.
- Information on the Company's website is updated on a regular basis.

Communication with the Company

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Unit 2504, 25/F., Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, or by the following means:

Telephone number: (852) 2342 5588

Email address: info@bnc.cc

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company highly values the view and comment by the Shareholders' and relevant stakeholders to the Company and would invite the Shareholders' and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above Shareholders' communication means and measures adopted by the Company, the Board is of the view that the Shareholders' communication policy implemented during the Year was sufficient and effective.

CONSTITUTIONAL DOCUMENTS

No constitutional documents were amended during the Year.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company acts as investment holding company. Its subsidiaries are principally engaged in the trading, designing, development, production management of homeware products with operations in the PRC and Hong Kong. The principal activities of the Company's principal subsidiaries are set forth in note 18 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks and uncertainties that the Group faces during its operation. Such risks and uncertainties include factors such as competition from existing and new players in the homeware products industry, changes in the consumer preferences and behaviour and potential changes in trade policies and legislation in Europe or any other jurisdictions that are relevant to our business. While these risks continue to exist, the Group will closely monitor any signs of these occurrences and will take appropriate actions to minimise the impacts derived from risks and uncertainties confronting the operation of the Group.

BUSINESS REVIEW AND OTHER DISCLOSURES

The business review of the Group for the year ended 31 March 2025 and further disclosures as required under Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. Those disclosures from part of this report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the financial position of the Group as at 31 March 2025 are set forth in the consolidated financial statements on pages 74 and 75 of this report.

During the Year, the Board does not recommend the payment of a final dividend for the Year (2024: Nil).

LISTING AND USE OF PROCEEDS FROM THE SHARE OFFER

The Company listed its shares of HK\$0.01 each (the "**Shares**") on the GEM of the Stock Exchange (the "**Listing**") on 16 October 2017 (the "**Listing Date**") and issued a total of 250,000,000 Shares by way of public offer and placing at a price of HK\$0.22 each. The net proceeds from the Listing, after deducting the actual listing expenses, amounted to approximately HK\$31.3 million. The balance of the net proceeds brought forward from 31 March 2024 was approximately HK\$2.2 million.

During the Year, the net proceeds from the Listing had been fully utilised for the intended purposes as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds" and the announcement for the reallocation and change in use of proceeds of the Company dated 19 March 2020 (the "**Announcement dated 19 March 2020**") and dated 1 March 2024 (the "**Announcement dated 1 March 2024**"). As at 31 March 2025, all the net proceeds from the Listing were fully utilised

REPORT OF THE DIRECTORS

An analysis of the amount utilised out of the net proceeds up to 31 March 2025 is set out below:

	Use of net proceeds (HK\$ million)	Revised use of net proceeds (HK\$ million)	Amount utilised during the Year (HK\$ million)	Utilised net proceeds up to 31 March 2025 (HK\$ million)	Remaining net proceeds as at 31 March 2025 (HK\$ million)	Comparison between business objectives with actual business progress up to 31 March 2025
Broaden the existing customer base, increase market share in the existing target markets and expand into new markets	13.2	(7.3) ⁽ⁱ⁾	–	(5.9)	–	
Enhance design and development capabilities	4.7	(2.4) ⁽ⁱ⁾	–	(2.3)	–	–
Enhance our quality assurance capabilities	4.7	–	–	(4.7)	–	–
Enhance brand recognition and awareness and promote corporate reputation	6.3	9.7 ⁽ⁱ⁾	(2.2)	(16.0)	–	(ii)
General working capital	2.4	–	–	(2.4)	–	–
Total	31.3	–	(2.2)	(31.3)	–	

- (i) On 19 March 2020, the Board resolved to reallocate the unutilised net proceeds in an amount of approximately HK\$7.3 million for establishing one liaison office in each of Europe and the US, acquiring office equipment to operate the liaison offices and recruitment and retaining certain staff to enhance the Company's brand recognition and awareness. For further details, please refer to the Announcement dated 19 March 2020. On 1 March 2024, the Board resolved to reallocate the unutilised net proceeds in an amount of approximately HK\$2.4 million in enhancing the Company's brand recognition and awareness by providing more training on existing sales and marketing team, retaining existing sales and marketing team, recruiting more staff in the sales and marketing team, and attending more overseas exhibition fairs in promoting our products.
- (ii) During the Year, the Company applied the proceeds in the following activities, which were consistent with the implementation activities set out in the Prospectus and the Announcement dated 19 March 2020 and the Announcement dated 1 March 2024: 1) advertising fee for the promotion of the products with Company's own brand name; 2) providing service fee to the strategic business and brand consultant to develop the products under the Company's own brand name; and 3) maintaining the e-commerce platform for trading the products with the Company's own brand name.

REPORT OF THE DIRECTORS

SHARES ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 March 2025 are set out in note 25 to the consolidated financial statements.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on Friday, 8 August 2025 at 11:00 a.m. (the “**2025 AGM**”). The register of members of the Company will be closed from Monday, 4 August 2025 to Friday, 8 August 2025, both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2025 AGM. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 1 August 2025.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 26 to the consolidated financial statements and in the consolidated statement of changes in equity on page 76, respectively.

DISTRIBUTABLE RESERVES

Details of the distributable reserve of the Company as at 31 March 2025 are set out in notes 26 and 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 3 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the Year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Chairman, Chief Executive Officer and Executive Director:

Mr. She Leung Choi

Executive Directors:

Ms. Chan Lai Yin

Mr. She Leung Ngai Alex (Resigned on 28 August 2024)

Independent Non-Executive Directors:

Mr. Ho Kim Ching

Mr. Chan Ching Sum Sam

Ms. Fan Pui Shan

The Company has received written confirmations of independence from each of the INEDs, namely, Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan, pursuant to Rule 5.09 of the GEM Listing Rules that they satisfied the independence guidelines under Rule 5.09 of the GEM Listing Rules. As at the date of this report, the Company still considers the INEDs to be independent.

Retirement and re-election of Directors

In accordance with Article 84 of the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself/herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Each of Ms. Chan Lai Yin (“**Ms. Chan**”) and Mr. She Leung Choi (“**Mr. She**”) will retire from office as executive Directors respectively at the 2025 AGM to be held on 8 August 2025. Ms. Chan and Mr. She will offer themselves for re-election as executive Directors.

REPORT OF THE DIRECTORS

At the 2025 AGM, separate ordinary resolutions will be put forward to the Shareholders in relation to the proposed re-election of Ms. Chan and Mr. She as executive Directors.

According to Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed by the Board pursuant to Article 83(3) of the Articles of Association shall not be taken into account in determining the particular Directors or the number of the Directors who are to retire by rotation.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, namely, Mr. She and Ms. Chan, has entered into a service agreement with the Company for a term of three years, commencing from 16 October 2023 and, subject to re-election and the provisions of the Articles of Association, such service agreement may be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with their respective service agreement. Their emoluments were determined by the Board by reference to their experience, responsibilities and duties with the Company and shall be reviewed annually by the Remuneration Committee.

Each of the INEDs, namely, Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan, has entered into a letter of appointment with the Company for a term of three years commencing from 16 October 2024 and, subject to re-election and the provisions of the Articles of Association, such letter of appointment may be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with their respective letter of appointment. Their emoluments were determined by the Board by reference to their experience, responsibilities and duties with the Company and shall be reviewed annually by the Remuneration Committee.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as disclosed in this report, no other transactions, arrangements and contracts of significance to which the Company's subsidiaries or its parent company was a party and in which a Director, the controlling shareholders, nor their respective associates 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.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 10 to 12 to this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Discussion on the environmental policies and performance is contained in the “Environmental, Social and Governance Report” on pages 43 to 69 of this report. This discussion forms part of the report of directors.

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

As at 31 March 2025, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

(i) Interest in the Company

Name of Director	Capacity	Number of ordinary Shares held <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. She	Interest of controlled corporation	611,250,000 (L) <i>(Note 2)</i>	61.125%
Ms. Chan	Interest of controlled corporation	86,250,000 (L) <i>(Note 3)</i>	8.625%

Notes:

1. The letter “L” denotes a long position in the Director’s interest in the Shares.
2. The controlled corporation is Hearthfire Limited, which is wholly-owned by Mr. She, an executive Director, and by virtue of the SFO, Mr. She is deemed to be interested in all the Shares held by Hearthfire Limited.
3. The controlled corporation is Present Moment Limited, which is wholly-owned by Ms. Chan, an executive Director, and by virtue of the SFO, Ms. Chan is deemed to be interested in all the Shares held by Present Moment Limited.

REPORT OF THE DIRECTORS

(ii) Interest in associated corporations

Name of Director	Name of associated corporation	Capacity	Number of ordinary Shares in associated corporation held (L) (Note)	Approximate percentage of shareholding
Mr. She	Hearthfire Limited	Beneficial owner	1 share of US\$1.00 each	100%

Note: The letter "L" denotes a long position in the Director's interest in the shares of the associated corporation.

Save as disclosed above, as at 31 March 2025, none of the Directors nor the chief executive of the Company had registered any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to in Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2025, so far as our Directors are aware, the persons (other than the Directors and chief executive of the Company as disclosed above) who will have or be deemed or taken to have interests and/or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the Company's issued share capital are as follows:

Name of Shareholder	Capacity	Number of ordinary Shares held (Note 1)	Approximate percentage of shareholding
Hearthfire Limited	Beneficial owner	611,250,000 (L) (Note 2)	61.125%
Present Moment Limited	Beneficial owner	86,250,000 (L) (Note 3)	8.625%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the Shares.
2. Hearthfire Limited is wholly-owned by Mr. She, an executive Director, and by virtue of the SFO, Mr. She is deemed to be interested in all the Shares held by Hearthfire Limited.
3. Present Moment Limited is wholly-owned by Ms. Chan, an executive Director, and by virtue of the SFO, Ms. Chan is deemed to be interested in all the Shares held by Present Moment Limited.

Save as disclosed above, as at 31 March 2025, so far as is known by or otherwise notified to the Directors, no other person or entity (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' EMOLUMENT POLICY

The Remuneration Committee was established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group having regard to the Group's operating results, individual performance and comparable market standard and practices. The Company has adopted a share option scheme (the "**Share Option Scheme**") as an incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme adopted by the written resolutions of all the Shareholders passed on 22 September 2017.

(a) Purpose

The Share Option Scheme is a share incentive scheme established to enable our Company to grant options to Eligible Participants (as defined in paragraph (b) below) as incentives or rewards for their contribution or potential contribution to our Company and/or any of its subsidiaries.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees of our Company or any of its subsidiaries; and
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date stated on the offer letter as decided by the Board, it shall be deemed to have been irrevocably declined.

REPORT OF THE DIRECTORS

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

(d) Maximum number of Shares available for Grant

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the share offer, being 100,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Company may renew this limit at any time to 10% of the Shares in issue as at the date of the approval by our Shareholders in general meeting.

As at 1 April 2024, 31 March 2025 and as at the date of this report, there were in total 100,000,000 shares which may be issued upon the exercise of all share options to be granted under the Share Option Scheme, which represents 10% of the number of issued shares of the Company, respectively. As at 1 April 2024, 31 March 2025 and as at the date of this report, there were in total 100,000,000 options available for grant under the Share Option Scheme, which represents 10% of the number of issued shares of the Company, respectively. There was no service provider sub-limit under the Share Option Scheme. There was no other share scheme adopted by the Company other than the Share Option Scheme.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised, cancelled, and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Where any grant of options to an INED of a substantial shareholder (as defined under the GEM Listing Rules) or any of their associates, the total number of shares which may fall to be issued upon the exercise of the options granted under the Share Option Scheme shall not exceed 0.1% of the shares in issue as at the date of grant in any 12-month period. Any further grant of options in excess of this 1% limit shall be subject to the issue of circular and approval from Shareholders as required under the GEM Listing Rules.

REPORT OF THE DIRECTORS

(f) Price of Shares

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) Exercise period, vesting period and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be notified by the Board to each grantee within which the option may be exercisable provided that such period of time shall not exceed a period of 10 years commencing from the date upon which the option is deemed to be granted and accepted. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. The Board may also at its absolute discretion determine the vesting period of any grant of options. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of the Listing.

(h) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(i) Rights on ceasing employment or death

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

- (i) by any reason other than death or termination of his/her employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

REPORT OF THE DIRECTORS

(j) Expiry of option

An option shall, among others, lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty, or in relation to an employee of the Group (if so determined by the Board), or has been insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally or any other ground which would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (iii) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of any terms of the Share Option Scheme.

(k) Remaining life of the Share Option Scheme

As at 31 March 2025 and up to the date of this report, no option had been granted or agreed to be granted under the Share Option Scheme. The Share Option Scheme will remain effective for 10 years after the date of adoption and will expire on 21 September 2027.

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 SUPPLIERS AND CUSTOMERS

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

Purchases	
— the largest supplier	48.4%
— five largest suppliers in aggregate	82.9%
Sales	
— the largest customer	38.1%
— five largest customers in aggregate	76.6%

None of the Directors, their associates or any Shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

On 15 March 2024, B&C Industries HK, an indirect wholly-owned subsidiary of the Company, as the tenant, entered into a tenancy agreement (the “**2024 Tenancy Agreement**”) with Pansino Homeware (Shenzhen) Co., Ltd* (泛華家居用品(深圳)有限公司) (“**Pansino Shenzhen**”), as the landlord, for the lease of the property situated at Units 01 to 11, 23/F., Oriental Plaza, Luohu, Shenzhen, the PRC with a gross floor area of 1,060 square metres (the “**Premises**”) for a rent of RMB106,000 (or approximately HK\$114,000) per month (exclusive of applicable land use fee, property tax arising from the lease of the Premises, management fee, utilities fees, sanitation fee and central air-conditioning fee) for a term of 12 months, commencing from 1 April 2024 and expiring on 31 March 2025. Pansino Shenzhen is indirectly wholly-owned by Mr. She, a controlling shareholder and executive Director of the Company.

The Premises has been used as our showroom and office in the PRC.

Details of the abovementioned transactions are disclosed as related party transactions under item (a) in respect of rental expenses to a related company of note 29 to the consolidated financial statements. On 13 March 2025, B&C Industries HK and Pansino Shenzhen entered into a tenancy agreement (the “**2025 Tenancy Agreement**”) commencing from 1 April 2025 and expiring on 31 March 2026. Except for the lease period, all other terms of the 2025 Tenancy Agreement are the same as the terms in the 2024 Tenancy Agreement.

The transactions under the 2024 Tenancy Agreement and 2025 Tenancy Agreement constitute de minimis continuing connected transactions of the Company under Rule 20.74(1)(c) of the GEM Listing Rules. Accordingly, the 2024 Tenancy Agreement, 2025 Tenancy Agreement and the transactions thereunder are fully exempted from the reporting, announcement, annual review, circular and the independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules as the aggregated transaction amount during the relevant financial year is less than HK\$3 million.

Save for the aforesaid transactions, the other related party transactions shown in note 29 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules. There were no other connected transaction or continuing connected transactions entered into during the Year save as disclosed above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the knowledge of the Directors, it is confirmed that the Company has maintained the prescribed minimum public float under the GEM Listing Rules during the Year and at any time up to the date of this report.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the Year and up to this report.

The Company has adopted, among others, the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of the shareholders: (i) the Company will disclose decisions on matters reviewed by the INEDs relating to compliance and enforcement of the deed of non-competition dated 22 September 2017 entered into by the controlling shareholders in favour of the Company in terms of competing interests (“**Non-competition Undertaking**”) in this report; and (ii) the controlling shareholders will make an annual declaration on compliance with their Non-competition Undertaking in this report.

* For identification purpose only

REPORT OF THE DIRECTORS

The Board would like to clarify that there were no conflicts of interests between the controlling shareholders and the Group arising from competing business for the Year. As such, the controlling shareholders confirmed that they have complied with their undertaking under the Non-competition Undertaking.

The INEDs have reviewed and confirmed that the controlling shareholders have complied with the non-competition undertaking under the Non-competition Undertaking.

PERMITTED INDEMNITY PROVISIONS

During the Year and up to the date of this report, the Company has arranged for appropriate insurance cover for Director's and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Pursuant to the Company's Articles of Association, the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year and up to the date of this report.

CHARITABLE DONATIONS

During the Year, the Group did not make any charitable or other donation (31 March 2024: Nil).

SUBSEQUENT EVENTS

The Directors are not aware of any significant event happened subsequent to 31 March 2025 and up to the date of this report.

AUDITOR

The consolidated financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. There has been no change of auditor of the Company since the Listing Date.

AUDIT COMMITTEE

The Audit Committee comprising three independent non-executive Directors, namely, Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan, has reviewed the accounting standards and policies adopted by the Group and this report including the audited consolidated financial statements of the Group for the Year.

On behalf of the Board
Satu Holdings Limited
She Leung Choi
Chairman

Hong Kong, 20 June 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

Dear Stakeholder,

Satu Holdings Limited (the “**Company**”, together with its subsidiaries, collectively as the “**Group**”, “**Satu**”, “**we**” or “**us**”) is delighted to present our Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) for the financial year ended 31 March 2025.

The Group acknowledges that commercial growth and prudent management of environmental and social issues are mutually important imperatives for us, with the latter being a key factor in long-term success in this rapidly changing world. The Group endeavors to reduce wastage, preserve the planet for future generations, and respond to the regulatory authorities’ expectations for environmental protection.

The Group puts the sustainable development of its business as the top priority of its long-term development goals, and incorporate climate-related issues and ESG elements into its long-term business strategic planning. As the most important leading role of the Group, the board of directors (the “**Board**”) has the sole responsibility to oversee, manage and monitor the Group’s ESG issues and progress directly.

The Group has set clear short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction progressively according to governmental requirements of different countries and regions. The Group attempts to reduce overall greenhouse gases (“**GHG(s)**”) emissions by 2% in five years after the year ended 31 March 2022 as the base year as our short-term goal and achieving the target of carbon neutrality no later than 2050. Moreover, sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes.

The Board is responsible for the implementation of the ESG initiatives and the monitoring of the effectiveness of the ESG strategies, directions and policies of the Group. The Board believes that an effective corporate governance structure is important in order to achieve a successful integration and effective management of sustainability for the business development of the Group. In order to effectively manage and monitor the performance of the Group in the ESG areas, the Board has identified the ESG-related issues and potential risks, the ESG risks and opportunities, performance, progress, goals and the ESG targets of the Group are analysed and reviewed on a regular basis.

Management is authorised by the Board to review and monitor the ESG policies and practices of the Group to ensure compliance with relevant legal and regulatory requirements, monitor and respond to emerging ESG issues, and make recommendations to the Board, where appropriate, to improve the ESG performance of the Group.

The Board is dedicated to improving and developing the ESG strategy which is functioning in the best interests of our stakeholders. Under the section “Stakeholders Engagement” of this Report, the mechanism and the logic of stakeholders’ involvement in developing our ESG strategy are clearly stated.

The Group is committed to implementing various initiatives to address the ESG concerns as all of us, as well as our next generation, could be affected by ESG issues and the sustainability issue. As such, as a Hong Kong listed company, the Board evaluates and determines the Group’s ESG-related risks and ensures that appropriate and effective ESG risk management and internal control systems are in place.

Looking ahead, the Board will continue to review and monitor the ESG performance of the Group and provide material, reliable, consistent and comparable ESG information to its stakeholders for making contributions to create a better environment.

She Leung Choi
Chairman

Hong Kong, 20 June 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Report mainly introduces our vision, policies and measures, and reports our performance towards ESG issues for communicating with the internal and external stakeholders.

Reporting Period

The Report illustrates the overall performance of the Group regarding the environmental and social aspects from 1 April 2024 to 31 March 2025 (the “**Reporting Period**”).

Reporting Scope and Boundaries

The Group is principally engaged in the trading, designing, development and production management of a wide range of homeware products. This Report discloses ESG related policies, initiatives for the core and material business in Hong Kong and Shenzhen, the People’s Republic of China (the “**PRC**”). The relevant environmental and social key performance indicators (“**KPI(s)**”) cover our offices in Hong Kong and Shenzhen, which include all the Group’s operations in the Reporting Period.

If the scope and boundaries of the specific contents vary, they are noted in the relevant sections of this Report. The Group is committed to improving internal data collection procedures and gradually expanding the scope of the disclosure.

Reporting Basis and Standards

This Report is prepared in accordance with Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix C2 (previously Appendix 20) to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”). The Company has complied with all “comply or explain” provisions set out in the ESG Reporting Guide and followed the following reporting principles in the preparation of this Report: materiality, quantitative, balance and consistency.

- **Materiality**

The Group identifies ESG issues that are significantly important by stakeholder engagement and materiality assessment. Details are set forth in the sections headed “Stakeholder Engagement” and “Materiality Assessment” in this Report.

- **Quantitative**

Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.

- **Balance**

This Report identifies the achievements and challenges faced by the Group.

- **Consistency**

This Report uses consistent methodologies for meaningful comparisons throughout the years unless improvements in methodology are identified.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The information contained in this Report herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's internal management systems. This Report is prepared and published in both English and Chinese at the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.satuhome.com). In the event of contradiction or inconsistency between the English version and the Chinese version, the English version shall prevail.

The English translation of Chinese names or terms in this Report, where indicated and accompanied by the original Chinese names or terms, are included for information purpose only, and should not be regarded as its official English translation of such Chinese names or terms.

Review and Approval

The Board acknowledges its responsibility for ensuring the integrity of this Report and to the best of their knowledge, this Report addresses all relevant material issues and fairly presents the ESG performance of the Group. This Report was approved by the Board on 20 June 2025. For additional information in relation to the Group's corporate governance, please refer to "Corporate Governance Report" on pages 13 to 29 of the Annual Report.

Feedback

We value the opinions of the readers of this Report and would like to hear your feedback to help us continuously improve our sustainability performance. If you have any queries or suggestions, please contact us via any of the following means:

Address: Unit 2504, 25/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong
Phone: (852) 2342 5588
Email: info@bnc.cc

ESG MANAGEMENT STRUCTURE

The Group believes that sustainability must be embedded in all aspects of the Group as environmental and social sustainability cannot exist without a holistic and sustainable business model. We are proud of offering quality products and services to meet our customer requirements, which facilitate our goals to support our customers on their business growth.

Under a systematic ESG management approach, the Board takes the lead on and has the oversight of the execution of ESG policies within the Group and assumes the ultimate responsibility of the Report. With a clear message instructing the building of corporate sustainability goals and metrics, the management of the Group oversees and supervises the implementation of relevant policies, and directly reports the progress of targets and the effectiveness of the execution to the Board through emails and meetings on a regular basis. The Board identifies and evaluates the business risks and opportunities together with the market changes based on the feedback and makes informed decisions accordingly.

Central to the Group's ESG management strategy is delivering on the sustainable development goals by being innovative, inclusive and results-oriented through policy implementation, ongoing monitoring and continuous improvement. To identify, assess, prioritise and monitor the ESG implementation throughout the organisation, the Group performs materiality assessment with respect to relevant ESG topics regularly, and has built a series of metrics tracking the performance.

The management reviews and evaluates the Group's ESG performance and prepares the annual ESG Report, and further examined and approved by the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

Effective communication with stakeholders is critical on the route to sustainable growth as it allows the Group to better understand the expectations of its stakeholders. We would like to align our ESG strategy with the stakeholders' expectations and concerns, enhance the ability to identify risk and strengthen important relationships, as well as balance the interests among the Group and our stakeholders. The topics that stakeholders may be concerned about and the ways we communicate with and respond are listed below:

Stakeholder Groups	Areas of Concern	Communication and Responses
The Stock Exchange	Compliance with the GEM Listing Rules, and timely and accurate announcements.	Meetings, training, workshops, programs, website updates, and announcements.
Government	Compliance with laws and regulations, preventing tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Investors	Transparency, corporate governance, business strategies and performances, sustainable profitability, and investment returns.	Shareholders' meetings, issue of financial reports or operation reports for investors, and timely disclosure.
Media and Public	Corporate governance, environmental protection, and corporate social responsibility.	Issue of newsletters on the Company's website.
Suppliers	Payment schedule, stable demand and quality services and products.	Regular meetings, supplier conferences, phone calls and interviews.
Customers	Service quality, reasonable prices, commercial credibility, product safety, and personal data protection.	Phone calls, after-sales services, clients' enquiries handling mechanism, rapid website updates.
Employees	Rights and benefits of employees, compensations, training and development, and working environment.	Conducting staff activities, training, interviews with employees, and employee suggestion boxes.
Community	Community environment, employment opportunities, community development, and social welfare.	Employee voluntary activities.

MATERIALITY ASSESSMENT

We have compiled and prioritised material aspects relating to our business operations. Material aspects are those that have significant economic, environmental and social impacts; or those that may substantially influence the assessments and decisions of our stakeholders. Through internal assessment of the management and an online assessment survey targeting the stakeholders, the material ESG issues that have significant impacts on the business and stakeholders are identified and prioritised. This Report will highlight the following aspects:

- Greenhouse Gas Emissions and Resource Management
- Product Responsibility
- Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL ASPECT

Overview

In order to seek long-term environmental sustainability, the Group is increasingly prudent in controlling the consumption of resources as well as its emissions. We acknowledge the threats of climate change and realise that we have responsibilities to better manage energy use to reduce GHG emissions. As the Group is principally engaged in the trading, designing, development and production management of an array of homeware products, in the absence of production process, our operations do not involve significant emissions of air pollutants and GHGs or significant generation of wastes or use of resources other than those generated in daily office operations. In our ordinary course of business, we do not pose material adverse impact to the environment. Nevertheless, as a responsible corporate citizen, we have incorporated the concept of sustainable development into our daily management, and are committed to improving the efficiency of resources utilisation and enhancing our environmental performance.

We advocate the idea of green and sustainable working environment, address waste management, and adhere to the four “Rs” principle of environmental protection (Reduce, Reuse, Recycle, Replace). We constantly review our internal operational practices to ensure that they are in line with the concept of sustainable corporate development. To achieve the environmental goals, the Group has implemented the following measures:

- Comply with all applicable environmental laws and regulations;
- Identify, assess and mitigate all potential environmental impacts associated with the Group’s activities;
- Develop a strong culture of environmental stewardship within the workforce; and
- Empower our employees to fulfill our environmental responsibilities through necessary trainings.

The Group’s environmental policy shows its commitment policy to protecting the environment of the Earth, which provides clear guidelines on the daily environmental protection for our staff starting with the details such as management of use of electricity, water, paper and office supplies. To minimize environmental impacts concerning our business activities and services, we would uphold our standards for environmental protection to the satisfaction of clients, customers and the public. The Group is committed to continual improvement of environmental performance. This environmental policy is communicated to all staff members of the Group.

With the continuation of our environmental protection measures, in view of the current business environment nature, the Group has set clear emission reduction targets. In short term we are aiming to reduce 2% of GHG emissions by 31 March 2027 by comparing with the 31 March 2022 baseline year. The carbon reduction target, and other emission reduction and energy conservation targets (regarding emissions of air pollutants, waste and wastewater, energy consumption and resources consumptions such as water and paper), will be reviewed annually. The Group’s long-term goal aligns with the sustainability goals of the Hong Kong Government to achieve carbon neutrality before 2050.

Compliance and No Grievance

During the Reporting Period, the Group complied with all relevant environmental laws and regulations that have a significant impact on us, including but not limited to “Environmental Protection Law of the PRC” (《中華人民共和國環境保護法》), “Law of the PRC on the Prevention and Control of Atmospheric Pollution” (《中華人民共和國大氣污染防治法》), Air Pollution Control Ordinance (Cap. 311), Water Pollution Control Ordinance (Cap. 358), and Environment Impact Assessment Ordinance (Cap. 499) in Hong Kong. During the Reporting Period, the Group was not aware of any significant non-compliance incidents or grievances involving in relation to environmental issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emissions

Air Pollution Control

Based on our assessment, the use of our motor vehicle is the main source of air emissions, which is considered to have a low overall impact on air pollution.

During the Reporting Period, the increase in the air emissions level was mainly due to higher usage of our motor vehicle. The following table shows the emissions of key air pollutants within our operations:

Air Pollutant data ¹ as at 31 March	Unit	2025	2024
Nitrogen oxides (NO _x)	grams	462.99	417.50
Sulphur oxides (SO _x)	grams	6.29	7.10
Particulate matter (PM)	grams	34.09	30.74

Greenhouse Gas Emissions

Efficient utilisation of resources whilst delivering safe and quality products and services to our customers is our key focus. In response to the community's increasing concern on GHG emissions, climate changes, and other related issues, the Group is committed to implementing and maintaining a high standard of GHG management.

Scope 1 emission from mobile fossil fuel consumption in our operations contributed to around 3% of our total GHG emissions. The Group will continue to assess, record, and disclose its GHG emissions annually and will continue to refine the data collection system and develop reduction strategies. In addition to the direct emissions from the combustion of fuels, scope 2 emission from electricity consumption accounted for approximately 86% of total GHG emissions. Energy and resource conservation practices are in place to raise awareness of our employees in creating a better environment. These include practices such as turning off unused equipment or appliances after work hours and operations, and switching off all the lights and air-conditioning when the last employee leaves the room or office premises. The Group has participated in one overseas business exhibition during the year. As such, scope 3 emission from business air travel accounted for approximately 11% of our total GHG emissions.

¹ Emissions from mobile fuel consumption of the Group are covered, and the estimation method and emission factors are based on "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The total GHG emissions during the Reporting Period decreased by approximately 5% compared to last year, mainly due to the decrease in electricity consumption. The decrease in electricity consumption may have been triggered by the use of energy-saving LED lighting in our office in Hong Kong. The increase of the Group's total revenue has also contributed to the drop of GHG emissions intensity. The following table shows the GHG emissions within our operations:

GHG emissions data ² as at 31 March			2025	2024
Sources	Unit			
Scope 1 ³	Vehicle fuel combustion	tonnes CO ₂ -equivalent	1.14	1.28
Scope 2 ⁴	Purchased electricity	tonnes CO ₂ -equivalent	31.25	33.30
Scope 3 ⁵	Business air travel	tonnes CO ₂ -equivalent	3.82	3.39
Total		tonnes CO ₂ -equivalent	36.21	37.98
Intensity		tonnes CO ₂ -equivalent per million revenue in HKD ⁶	0.71	0.83

Waste Management

As our core business is the sale of homeware, there is no significant hazardous waste generated during the ordinary course of business operations, and therefore, no data with regard to hazardous waste was recorded during the Reporting Period.

The generation of non-hazardous waste results principally from the paper consumption for administrative work. The consumption of copier paper during the Reporting Period amounted to around 1.87 tonnes which amounted to 0.04 tonnes per million of revenue. Most of the Group's used paper in daily office operations is collected and recycled. The increase of the Group's total revenue has also contributed to the drop of non-hazardous waste intensity.

As hazardous waste are not material to our business, we have no specific reduction target. For non-hazardous waste, we target to reduce paper usage to a level as low as possible without affecting our daily operations. We implemented the policy of double-sided printing and copying, and disseminate information by electronic means whenever possible to reduce the consumption of paper. To promote environmental awareness in the office, we use Forest Stewardship Council ("FSC") certified papers, ensuring the commitment towards environmental protection and guaranteeing papers that have been sourced in an environmentally-friendly, socially responsible and economically viable manner, for the printing of our interim and annual reports. We also encourage our employees to avoid the use of disposable and non-recyclable products, and to use refillable stationeries instead of one-off stationeries.

² GHG Emissions from direct and indirect emission of the Group's offices in the PRC and Hong Kong are covered. The estimation methods and emission factors are based on "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the latest sustainability reports of the power companies.

³ Scope 1: Direct emission from the business operations owned or controlled by the Group, such as emissions from petroleum consumption by vehicles.

⁴ Scope 2: "Energy Indirect" emissions from the resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group.

⁵ Scope 3: All other indirect emissions that occur outside the Group, including both upstream and downstream emissions.

⁶ The Group's total revenue in the financial year ended 31 March 2025 and 2024 were HKD51.073 million and HKD45.718 million respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table shows the GHG emissions within our operations:

Waste data ⁷ as at 31 March	Unit	2025	2024
Non-hazardous waste	tonnes	1.87	5.52
Intensity	tonnes per million revenue in HKD ⁸	0.04	0.12

Use of Resources

Policies

Our businesses and operations do not consume natural resources extensively. The Group adopts 4Rs (i.e. Reduce, Reuse, Recycle and Replace) policies into our daily business operations. To further improve the efficient use of resources, we are committed to the responsible use of resources in our business operations and have developed green office initiatives to promote resource conservation among our staff. We will keep exploring ways to improve our resources efficiency and continue moving towards a greener operation.

Energy Consumption

Direct energy consumption from mobile fossil fuel consumption in our operations contributed to around 7% of our total energy consumption. The Group will continue to assess, record, and disclose its energy consumption annually and will continue to refine the data collection system and develop energy conservation strategies. Indirect energy consumption from electricity consumption accounted for approximately 93% of our total energy emissions. The increase in the Group's total revenue has contributed to the drop in energy consumption intensity. The decrease in electricity consumption has been explained in the above section under greenhouse gas emissions. In the near future, we target to minimise the energy consumption and its intensity. As our revenue have shown an increment for the current year, we will carefully assess and review our energy consumption target on a regular basis.

The following table summarises the resources consumed and corresponding intensities within our operation:

Energy consumption data ⁹ as at 31 March	Sources	Unit	2025	2024
Direct energy consumption	Vehicle fuel combustion	kWh in '000s	4.15	4.68
Indirect energy consumption	Purchased electricity	kWh in '000s	58.65	63.12
Total energy consumption		kWh in '000s	62.80	67.80
Intensity		kWh in '000s per million revenue in HKD ¹⁰	1.23	1.48

⁷ Non-hazardous waste generated by paper consumption in daily office administration work in the PRC and Hong Kong are covered.

⁸ The Group's total revenue in the financial year ended 31 March 2025 and 2024 were HKD51.073 million and HKD45.718 million respectively.

⁹ Data of direct and indirect energy consumption of the Group's offices in the PRC and Hong Kong are covered. The estimation methods and emission factors are based on "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

¹⁰ The Group's total revenue in the financial year ended 31 March 2025 and 2024 were HKD51.073 million and HKD45.718 million respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Usage

Water resources are mainly used in the offices in Hong Kong and the PRC for the purpose of basic cleaning and sanitation, and thus the water usage is relatively low. The existing water supply is handled by our property management, which meets our daily operational needs and there is no issue in sourcing water. As some businesses operate in office premises where the water supply is centrally managed by their respective property management, it is not feasible for us to provide those water usage data. The increase of the Group's total revenue has also contributed to the drop of water consumption intensity.

Notwithstanding no recorded data of some business, we still place high value on water conservation in light of the global concern over water shortage by adopting a wide range of measures. As our business does not involve any manufacturing activities, and water is mainly for staff's domestic use, no significant risk is posed on our business in this regard. We target to minimise water consumption, regularly check on faucets to avoid unnecessary leakage, keep track of water usage pattern to identify any abnormality and actively promote water conservation awareness among our employees.

The water consumption data are listed in the following table:

Water consumption data ¹¹ as at 31 March		Unit	2025	2024
Water Consumption		cubic metres	273.07	280.12
Intensity		cubic metres per million revenue in HKD ¹²	5.35	6.13

Packaging Material Consumption

Given the Group's business nature, it does not involve any significant usage of packaging materials. We advocate efficient use of material in our daily office operations.

The Environment and Natural Resources

The Group focuses on business impact on the environment and natural resources and pursues the best practice with the environmental protection and promote adaptation to climate change. We strive to build an eco-conscious culture that ingrains positive lifestyle and habits among employees. We encourage our employees to have the following actions in order to reduce the energy wastage and to reuse materials for having a green office:

- Post a reminder notice to remind employees to save the usage of electricity and water at any times;
- Post an instruction label on the air conditioner to control the air-conditioned temperature in a comforts;
- Turn off the electricity supply to appliances to reduce their standby power consumption;
- Disconnect the mobile phone from charger once the battery is fully charged;
- Switch off the lights, air-conditioners, computers and electronic equipment when not in use;
- Carry out sorting system on office rubbish and to reuse it before sending to landfills;
- Set up centralized point for collecting single-side copy paper, paper envelopes and paper folder for re-use; and
- Encourage employee, who seats nearby windows, to open the curtains and to let natural day lights entering office.

We encourage employees to understand more about the Group's policies in order to enhance our environmental performances and build up the employees' knowledge on the environmental awareness.

¹¹ Data of water consumption of the Group's offices in the PRC are covered.

¹² The Group's total revenue in the financial year ended 31 March 2025 and 2024 were HKD51.073 million and HKD45.718 million respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Change

Climate change is one of the biggest global challenges faced by society, and we must act now for our climate and our communities. In recent years, extreme weather, such as strong winds and heavy rainfall, as well as tides and floods, have become the focus around the world. Logistics and supply chains are particularly vulnerable. Heavy rainfall, rising tides and floods can cause serious damage to assets such as buildings, warehouses and goods in storage which results in material financial losses. Although such incidents are beyond everyone's control, the Group believes that all stakeholders should work together to address climate change, which will also be regarded as one of the most significant risks to the world in the next five years.

Being a party acceded to the Paris Agreement, Hong Kong Government has set a decarbonisation target of 65% to 70% by 2030 using 2005 as the base. In the meantime, with effect from July 2020, the Stock Exchange's ESG Reporting Guide has been amended to incorporate elements of the Task Force on Climate-related Financial Disclosure ("TCFD") recommendations, which outlines four components: Governance, Strategy, Risk Management and Metrics and Targets. Being a responsible corporate citizen, we consider our actions today in light of how risks from climate change may evolve in the future, and we will identify and disclose the potential financial of climate-related risks and opportunities on our business.

The Group essentially plans to respond to local government initiatives and follow local governments' emission reduction requirements. Our short-term goal is to reduce GHG emissions by 2% by 31 March 2027 with reference to that of 31 March 2022 as the base year and ensure the Group's GHG emissions will comply with the increasingly stringent regulatory requirements set up by local governments. The Group's long-term goal aligns with the sustainability goals of the Hong Kong Government to achieve carbon neutrality before 2050. We continuously improve our energy efficiency, apply professional knowledge to improve on-site efficiency and maintain efficient management support, in order to safeguard the Group's reputation.

Policies

Our climate change policy aims to build a considerable resilience approach in facing the global climate change so as to adapt and to mitigate the impact of the climate change on the operations. It has incorporated the predictable climate change and extreme weather events into the current business continuity plans to monitor and to review the impact of climate change on the operations. Action on climate change is embedded in the Group business strategy and reflected in the governance and management processes of the Company. The index table below outlines how the Group responds to the four core elements of the TCFD recommendations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Core element	The Group's response
Governance	For governance around climate-related risks, we <ul style="list-style-type: none"> • Carry out regular meeting on ESG issues • Integrate ESG topics (including climate-related issues) in corporate decision making
Strategy	To face the actual and potential impacts of climate-related risks on the Group's strategy, we <ul style="list-style-type: none"> • Assess climate change that could result in financial and operation risks • Identify risk and opportunities in low-carbon transition
Risk Management	To identify, assess, and manage climate-related risks, we <ul style="list-style-type: none"> • Research on our industry peers on regular basis • Prepare for the transition to a low-carbon economic • Prepare and setup measures to physical climate risks
Metrics and Targets	To evaluate and monitor the climate-related risks, we <ul style="list-style-type: none"> • Identify metrics used to assess and manage material climate-related risks • Establish short, medium and long-term GHG reduction targets aiming for net-zero emissions

The Group has identified a series of climate-related risks and opportunities relevant to our assets and services and understand the scenarios in which these risks and opportunities may generate a greater impact. These transition and physical risks are discussed in the sections below.

	Risks	Opportunities
Short term (0 – 1 year)	<ul style="list-style-type: none"> • Physical risks from extreme weather events • Securing the skills and capability required to implement climate strategy 	<ul style="list-style-type: none"> • Technologies to enhance the performance of operation and energy efficiency
Medium term (5 years)	<ul style="list-style-type: none"> • Transition risks – Implementation of low-carbon policies for the operation • Transition risks – Supply and demand for certain commodities, products and services may change as climate related risks and opportunities are increasingly taken into account 	<ul style="list-style-type: none"> • Transitioning to low carbon economy market to meet government decarbonization targets • Opportunities arising from transition enablers
Medium to long term (5+ years)	<ul style="list-style-type: none"> • Transition risks – Potential new regulation and policies • Transition risks – Development and use of emerging technologies may increase the operational costs, and reduce the Groups' competitiveness • Transition risks – the Group reputation may be impacted due to changing customer or community perceptions of said the Group's contribution to or detraction from the transition to a lower-carbon economy 	<ul style="list-style-type: none"> • Transitioning to low carbon economy market to meet government decarbonization targets • Opportunities arising from transition enablers • To work as a pioneer in the industry and build up the relevant reputations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Action on Climate Change

Our action plan includes but not limited to the followings:

- To encourage employees, suppliers and customers to reduce carbon emissions in their daily operations wherever practicable;
- To reduce carbon footprint through the establishment and implementation of long-term carbon emissions reduction targets;
- To adopt industry best practices to improve energy efficiency in daily operations; and
- To consider climate change in the location for new office site.

SOCIAL ASPECT

Employment and Labour Practices

Employment

Policies

Human Resources (“HR”) management is an integral part of our overall business strategy as we believe that employees are one of the most valuable assets of an enterprise. Recognising employees as the key to our continuous business development, we strive to promote team cohesion, and provide a fair, healthy and harmonious workplace for our employees to thrive in. In addition, an effective HR management system helps to attract and retain competent employees, assists employees in adapting to organisational changes, and facilitates the use of technology to determine how and where work can be better carried out. In order to attract and retain suitable talents in the competitive labour market and for the purpose of maintaining its competitiveness in the industry, the Group provides competitive remuneration packages that are assessed on a regular basis in light of market conditions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Compliance information for relevant laws and regulations

The Group has complied with all applicable employment laws and regulations in the PRC and Hong Kong, including but not limited to:

Hong Kong

- Employment Ordinance (Cap. 57);
- Employees' Compensation Ordinance (Cap. 282);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485); and
- Minimum Wage Ordinance (Cap. 608).

The PRC

- Labour Contract Law of the PRC (《中華人民共和國勞動合同法》);
- Labour Law of the PRC (《中華人民共和國勞動法》);
- Social Insurance Law of the PRC (《中華人民共和國社會保險法》); and
- Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》).

The Group was not aware of any significant non-compliance issues in this regard during the Reporting Period.

To provide employees with their deserved benefits and protection, we have formulated the Human Resources and Payroll Policy and Employee Handbook to manage employees' compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, and other benefits and welfare. The Employee Handbook is aligned with local labour laws in Hong Kong and the PRC and includes key corporate policies. New recruited employees are required to review during on-boarding to familiarise themselves with the Group's operations and employment and labour practices. In the event of local labour laws, the Group will update the handbook and issue the revised copy with all employees.

We are committed to building a diversified and inclusive working environment to ensure no employees will be discriminated against or deprived of opportunities due to gender, ethnic background, religious belief, colour, sexual orientation, age, marital status or family status in respect of recruitment and promotion. We recruit our employees based on a number of factors, such as work experience, academic level, skillset, and ethical standard. We enter into individual employment agreements with our employees with terms covering, among other things, positions, salaries, working hours, annual leave and other benefits.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Profile

The following figures cover operations in the PRC and Hong Kong. As at 31 March 2025, we have employed 31 employees (including executive directors but excluding independent non-executive Directors). The number of employees and turnover figures by gender, age group, level, employment type and geographical region are illustrated in the table below.

Workforce as at 31 March

Employee Number

Total number

By Gender

- Male
- Female

By Age Group

- Below 30
- 30-50
- Above 50

By Level

- Top management
- Middle management
- General staff

By Employment Type

- Full-time
- Part-time

By Geographical Region

- Hong Kong
- PRC

2025

2024

31

33

14

15

17

18

3

3

23

23

5

7

3

4

9

8

19

21

31

33

0

0

11

14

20

19

Employee Turnover Rate¹³

Overall number (Turnover rate)

By Gender

- Male (Turnover rate)
- Female (Turnover rate)

By Age Group

- Below 30 (Turnover rate)
- 30-50 (Turnover rate)
- Above 50 (Turnover rate)

By Geographical Region

- Hong Kong (Turnover rate)
- PRC (Turnover rate)

6 (19%)

14 (42%)

4 (29%)

7 (47%)

2 (12%)

7 (39%)

0 (0%)

5 (167%)

3 (13%)

8 (35%)

3 (60%)

1 (14%)

4 (36%)

2 (14%)

2 (10%)

12 (63%)

¹³ Turnover rate = number of employees in the specified category leaving employment/number of employees in the specified category at the end of the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

Policies

Due to the nature of our businesses, our employees mainly work in the offices and thus we consider that we have a relatively low level of occupational risk in relation to health and safety.

The Group is committed to formulating and implementing efficient safety and health rules that focus not only on accident prevention, but also on improving employee efficiency and morale, requiring all employees to follow workplace safety rules, use necessary safety equipment and report actual or potential safety hazards. It is our policy to comply with applicable labour and safety laws and regulations, such as the “Occupational Safety and Health Ordinance” in Hong Kong. Our key health and safety measures include the following.

To prevent accidents by:

- ensuring that the plant is properly designed.

To prevent fire by:

- ensuring illuminated ‘EXIT’ signs over exits and clear directions are in place in our office building;
- keeping all means of escape in a safe condition and free from obstruction;
- making sure that all exit doors can easily be opened or are unlocked; and
- providing suitable and adequate fire safety measures.

To provide a safe and healthy work environment by:

- keeping the workplace clean and ensuring that it is adequately lit and ventilated; and
- providing adequate drainage.

To ensure hygiene by:

- providing adequate lavatory and washing facilities, as well as adequate supply of drinking water.

To provide first aid by:

- keeping adequate first aid facilities in the premises.

Compliance information for relevant laws and regulations

The Group has complied with all applicable laws and regulations regarding health and safety in the PRC and Hong Kong, including but not limited to (i) Occupational Safety and Health Ordinance (Cap. 509) in Hong Kong and (ii) Fire Prevention Law of the PRC (《中華人民共和國消防法》); (iii) Prevention and Treatment of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》); and (iv) Labour Law of the PRC (《中華人民共和國勞動法》) in the PRC. The Group will regularly circulate updated information relating to health and safety practices, and place posters in common areas to remind our employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the event of a work-related injury, the Group will assign the responsible personnel to investigate the occurrence and offer corrective and preventive measures. Following the investigation, the injured employees will be given an appropriate compensation and rest period based on the degree of the harm in accordance with Employees' Compensation Ordinance.

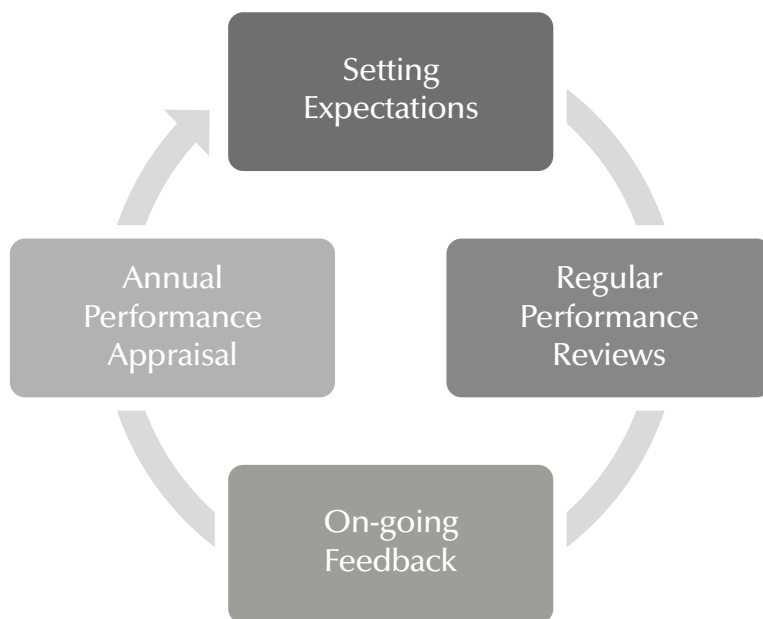
The Group was not aware of any significant non-compliance issues in this regard during the Reporting Period. We do not have any fatality cases or major accidents/issues concerning the health and safety of our employees. There were no losses in working days resulted from work-related injuries occurred in each of the past three years, including the reporting year.

Development and Training

Policies

We are of the view that an effective training approach could help individuals reach their greatest potential, we therefore invest in the growth of our people to enhance their respective competencies, and in turn, allow them to discharge their duties effectively. As such, it helps the employees in achieving their personal goals while aligning with company goals for mutual success. To help newcomers and experienced employees advance in their careers, the Group offers induction training and customised training to ensure that it corresponds with changes of the company in order to better satisfy employees' needs. We also offer or arrange suitable on-the-job training to employees and trainings to management and directors on relevant rules and regulations or other compliance topics.

We are committed to supporting the performance improvement, development and growth across all levels of our employees, and have an effective performance management and appraisal process in place.



The result of the annual performance appraisal also forms the basis of our employees' incentives and/or promotions. After the annual performance appraisal, follow-up actions such as on-the-job and off-the-job training, can be planned and implemented according to various departmental needs and the scope of work of individual employees.

We understand the indispensability of employee improvement and thus we have sponsored our staff to undertake different training programs and encourage them to attend external job-related courses to enhance their professional skills and knowledge.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The number of trained employees and percentage by gender and level are illustrated in the table below.

Training data as at 31 March		2025	2024
Number of Trained Employee and percentage ¹⁴	Overall	37 (119%)	44 (133%)
	By Gender		
	• Male	18 (49%)	20 (45%)
	• Female	19 (51%)	24 (55%)
	By Level		
	• Top management	5 (14%)	5 (11%)
	• Middle management	9 (24%)	10 (23%)
	• General staff	23 (62%)	29 (66%)
Average Training Hours (hour/employee) ¹⁵	Overall	2.40	2.24
	By Gender		
	• Male	3.43	1.83
	• Female	1.56	2.58
	By Level		
	• Top management	9.33	7.00
	• Middle management	1.39	1.44
	• General staff	1.79	1.64

Labour Standards

Policies

The Group is committed to maintaining high labour standards in our business operations. We strictly oppose and prohibit any form of child and forced labour. To avoid forced and child labour, Human Resources and Administration Department performs detailed interview screening procedures on each candidate to prevent unlawful or unethical labour practices including child labour and forced labour. A thorough background check is conducted to verify the authenticity of personal data stated on the application forms by examining the applicants' original identity card and making detailed inquiries to ensure that no child labour can be employed.

If the management discovered any child labour, we would immediately terminate the contract and investigate the incident. Forced labour is strictly prohibited by the Group with zero tolerance. We shall take disciplinary actions against any staff members who are accountable for the causes of the incident.

Compliance information for relevant laws and regulations

Our business operations in the PRC and Hong Kong are subject to the labour laws and regulations, which are stated in the section headed "Employment" in this Report, and also relevant international conventions under the International Labour Standards in relation to product safety, labour (including the use of forced labour and child labour), working environment and conditions. The Group was not aware of any significant non-compliance issues in this regard during the Reporting Period.

¹⁴ Percentage of trained employee = Number of employees in the specified category received training/Number of employees received training.

¹⁵ Average Training Hours = Total training hours for employees in the specified category/Total number of employees in the specified category at the end of the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Operating Practices

We strive to exceed our customers' expectations by focusing and providing high quality products and services that they desire.

Our customers, the international homeware brand owners and licensees, chain supermarkets and renowned department stores pay great attention to the product quality. We have a robust quality assurance process and control procedures to ensure our product quality meets with our customers' standards.

To promote environmental awareness and green procurement in the office, we use FSC certified papers, papers that have been sourced in an environmentally-friendly, socially responsible and economically viable manner, for the printing of our interim and annual reports.

In addition, our major operating subsidiary has attained and complied with the requirements of FSC Standard for Chain of Custody Certification for the "Tracking of wood based material", which ensures the sustainability of our products materials and commitments to protecting the environment.

Supply Chain Management

Supply chain management and sustainability is of paramount importance to us, not only because it is vital in providing quality products to our customers, but also it contributes to a more inclusive market and advances sustainable development. We have policy in place to monitor our third-party factories and to avert the pitfalls of an increasingly globalised supply chain. Our key measures include assessments prior to accepting a supplier as an approved supplier, and also on-going assessments and regular inspections of our approved suppliers. To further minimise the environmental impact presented in the supply chain, the Group prioritises the sourcing of local manufactured materials and local suppliers to avoid release of GHG emissions during transportation. During the Reporting Period, all our suppliers were from the PRC.

The number of suppliers of operations by geographical region are illustrated in the table below.

Number of suppliers as at 31 March	2025	2024
PRC	46	53
Total	46	53

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Acceptance

Before accepting a third-party factory, we consider factors such as the size of the plant, plant facilities, equipment quality, standard management techniques, financial stability, production capacity and location, and management of environmental and social risks.

Assessment

Our quality assurance team visits our third-party factories on a regular basis, and

- Assess whether they are in compliance with our requirements;
- Understand whether there are serious breach of social and environmental laws and regulations to manage the relevant environmental and social risk along the supply chain; and
- Report to our senior management of the compliance status and conduct follow-up actions, if necessary.

We also conduct supplier performance appraisal on an annual basis. The performances of the approved suppliers are assessed based on price, quality, delivery schedule, environmental and social compliance, and other relevant aspects. For suppliers who fail to meet our standards, they are notified and an improvement plan is proposed. If they fail to improve within the proposed timeframe, our cooperation with them may be terminated.

Inspection

From time to time, our customers will also conduct assessments of certain aspects of our approved suppliers, including technical capabilities, professional ethics, health and safety, and labour standard. Our suppliers who are subjected to those assessments have obtained relevant satisfactory reports out of those inspections.

During the Reporting Period, the Group is not aware of any material environmental and social non-compliance of these suppliers.

Product Responsibility

Policies

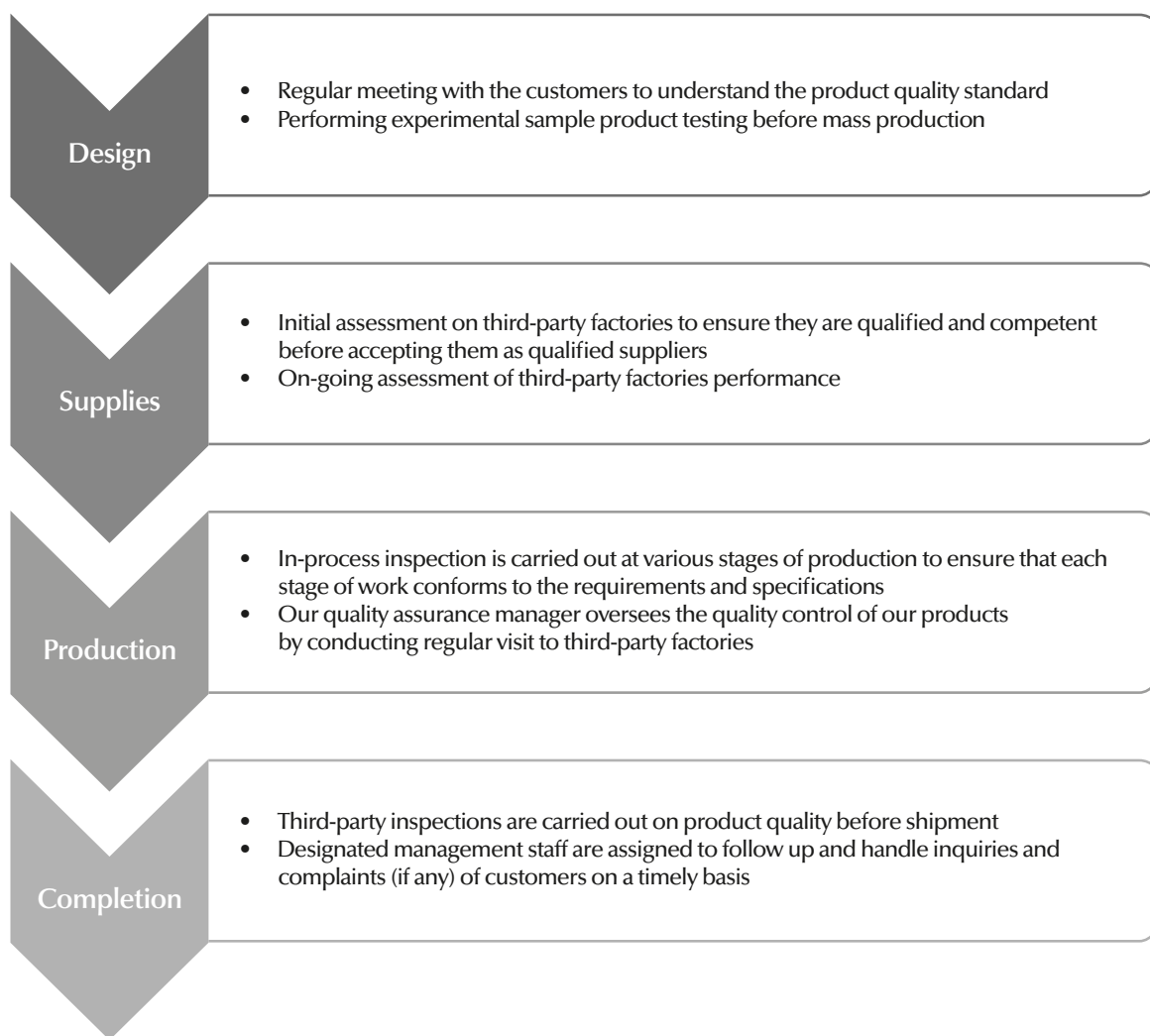
We have established practices and/or policies to ensure our product responsibility meets with the relevant standards of the following three main areas:

- Product Health and Safety
- Intellectual Property Management
- Consumer Data Protection and Data Privacy

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Product Health and Safety

We are dedicated to design, develop and supply products that adhere to the relevant key health and safety standards, such as the General Product Safety, Directive 2001/95/EC (the “**GPS Directive**”) issued by the European Commission. Accordingly, we have designed and implemented certain quality assurance measures as disclosed below.



The Group has complied with the product safety standards and trading conduct in Hong Kong and other laws and regulations in the jurisdictions where the Group operates, including but not limited to (i) Consumer Goods Safety Ordinance (Cap. 456); (ii) Sale of Goods Ordinance (Cap. 26); (iii) Import and Export Ordinance (Cap. 60); and (iv) Trade Descriptions Ordinance (Cap. 362) in Hong Kong and (v) Product Quality Law of the PRC (《中華人民共和國產品質量法》) in the PRC.

Regarding complaint handling, if our customer is dissatisfied with the quality of our products, we would investigate on a case-by-case basis and negotiate with the customer to offer discounts or replenishment, but such incidents rarely occur. As stipulated by the Group, the Sales Department is required to, upon receiving customer complaint to record and classify customer complaints in a timely manner. Return procedures shall be made once the quality issue is determined as significant.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group has not received any significant quality defects or product claims or refunds or returns from our customers regarding our products, and there was no material record of complaint received and product sold or shipped subject to recalls for safety and health reasons.

Intellectual Property Management

We recognise the importance of protecting and enforcing our intellectual property rights, and strictly comply with all relevant laws and regulations that have a significant impact on us, including but not limited to (i) Trade Marks Ordinance (Cap. 559); and (ii) Copyright Ordinance (Cap. 528) in Hong Kong and (iii) Trademark Law of the PRC (《中華人民共和國商標法》) in the PRC.

We have established practices and/or policies to avoid infringement of intellectual property rights, including:

- We are committed to not using any design, logo or pictures where the intellectual property rights are not granted to us;
- We have entered into confidentiality agreements with our major third-party factories to protect our customers' and our own intellectual property rights during the production processes;
- For our Group's designs, the Group generally retains the intellectual property rights of the designs or vest the rights onto our customers as part of the agreed terms and conditions; and
- Our directors are committed to registering intellectual property rights that are material to our business operation under appropriate categories and in appropriate jurisdictions in consideration of related cost and benefits.

As at year ended 31 March 2025, we have 11 registered trademarks in the European Union, the United States, the United Kingdom, Hong Kong and the PRC which are material to our businesses.

During the Reporting Period, we have complied with all relevant laws and regulations in relation to intellectual property rights applicable to the places where we operate. We are not aware of any material infringement of our intellectual property rights and we believe that we have taken reasonable measures to prevent infringement of our own intellectual property rights.

Consumer Data Protection and Data Privacy

In the course of our business operations, we only collect and maintain basic and public information of our customers' backgrounds and any dispatch or use of such data for other purposes is strictly prohibited. On this basis, we consider that we are exposed to a relatively low level of data privacy risk. Nevertheless, confidentiality is of utmost importance to us, we have set up rules to handle confidential information and prohibit any leakage of information relating to the Group or its customers to any external parties. Our practices of collecting, using and maintaining our customer information are in line with the "Personal Data (Privacy) Ordinance (Cap. 486)" in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-corruption

Policies

The Employee Code of Conduct in the Employee Handbook outlines the expected business conduct and professional ethics of employees. All employees are required to sign the employee's code of conduct upon reading it. In particular, we strictly prohibit any form of corruption, bribery or fraud in business. The Group also has policies on anti-corruption, an anti-fraud and whistle-blowing in place for prevention of bribery and fraud and for reporting of any concerns or complaints about malpractice, impropriety, or wrongdoing. In any instances of misconduct, including breach of confidentiality or any conflicts of interest, acts of bribery and corruption, disciplinary action will be taken against the employees found to be involved, and may extend to further legal action.

Compliance information for relevant laws and regulations

The Group strictly abides by the laws and regulations relating to bribery, extortion, fraud and money laundering in the regions of operations, including but not limited to:

Hong Kong

- Prevention of Bribery Ordinance (Cap. 201);
- Drug Trafficking (Recovery of Proceeds) Ordinance (DTROP) (Cap. 405);
- Organised and Serious Crimes Ordinance (OSCO) (Cap. 455); and
- United Nations (Anti-Terrorism Measures) Ordinance (UNATMO) (Cap. 575).

The PRC

- Company Law of Mainland China (《中華人民共和國公司法》);
- Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》);
- Anti Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》); and
- Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》).

During the Reporting Period, the Group has not received any significant non-compliance cases or concluded legal cases regarding corrupt practices brought against the Group or our employees.

Anti-corruption training seminars, which targeted all employees of the Group were provided during the Reporting Period. During the Reporting period, the Group has provided our employees with training materials from the Independent Commission Against Corruption (ICAC) in Hong Kong to conduct Integrity Training to raise the staff's awareness on anti-corruption, content included introduction of the Prevention of Bribery Ordinance in Hong Kong and real-life examples on bribery, extortion, fraud and money laundering. All employees in the PRC and Hong Kong received a total of 33 hours of anti-corruption trainings during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Preventive measures and whistleblowing procedures

The Group is committed to the highest possible level of transparency, integrity and accountability. Hence, the Group expects and encourages all employees to call attention to any alleged misconduct or delinquency occurring in the group. To this end, the Group has established the “Anti-Fraud and Whistleblowing Policy” and conduct regular review. The policy is intended to provide a mechanism allowing the employees to report any malpractice existing in the Group to the Audit Committee under the condition of confidentiality and map out the investigation procedure.

A whistleblower who lodges a complaint based on the policy can rest assured that he or she won't be fired, or mistreated for no reason or suffer unnecessary disciplinary punishments even if his or her concerns are not supported by concrete evidence in the end. The whistleblower is required to file a written report and email to the Chairman of Audit Committee. The Group will do the best to protect privacy of the whistleblower. To avoid negative influence on the investigation, the whistleblower shall also keep the nature of his or her complaints or concerns and the persons involved in strict confidence. However, where the whistleblower has a hidden agenda, or cannot justify the truthfulness or reliability of the thing reported, or makes a false whistle-blowing out of malice for the sake of personal interests, he or she might be subject to disciplinary actions or be dismissed.

The Board and the Audit Committee will preserve all records of complaints, including date of complaint, investigation summary, result, advice for improvement and actions taken. The Board and the Audit Committee will supervise and review the implementation and effectiveness of the policy on a regular basis.

Community

Community Investment

Policies

The Group believes that community contribution is important for sustainable development as it helps to establish a harmonious society. The Group aims to develop long-term relations with stakeholders based on mutual trust, respect and integrity. In recognition of our social duty as a responsible corporate citizen, the Group is committed to building a healthy and harmonious society, and continues to integrate sustainability principles at all levels of our business operations, we shall continue to deliver quality care for employees and community and align our long-term sustainability operation. We also encourage employees to take part in community services to foster sustainable harmony of our society.

Strictly abiding to the governmental laws, regulations, and guidance on social distancing, we have a Group culture of holding gatherings for employees at various festivals such as the Chinese New Year, Mid-Autumn Festival and Christmas, to enhance employee cohesion and foster morale and productivity. We believe that these measures are not only fulfilling the employer's obligation to protect employees, but also contributing to society by breaking any possible chains of infection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Reference Section	Comply or Explain
A: Environment			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Emissions	Complied
KPI A1.1	The types of emissions and respective emissions data	Emissions	Complied
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions	Complied
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions	Complied
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions	Complied
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	Emissions	Complied
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Emissions	Complied
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials	Use of Resources	Complied
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Use of Resources	Complied
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources	Complied
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Use of Resources	Complied
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Use of Resources	Complied
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Use of Resources	Explained – Packaging materials used in our operation were insignificant

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Reference Section	Comply or Explain
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	The Environment and Natural Resources	Complied
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources	Complied
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Change	Complied
KPI A4.1	Description of the significant climate related issues which have impacted, and these which may impact, the issuer, and the actions taken to manage them	Climate Change	Complied
B: Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment	Complied
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Employment	Complied
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment	Complied
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety	Complied
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and Safety	Complied
KPI B2.2	Lost days due to work injury	Health and Safety	Complied
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Health and Safety	Complied

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Reference Section	Comply or Explain
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development and Training	Complied
KPI B3.1	The percentage of employees trained by gender and employee category (e.g.: senior management, middle management)	Development and Training	Complied
KPI B3.2	The average training hours completed per employee by gender and employee category	Development and Training	Complied
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Labour Standards	Complied
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour Standards	Complied
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Labour Standards	Complied
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management	Complied
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management	Complied
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management	Complied
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management	Complied
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management	Complied

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Reference Section	Comply or Explain
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility	Complied
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility	Complied
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Product Responsibility	Complied
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility	Complied
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility	Complied
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibility	Complied
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption	Complied
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-corruption	Complied
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption	Complied
KPI B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption	Complied
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment	Complied
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investment	Complied
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investment	Complied

INDEPENDENT AUDITOR'S REPORT

The logo for RSM, consisting of the letters 'RSM' in a bold, black, sans-serif font. Above the letters are three horizontal bars of increasing length, creating a stylized 'R' shape.

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TO THE SHAREHOLDERS OF SATU HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Satu Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 74 to 122, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT



KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is impairment assessment on trade and bills receivables.

Key audit matter

Impairment assessment on trade and bills receivables

Refer to notes 4(j), 4(s), 5 and 20 to the consolidated financial statements respectively.

As at 31 March 2025, the carrying amount of trade and bills receivables was approximately HK\$8,701,000 which represented 36.7% of the Group's total assets.

The Group's credit terms with customers are ranged from 30 days to 120 days, depending on the creditworthiness of customers and the existing relationship with the Group.

Loss allowances for trade and bills receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue trade and bills receivables, customers' repayment history and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the recoverability of trade and bills receivables as key audit matter because the assessment of the recoverability of trade and bills receivables and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.

How our audit addressed the key audit matter

Our procedures in relation to assessing the recoverability of trade and bills receivables included:

- Obtaining an understanding of the assessment process of expected credit losses of trade and bills receivables, evaluating the design and implementation of relevant internal control, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud;
- Performing a retrospective review to evaluate the outcome of prior period assessment of expected credit losses of trade and bills receivables to assess the effectiveness of management's estimation process;
- Assessing whether trade and bills receivables had been appropriately grouped by management based on their shared credit risk characteristics;
- Obtaining and examining the assessment of expected credit losses of trade and bills receivables, prepared by the management;
- Testing the accuracy and completeness of the data used by the management to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data;
- Evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information, and assessing the reasonableness of economic indicator selection, economic scenarios and weightings application by comparing with industry data;
- Testing the accuracy of the aging of trade and bills receivables on a sample basis to supporting documents; and
- Testing the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade and bills receivables outstanding at the reporting date.

INDEPENDENT AUDITOR'S REPORT

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OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of 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 DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors 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. We report our opinion 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT



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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 and 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 Mr. Wong Tak Man, Stephen (practicing certificate number: P01727).

RSM Hong Kong
Certified Public Accountants
Hong Kong, 20 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	7	51,073	45,718
Cost of sales	8	(35,054)	(32,600)
Gross profit		16,019	13,118
Other income and other gains and losses	7	1,323	723
Selling and distribution expenses		(7,997)	(9,770)
Administrative expenses		(11,672)	(11,845)
Loss from operations		(2,327)	(7,774)
Finance costs	9	(16)	(41)
Loss before tax		(2,343)	(7,815)
Income tax (expense)/credit	10	(4)	56
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	11	(2,347)	(7,759)
OTHER COMPREHENSIVE INCOME:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		43	171
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		43	171
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(2,304)	(7,588)
LOSS PER SHARE			
Basic and diluted	15	(HK0.23 cents)	(HK0.78 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	16	186	166
Right-of-use assets	17	324	426
		510	592
Current assets			
Inventories	19	540	994
Trade and bills receivables	20	8,701	10,180
Prepayments, deposits and other receivables	21	1,692	1,308
Current tax receivables		–	19
Pledged bank deposits	22(a)	1,171	–
Bank and cash balances	22	11,069	13,651
		23,173	26,152
Current liabilities			
Bank overdrafts	22	154	–
Trade payables	23	1,966	3,303
Other payables and accruals	23	1,686	1,347
Contract liabilities	23	347	185
Lease liabilities	24	84	408
Current tax liabilities		4	–
		4,241	5,243
Net current assets		18,932	20,909
Non-current liabilities			
Lease liabilities	24	245	–
NET ASSETS		19,197	21,501
Capital and reserves			
Share capital	25	10,000	10,000
Reserves		9,197	11,501
TOTAL EQUITY		19,197	21,501

Approved by the Board of Directors on 20 June 2025 and are signed on its behalf by:

Mr. She Leung Choi
Executive Director

Ms. Chan Lai Yin
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Share capital <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note 27(b)(i))</i>	Foreign currency translation reserve <i>HK\$'000</i> <i>(Note 27(b)(ii))</i>	Share premium <i>HK\$'000</i> <i>(Note 27(b)(iii))</i>	Merger reserve <i>HK\$'000</i> <i>(Note 27(b)(iv))</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 31 March 2023 and 1 April 2023	10,000	8	11	36,793	(360)	(17,363)	29,089
Loss for the year	-	-	-	-	-	(7,759)	(7,759)
Other comprehensive income	-	-	171	-	-	-	171
Total comprehensive income for the year	-	-	171	-	-	(7,759)	(7,588)
At 31 March 2024	10,000	8	182	36,793	(360)	(25,122)	21,501
Loss for the year	-	-	-	-	-	(2,347)	(2,347)
Other comprehensive income	-	-	43	-	-	-	43
Total comprehensive income for the year	-	-	43	-	-	(2,347)	(2,304)
At 31 March 2025	10,000	8	225	36,793	(360)	(27,469)	19,197

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before tax		(2,343)	(7,815)
Adjustments for:			
Depreciation on property, plant and equipment	16	132	514
Depreciation on right-of-use assets	17	472	566
Interest income	7	(469)	(679)
Finance costs	9	16	41
(Reversal of allowance)/allowance for slow-moving inventories, net	8	(155)	623
Unrealised foreign exchange loss, net		120	117
Operating loss before working capital changes		(2,227)	(6,633)
Decrease/(increase) in trade and bills receivables		1,479	(4,658)
Decrease/(increase) in inventories		607	(109)
(Increase)/decrease in prepayments and deposits		(386)	157
(Decrease)/increase in trade payables		(1,336)	1,406
Increase/(decrease) in other payables and accruals		340	(2,482)
Increase/(decrease) in contract liabilities		162	(153)
Cash used in operations		(1,361)	(12,472)
Income taxes refunded		19	34
Finance costs paid		(16)	(41)
Net cash used in operating activities		(1,358)	(12,479)
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in pledged bank deposits		(1,171)	–
Purchases of property, plant and equipment	16	(153)	(34)
Interest received		469	679
Net cash (used in)/generated from investing activities		(855)	645
CASH FLOW FROM FINANCING ACTIVITIES			
Principal elements of lease payments	30(b)	(449)	(671)
Net cash used in financing activities		(449)	(671)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(74)	112
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,736)	(12,393)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		13,651	26,044
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		10,915	13,651
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		11,069	13,651
Bank overdrafts		(154)	–
		10,915	13,651

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

Satu Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 March 2017 and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 October 2017. The address of the registered office is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and the principal place of business of the Company in Hong Kong is Unit 2504, 25/F., Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 19 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The consolidated financial statements are presented in Hong Kong dollars (“**HKD**”) and all values are rounded to the nearest thousand (**HK\$’000**) except when otherwise indicated.

In the opinion of the directors of the Company, Hearthfire Limited, a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate and ultimate parent, and Mr. She Leung Choi (“**Mr. She**”) is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred losses of HK\$2,347,000 and a net cash outflow of HK\$2,736,000 for the year ended 31 March 2025. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain profit and positive cash flows from operations in the immediate and longer term.

After taking into account the available financial resources, and the cash requirements of the Group for the next twelve months commencing from the end of the financial period based on cash flow projections prepared by management, the directors of the Company believe that the Group will have sufficient working capital to finance its operations and to meet its financial liabilities as and when they fall due in the foreseeable future. Accordingly, the directors consider that it is appropriate to prepare these consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS AND CHANGE IN ACCOUNTING POLICY

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS AND CHANGE IN ACCOUNTING POLICY (Continued)

(b) Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong (Continued)

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

To better reflect the substance of the Abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and no material impact on the Group’s profit or loss for the years ended 31 March 2025 and 31 March 2024 and the Group’s and the Company’s financial position as at 31 March 2025 and 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS AND CHANGE IN ACCOUNTING POLICY (Continued)

(c) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2025 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation that are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the adoption of HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, it introduces significant changes to the presentation of consolidated financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, and (ii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intra-group transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars ("**HKD**"), which is the Company's functional and presentation currency.

(ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) *Translation on consolidation*

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the lease term
Furniture and equipment	20%
Motor vehicles	30%
Computer equipment	33.3%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Leases (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

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

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

The lease liability is remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis and comprises costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

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

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Group are classified at amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Trade, bills and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade and bills receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and bills receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(ii) Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(n) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes, sales taxes, returns and is after deduction of any trade rebates and discounts.

Revenue from the sale of goods through E-commerce platforms is recognised at a point in time when control of the goods has transferred to a customer, which is the point of homeware products received by the customer.

Revenue from the sale of homeware products through wholesales is recognised at a point in time when control of the goods has transferred to customer upon delivery of homeware products.

Packaging, tooling, sample and design income are recognised over time when services rendered.

Interest income is recognised as it accrues using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Employment benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligation – defined contribution plans

Hong Kong

The Group contributes to defined contribution MPF scheme under the Mandatory Provident Fund Schemes Ordinance in Hong Kong (the “MPF Scheme”), for those employees who are eligible to participate in the MPF Scheme. Contributions to the schemes by the Group and employees are calculated as a percentage of employees’ basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

The People’s Republic of China (“PRC”)

As stipulated by rules and regulations in the PRC, subsidiaries in the PRC are required to contribute to a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees (the “PRC Retirement Scheme”). The PRC Retirement Scheme is responsible for the entire pension obligations payable to all retired employees. Under PRC Retirement Scheme, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions.

(iii) Post employment benefits

The Group has a defined benefit plan for LSP under the Hong Kong Employment Ordinance.

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, and the effect of any asset ceiling (excluding interest), are recognised immediately in other comprehensive income. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Employment benefits (Continued)

(iv) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(p) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(q) Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(q) Taxation (Continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(r) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount. The recoverable amount 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. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated pro rata amongst the assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(s) Impairment of financial assets

The Group recognises allowance for impairment for ECL on trade and bills receivables, pledged bank deposits and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and bills receivables. The ECL on this financial asset is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Impairment of financial assets (Continued)

Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there are no past due amounts.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Impairment of financial assets (Continued)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and bills receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Impairment of financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount.

(t) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in Note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The 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 discussed below.

Impairment of trade and bills receivables

The management of the Group estimates the amount of impairment loss for ECL on trade and bills receivables based on the credit risk of trade and bills receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

There were no impairment for trade and bills receivables for the years ended 31 March 2025 and 2024 and the carrying amount of trade and bills receivables as at 31 March 2025 was approximately HK\$8,701,000 (2024: HK\$10,180,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of the Group entities such as Renminbi ("RMB") and United States Dollars ("USD"). As HKD is pegged to USD, the directors considered that the foreign currency risk exposure between HKD and USD is limited.

The Group currently does not have a formal foreign currency hedging policy but will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax and accumulated losses in response to reasonably possible changes in the foreign exchange rate of RMB to which the Group has significant exposure at the end of the reporting period. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the change taking place at the beginning of the year and held constant throughout the year.

	Increase/ (decrease) in foreign exchange rate	Increase/ (decrease) in loss after tax HK\$'000	Increase/ (decrease) in accumulated losses HK\$'000
At 31 March 2025			
RMB	1%	3	3
RMB	(1%)	(3)	(3)
At 31 March 2024			
RMB	6%	32	32
RMB	(6%)	(32)	(32)

The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the hypothetical changes in foreign exchange rate which is commensurate with historical fluctuation during the years ended 31 March 2025 and 2024. The assumed changes represent directors' assessment of reasonably possible changes in foreign exchange rates over the year until the next reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and bills receivables) and from its financing activities, including deposits with banks and financial institutions.

(i) Credit risk of deposits with banks and financial institutions

As at 31 March 2025 and 2024, all bank balances and bank deposits are held at reputable financial institutions and there is no significant concentration risk to a single counterparty and there is no history of defaults from these counterparties. The ECL is close to zero.

(ii) Credit risk of trade and bills receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group's largest customer shared nearly 56.9% (2024: 37.2%) of the trade and bills receivables at the end of each reporting period. The Group has policies and procedures to monitor the collection of the trade and bills receivables to limit the exposure to the non-recovery of the receivables and there is no recent history of default for the Group's largest customer.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade and bills receivables are due within 30 days to 120 days from the date of invoice. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The directors of the Company assessed that there is no significant impairment loss need to be recognised in accordance with HKFRS 9 as at 31 March 2025.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor its current and expected liquidity requirements, its compliance with lending covenants and its relationship with its banker to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Maturity analysis — undiscounted cash outflows					Carrying amount HK\$'000
	Less than 1 year or on demand HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flow HK\$'000	
At 31 March 2025						
Trade payables	1,966	–	–	–	1,966	1,966
Other payables and accruals	1,686	–	–	–	1,686	1,686
Bank overdrafts	154	–	–	–	154	154
Lease liabilities	95	100	157	–	352	329
At 31 March 2024						
Trade payables	3,303	–	–	–	3,303	3,303
Other payables and accruals	1,347	–	–	–	1,347	1,347
Bank overdrafts	–	–	–	–	–	–
Lease liabilities	416	–	–	–	416	408

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits. These deposits bear interests at variable rates that varied with the then prevailing market condition.

(e) Categories of financial instruments at 31 March

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
Financial assets measured at amortised cost	21,348	24,271
Financial liabilities:		
Financial liabilities at amortised cost	3,806	4,650
Lease liabilities	329	408

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION

Revenue and other income and net gains recognised during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of homeware products transferred at point in time	51,073	45,718
Other income and other gains and losses		
Government grants (<i>Note</i>)	826	64
Interest income	469	679
Packaging and tooling income	50	107
Sample and design income	78	74
Foreign exchange (loss)/gain, net	(196)	(323)
Others	96	122
	1,323	723

Note: For the year ended 31 March 2025, the amount represented financial assistance provided under the Small and Medium-sized Enterprise ("SME") Export Marketing Fund to support export promotion activities, as well as funding from the Dedicated Fund on Branding, Upgrading and Domestic Sales Mainland Programme to facilitate brand development, operational upgrades, and sales promotion in Mainland China and other markets with signed Free Trade Agreements or Investment Promotion and Protection Agreements (2024: the amount represented the funding provided by the SME Export Marketing Fund to support export promotion activities).

Segment information

The executive directors of the Company, being the chief operating decision maker, regularly review revenue analysis by customers and by locations. The executive directors of the Company considered the operating activities of designing and trading of homeware products as a single operating segment. The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

Geographical information

The Group's revenue from external customers, based on location of delivery to customers, is as follows:

	2025 HK\$'000	2024 HK\$'000
Denmark	19,693	9,112
United Kingdom	12,157	13,149
Australia	3,766	2,119
United States	3,015	3,776
France	2,829	5,352
Germany	2,476	4,443
PRC	1,981	1,788
Poland	1,970	2,183
Italy	943	1,089
Switzerland	652	1,371
Canada	610	224
Netherlands	148	419
Others	833	693
	51,073	45,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

An analysis of the Group's non-current assets by their physical geographical location is as follows:

	2025 HK\$'000	2024 HK\$'000
Hong Kong	77	496
PRC	433	96
	510	592

Information about major customers

Revenue from a customer contributing over 10% of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	19,443	8,891
Customer B	10,030	12,207

8. COST OF SALES

	2025 HK\$'000	2024 HK\$'000
(Reversal of allowance)/allowance for slow-moving inventories, net	(155)	623
Consumable materials	94	248
Cost of homeware products	31,638	28,363
Goods handling charges	1,403	1,504
Packing expenses	1,921	1,649
Others	153	213
	35,054	32,600

9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank overdrafts	1	—
Interest on lease liabilities	15	41
	16	41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

10. INCOME TAX EXPENSE/(CREDIT)

Income tax has been recognised in profit or loss as following:

	2025 HK\$'000	2024 HK\$'000
Current tax		
– Hong Kong Profits Tax		
Provision for the year	4	— ⁽ⁱ⁾
Under provision in current year	— ⁽ⁱ⁾	— ⁽ⁱ⁾
Over provision in prior years	— ⁽ⁱ⁾	(1)
	4	(1)
– PRC Enterprise Income Tax (“PRC EIT”)		
Provision for the year	—	—
Over provision in prior years	—	(55)
	—	(55)
Income tax (credit)/expense	4	(56)

(i) Represent the amount less than HK\$1,000

The Company was incorporated in the Cayman Islands and B&C Industries (BVI) Limited (“**B&C BVI**”) was incorporated in the BVI that are tax exempted as no business was carried on in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a rate of 16.5%.

Pursuant to the PRC EIT Law and the respective regulations, the subsidiaries which operate in the Mainland China are subject to corporate income tax at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group’s PRC subsidiaries.

According to the Enterprise Income Tax Law and the Implementation of the Enterprise Income Tax Law of the PRC, an entity eligible as a Small Low-profit Enterprise is subject to preferential tax treatments phase 2 in which a Small Low-profit Enterprise with annual taxable income not more than RMB1,000,000 is subject to Enterprise Income Tax calculated at 25% of its taxable income at a tax rate of 20%. (2024: 25% of its taxable income at a tax rate of 20%). Satu Fashion Products (Shenzhen) Company Limited* (舍圖時尚用品 (深圳) 有限公司) is eligible as a Small Low-profit Enterprise and is subject to the relevant preferential tax treatments.

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

* for identification purposes only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

10. INCOME TAX EXPENSE/(CREDIT) (Continued)

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(2,343)	(7,815)
Tax at the Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	(387)	(1,289)
Tax effect of income that is not taxable	(214)	(112)
Tax effect of expenses that are not deductible	309	649
Tax effect of temporary differences not recognised	26	15
Tax effect of utilisation of tax losses not previously recognised	(2)	(122)
Over provision in prior years	— ⁽ⁱ⁾	(56)
Over/(under) provision in current year	— ⁽ⁱ⁾	— ⁽ⁱ⁾
Tax losses not recognised	276	859
Tax concession	(4)	— ⁽ⁱ⁾
Income tax expense/(credit)	4	(56)

(i) Represent the amount less than HK\$1,000

At the end of the reporting period, the Group has estimated unused tax loss for subsidiaries incorporated in Hong Kong of approximately HK\$19,360,000 (2024: HK\$18,529,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has estimated unused tax losses for subsidiaries incorporated in the PRC of approximately HK\$2,451,000 (2024: HK\$1,678,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. As at 31 March 2025, the Group's tax losses for subsidiaries incorporated in the PRC will expire in the following years:

	2025 HK\$'000	2024 HK\$'000
In 2028	1,529	1,529
In 2029	149	149
In 2030	773	—
	2,451	1,678

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

11. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration	570	580
(Reversal of allowance)/allowance for slow-moving inventories, net (included in cost of sales)	(155)	623
Cost of homeware products	31,638	28,363
Depreciation on right-of-use assets	472	566
Depreciation on property, plant and equipment	132	514
Foreign exchange loss, net	196	323
Short-term lease charges in respect of:		
— Office premises	1,530	1,638
— Retail shop	427	515
— Warehouse	274	606
	2,231	2,759

12. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	7,650	8,255
Discretionary bonus	651	360
Retirement benefit for defined contribution plans	517	508
	8,818	9,123

(a) Retirement benefit for defined contribution plans

During the years ended 31 March 2025 and 2024, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 March 2025 and 2024 under the PRC Retirement Scheme and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

12. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2024: three) directors whose emoluments are reflected in the analysis presented in Note 13(a). The emoluments of the remaining three (2024: two) individuals were as follow:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	1,022	714
Discretionary bonus	62	20
Retirement benefit for defined contribution plans	44	30
	1,128	764

The emoluments fell within the following band:

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	3	2

During the years ended 31 March 2025 and 2024, no emoluments were paid or payable by the Group to the above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

13. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of each director were as follows:

	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit for defined contribution plans HK\$'000	Total HK\$'000
Year ended 31 March 2025					
Executive directors:					
Mr. She Leung Choi (Chairman)	–	733	261	18	1,012
Ms. Chan Lai Yin	–	666	247	18	931
Mr. She Leung Ngai Alex (Note (i))	–	246	16	8	270
	–	1,645	524	44	2,213
Independent non-executive directors:					
Mr. Ho Kim Ching	120	–	–	–	120
Mr. Chan Ching Sum Sam	120	–	–	–	120
Ms. Fan Pui Shan	120	–	–	–	120
	360	–	–	–	360
	360	1,645	524	44	2,573
Year ended 31 March 2024					
Executive directors:					
Mr. She Leung Choi (Chairman)	–	733	61	18	812
Ms. Chan Lai Yin	–	666	56	18	740
Mr. She Leung Ngai Alex (Note (i))	–	589	86	18	693
	–	1,988	203	54	2,245
Independent non-executive directors:					
Mr. Ho Kim Ching	120	–	–	–	120
Mr. Chan Ching Sum Sam	120	–	–	–	120
Ms. Fan Pui Shan	120	–	–	–	120
	360	–	–	–	360
	360	1,988	203	54	2,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

13. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Note:

- (i) Mr. She Leung Ngai, Alex resigned on 28 August 2024 as executive director of the Company.

During the years ended 31 March 2025 and 2024, no emoluments were paid or payable by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

No director has waived or agreed to waive any emoluments during the years ended 31 March 2025 and 2024.

(b) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors as at the end of the year or at any time during the years ended 31 March 2025 and 2024.

(c) Directors' material interests in transactions, arrangement or contracts

Save as disclosed in Note 30 to the consolidated financial statements, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company was a party and in which the directors of the Company and the directors' connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 March 2025 and 2024.

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2025, no consideration was provided to or receivable by third parties for making available directors' services (2024: Nil).

14. DIVIDENDS

No dividends were paid, declared or proposed during the years ended 31 March 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

15. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$2,347,000 (2024: HK\$7,759,000) and the number of ordinary shares of 1,000,000,000 (2024: 1,000,000,000) in issue during the year.

Diluted loss per share

The diluted loss per share is equal to the basic loss per share as there was no dilutive potential ordinary share in issue during the years ended 31 March 2025 and 2024.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 April 2023	7,008	3,902	584	–	11,494
Additions	–	34	–	–	34
Transfer from right-of-use assets	–	–	–	480	480
Exchange differences	(19)	(5)	(1)	–	(25)
At 31 March 2024 and 1 April 2024	6,989	3,931	583	480	11,983
Additions	99	54	–	–	153
Exchange differences	(3)	(1)	– ⁽ⁱ⁾	–	(4)
At 31 March 2025	7,085	3,984	583	480	12,132
Accumulated depreciation and impairment					
At 1 April 2023	7,008	3,275	562	–	10,845
Charge for the year	–	492	22	–	514
Transfer from right-of-use assets	–	–	–	480	480
Exchange differences	(19)	(2)	(1)	–	(22)
At 31 March 2024 and 1 April 2024	6,989	3,765	583	480	11,817
Charge for the year	18	114	–	–	132
Exchange differences	(2)	(1)	– ⁽ⁱ⁾	–	(3)
At 31 March 2025	7,005	3,878	583	480	11,946
Net book value					
At 31 March 2025	80	106	–	–	186
At 31 March 2024	–	166	–	–	166

(i) Represent the amount less than HK\$1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. RIGHT-OF-USE ASSETS

	Leased property HK\$'000
At 1 April 2023	992
Depreciation	(566)
At 31 March 2024 and 1 April 2024	426
Addition	372
Depreciation	(472)
Exchange difference	(2)
At 31 March 2025	324

Lease liabilities of HK\$329,000 (2024: HK\$408,000) are recognised with related right-of-use assets of HK\$324,000 as at 31 March 2025 (2024: HK\$426,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2025 HK\$'000	2024 HK\$'000
Depreciation on right-of-use assets	472	566
Interest expense on lease liabilities (included in finance costs)	15	41
Expenses relating to short-term lease (included in selling and distribution expenses and administrative expenses)	2,231	2,759

- (i) Details of total cash outflow for leases is set out in Note 30(b).
- (ii) The Group leases office and warehouse premises for its operations. Lease contract is entered into for fixed term of 4 years (2024: 2 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

18. PARTICULARS OF THE SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2025 are as follows:

Name	Place of incorporation/ registration/business/ kind of legal entity	Issued registered capital/Issued registered paid up capital	Percentage of ownership interest/voting power/ profit sharing		Principal activities
			Direct	Indirect	
B&C BVI	BVI/Limited liability company	USD1	100%	–	Investment holding
B&C Industries Limited ("B&C HK")	Hong Kong/Limited liability company	HK\$10,000	–	100%	Designing, developing and sales of homeware products
Satu Brown International Limited ("Satu Brown HK")	Hong Kong/Limited liability company	HK\$10,000	–	100%	Designing and e-commerce business
South Technology (International) Limited ("South Technology HK")	Hong Kong/Limited liability company	HK\$100	–	100%	Designing and e-commerce business
Creative Fine International Limited	Hong Kong/Limited liability company	HK\$100	–	100%	E-commerce business
Fancy Master International Limited*	Hong Kong/Limited liability company	HK\$100	–	100%	E-commerce business
Shooting Star International Limited*	Hong Kong/Limited liability company	HK\$100	–	100%	E-commerce business
舍圖時尚用品 (深圳) 有限公司 Satu Fashion Products (Shenzhen) Company Limited**	PRC/Wholly foreign-owned enterprise	RMB500,000	–	100%	Designing of "Satu Brown" products
正南電子商務 (深圳) 有限公司 South Technology Business (Shenzhen) Company Limited**	PRC/Wholly foreign-owned enterprise	RMB1,350,000	–	100%	Marketing and sales of homeware and aromatherapy products

As at 31 March 2025, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK\$385,000 (2024: HK\$400,000). Conversion of the RMB into foreign currency is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

* On 15 April 2024, these subsidiaries submitted an application to the Commissioner of Inland Revenue. The purpose of these applications were to obtain a no-objection notice for the companies to be deregistered by the Registrar of Companies, pursuant to Section 751 of the Companies Ordinance (Cap. 622). These subsidiaries received the no-objection notice on 16 May 2024.

** For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

19. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	258	227
Finished goods	2,337	2,988
	2,595	3,215
Allowance for inventories	(2,055)	(2,221)
	540	994

As at 31 March 2025, the carrying values of inventories are approximately HK\$540,000 (2024: HK\$994,000), which are net of provision of obsolete and slow-moving inventories of approximately HK\$2,055,000 (2024: HK\$2,221,000).

20. Trade and bills receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables	5,188	5,999
Bills receivables	3,513	4,181
	8,701	10,180

The Group's credit terms generally range from 30 to 120 days. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade and bills receivables, based on the delivery date, is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	2,928	5,292
31 to 60 days	2,447	1,733
61 to 120 days	3,141	3,155
121 to 180 days	185	–
	8,701	10,180

The Group does not hold any collateral as security or other credit enhancements over these balances.

The Group applied simplified approach to provide the lifetime ECL prescribed by HKFRS 9. The impairment methodology is set out in Note 4 to the consolidated financial statements.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

As of 31 March 2025, when assessing the ECL associated with trade and bills receivables, the Group estimated the ECL rate is close to zero and no provision was made as at 31 March 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

20. Trade and bills receivables (Continued)

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
USD	8,685	10,164
RMB	13	15
Others	3	1
	8,701	10,180

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments		
Goods purchased	970	508
Administrative and operating expenses	315	360
	1,285	868
Deposits and other receivables		
Rental deposits	256	293
Utility deposits	8	8
Others	143	139
	407	440
	1,692	1,308

22. BANK DEPOSITS, BANK AND CASH BALANCES AND BANK OVERDRAFTS

	2025 HK\$'000	2024 HK\$'000
Bank deposits (Note (a))	10,896	10,173
Bank and cash balances	1,344	3,478
Bank overdrafts (Note (b))	(154)	–
	12,086	13,651

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

22. BANK DEPOSITS, BANK AND CASH BALANCES AND BANK OVERDRAFTS (Continued)

(a) Bank deposits

	2025 HK\$	2024 HK\$
Pledged bank deposits (Note (i))	1,171	–
Non-pledged bank deposits (Note (ii))	9,725	10,173
	10,896	10,173

The average interest rate of the Group's bank deposits was as follows:

	2025 %	2024 %
Pledged bank deposits	3.50	–
Non-pledged bank deposits	3.50	4.65

The Group's bank deposits bear fixed interest rates per annum and therefore are subject to fair value interest rate risk.

Notes:

- (i) The Group's pledged bank deposits represent deposits pledged to a bank as securities for the banking facilities granted to the Group.
- (ii) As at 31 March 2025 and 2024, the Group's non-pledged bank deposits with original maturity less than three months.
- (iii) All pledged and non-pledged bank deposits are dominated in USD.

(b) All bank overdrafts are denominated in HKD.

(c) Bank deposits, bank and cash balances and bank overdrafts

The carrying amounts of the Group's bank deposits, bank and cash balances and bank overdrafts are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
USD	11,593	12,915
RMB	396	411
HKD	(37)	75
British Pound	101	110
Euro	33	140
	12,086	13,651

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

23. TRADE AND OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Trade payables	1,966	3,303
Other payables and accruals		
Accrued staff costs	580	303
Accrued administrative and operating expenses	1,093	1,029
Others	13	15
	1,686	1,347
Contract liabilities	347	185
	3,999	4,835

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	1,904	3,228
91 to 180 days	12	6
Over 180 days	50	69
	1,966	3,303

The credit period normally ranges from 30 to 90 days.

Contract liabilities represent receipt in advance from customers and the significant changes in the contract liabilities balance during the reporting period are as below:

	2025 HK\$'000	2024 HK\$'000
Balance at 1 April	185	338
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(182)	(338)
Increase in contract liabilities as a result of billing in advance of sales of goods	344	185
Balance at 31 March	347	185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

23. TRADE AND OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES (Continued)

The carrying amounts of the Group's trade, other payables and accruals and contract liabilities are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HKD	1,210	882
USD	2,191	3,122
RMB	591	829
Euro	7	2
	3,999	4,835

24. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	95	416	84	408
More than one year, but not exceeding two years	100	–	92	–
More than two years, but not exceeding five years	157	–	153	–
	352	416	329	408
Less: Future finance charges	(23)	(8)	N/A	N/A
Present value of lease obligations	329	408	329	408
Less: Amount due for settlement within 12 months (shown under current liabilities)			(84)	(408)
Amount due for settlement after 12 months			245	–

The weighted average incremental borrowing rate applied to lease liabilities was 3.85% (2024: 5.5%).

All lease liabilities are denominated in RMB (2024: HKD).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

25. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	1,000,000,000	10,000

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is the Group's total debts (defined as the sum of lease liabilities and bank overdrafts) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratios as at 31 March 2025 was 2.5% (2024: 1.9%). The increase in the gearing ratio of the Group is primarily due to the decrease in the balance of total equity as at 31 March 2025.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet the conditions attached to the banking facilities granted.

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, the Company has maintained sufficient public float with at least 25% of the shares held by the public as required under the GEM Listing Rules.

There have been no breaches in the financial covenants of any of these banking facilities for the year ended 31 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

26. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		–	–
Investment in a subsidiary		380	380
		380	380
Current assets			
Prepayments		140	140
Amounts due from group companies		2,713	5,038
Bank and cash balances		57	55
		2,910	5,233
Current liabilities			
Accruals		207	149
		207	149
Net current assets		2,703	5,084
NET ASSETS		3,083	5,464
Capital and reserves			
Share capital	25	10,000	10,000
Reserves	27(b)	(6,917)	(4,536)
TOTAL EQUITY		3,083	5,464

Approved by the Board of Directors on 20 June 2025 and are signed on its behalf by:

Mr. She Leung Choi
Executive Director

Ms. Chan Lai Yin
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

26. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium HK\$'000 (Note 27(b)(iii))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2023	36,793	(36,775)	18
Loss and total comprehensive income for the year	–	(4,554)	(4,554)
At 31 March 2024 and 1 April 2024	36,793	(41,329)	(4,536)
Loss and total comprehensive income for the year	–	(2,381)	(2,381)
At 31 March 2025	36,793	(43,710)	(6,917)

27. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Other reserve

The other reserve represents the amount of the registered capital of an enterprise received that exceeds its registered capital.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4(c) to the consolidated financial statements.

(iii) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable 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 they fall due in the ordinary course of business.

(iv) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of shares of B&C HK, Satu Brown HK and South Technology HK acquired pursuant to the Group Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

28. CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any significant contingent liabilities.

29. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transaction with a related party during the year:

	2025 HK\$'000	2024 HK\$'000
Rental expense to Pansino Homeware (Shenzhen) Co., Ltd* (泛華家居用品(深圳)有限公司) ("Pansino Shenzhen") (note)	1,374	1,638

Note:

Mr. She is interested in these transactions to the extent that he is the beneficial owner of Pansino Shenzhen. Therefore, the transactions with Pansino Shenzhen are also a continuing connected transactions under the GEM Listing Rules but are fully exempted from the reporting, announcement, annual review, circular and independent shareholders' approval under Rule 20.74(1)(c) of the GEM Listing Rules.

- (b) Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in Note 13 and certain of the highest paid employees as disclosed in Note 12, was as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	2,252	2,572
Discretionary bonus	525	203
Retirement benefit for defined contribution plans	63	74
	2,840	2,849

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

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

	1 April 2024 HK\$'000	Cash flows HK\$'000	Non-cash changes			31 March 2025 HK\$'000
			Finance costs recognised HK\$'000 (Note 9)	Addition to right-of-use assets HK\$'000 (Note 17)	Exchange difference HK\$'000	
Lease liabilities (Note 24)	408	(464)	15	372	(2)	329

	1 April 2023 HK\$'000	Cash flows HK\$'000	Non-cash changes			31 March 2024 HK\$'000
			Finance costs recognised HK\$'000 (Note 9)	Addition to right-of-use assets HK\$'000 (Note 17)	Exchange difference HK\$'000	
Lease liabilities (Note 24)	1,079	(712)	41	–	–	408

(b) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2025 HK\$'000	2024 HK\$'000
Within operating cash flows	2,246	2,800
Within financing cash flows	449	671
	2,695	3,471

These amount relate to the following:

	2025 HK\$'000	2024 HK\$'000
Lease rental paid	2,695	3,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

31. OPERATING LEASE ARRANGEMENT – THE GROUP AS LESSEE

During the year ended 31 March 2025, the Group entered into short-term leases for certain premises in the PRC. As at 31 March 2025, the outstanding lease commitments to pay relating to those premises are approximately HK\$1,407,000 (2024: HK\$1,860,000).

On 3 January 2025, the Group entered into a new lease for use of office premise in Hong Kong through its wholly owned subsidiary, namely B&C HK for a fixed term of 2 years commencing from 1 April 2025 to 31 March 2027 with non-cancellable and without extension options. The total future undiscounted cash flows over the non-cancellable period amounted to approximately HK\$1,144,000.

32. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this report.