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QUALI-SMART HOLDINGS LIMITED

滙達富控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1348)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

- Total revenue for the year ended 31 March 2025 (the “**Current Year**”) was approximately HK\$71.9 million, representing a decrease of approximately HK\$105.3 million or 59.4% from approximately HK\$177.3 million for the year ended 31 March 2024 (the “**Previous Year**”).
- Revenue from the Toys Division for the Current Year was approximately HK\$52.1 million decreased by approximately HK\$114.3 million or 68.7% from the Previous Year of approximately HK\$166.4 million, whereas revenue from the Financial Services Division was approximately HK\$19.9 million for the Current Year, representing an increase by approximately HK\$9.0 million or 83.4% from HK\$10.8 million for the Previous Year.
- Gross profit from the Toys division for the Current Year was approximately HK\$3.6 million, representing a decrease of approximately HK\$13.6 million or 78.9% from approximately HK\$17.2 million for the Previous Year.

* For identification purpose only

- The Group's net loss for the Current Year amounted to approximately HK\$17.9 million, as compared to a net loss of approximately HK\$74.0 million for the Previous Year, representing a decrease in the Group's net loss of approximately HK\$56.1 million or 75.8%. Such decrease was mainly due to:
 - an increase in revenue from the Financial Services Division of approximately HK\$9.0 million in the Current Year;
 - the absence of impairment loss on goodwill of approximately HK\$45.5 million for the Financial Services Division in the Current Year;
 - a decrease in selling expenses of about HK\$2.3 million from the Toys Division as a result of decreased sales in the Current Year;
 - an increase in other income, gains and losses of about HK\$12.8 million as a result of an increase in office facilities service income of approximately of HK\$4.6 million for the Current Year; an increase in gain on disposal of property, plant and equipment of approximately of HK\$3.1 million for the Current Year; an increase in gain on waived sub-placing commission of approximately of HK\$4.0 million for the Current Year; and an increase in interest income from bank deposits of approximately of HK\$1.1 million for the Current Year;
 - a decrease in the effective interest expense on the convertible notes issued by the Company by approximately HK\$0.8 million for the Current Year from approximately HK\$2.5 million in the Previous Year to about HK\$1.7 million in the Current Year;
 - an increase in administrative expenses of about HK\$3.5 million as a result of (i) a decrease in operating leases expenses and lease amortisation of about approximately HK\$1.5 million for office rental of the Group; (ii) decrease in depreciation expenses of property, plant and equipment of about approximately HK\$0.6 million in the Current Year; (iii) decrease in Legal & professional fee of about approximately HK\$0.6 million in the Current Year; and (iv) a decrease in consultancy expenses by approximately HK\$1.0 million.

which was partially offset by:

- a decrease in gross profit of the Toys Division of approximately HK\$13.6 million in the Current Year;
- a decrease in impairment losses recognised on trade receivables of the Financial Service Division of approximately HK\$4.5 million in the Current Year;
- The Board does not recommend the payment of final dividend for the year ended 31 March 2025.

The board (the “**Board**”) of directors (the “**Directors**”) of Quali-Smart Holdings Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2025 together with the comparative audited figures for the preceding financial year in this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2025	2024
	Notes	HK\$'000	HK\$'000
Revenue	6	71,933	177,259
Other revenue	7	14,181	1,429
Cost of sales for manufacturing and sales of toys division		(48,454)	(149,255)
Selling expenses for manufacturing and sales of toys division		(1,420)	(3,756)
Administrative expenses included financial services division costs		(44,558)	(48,062)
Impairment loss on goodwill	8	–	(45,508)
Impairment loss on intangible assets		–	(585)
Impairment loss on trade receivables		(4,452)	–
Finance costs	9	(5,101)	(5,490)
Loss before income tax expense	8	(17,871)	(73,968)
Income tax credit	10	–	10
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(17,871)	(73,958)
Loss and total comprehensive income attributable to:			
Owners of the Company		(17,872)	(73,941)
Non-controlling interests		1	(17)
		(17,871)	(73,958)
LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	12		
– Basic and diluted (HK cents)		(1.21)	(5.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March	
		2025	2024
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		391	3,579
Right-of-use assets		5,131	1,631
Statutory deposit for financial service business		369	372
Deposits		35	200
		<hr/>	<hr/>
Total non-current assets		5,926	5,782
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories	15	3,271	16,428
Trade receivables	16	2,358	24,954
Prepayments, deposits and other receivables		5,452	2,338
Tax receivables		354	—
Cash and bank balances held on behalf of customers		63,265	49,032
Time deposits		58,467	20,480
Cash and cash equivalents		25,561	57,537
		<hr/>	<hr/>
Total current assets		158,728	170,769
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	17	66,125	63,982
Accruals and other payables		3,072	3,933
Lease liabilities		3,799	1,719
Amount due to non-controlling interests		13,041	13,041
		<hr/>	<hr/>
Total current liabilities		86,037	82,675
		<hr/>	<hr/>
NET CURRENT ASSETS		72,691	88,094
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		78,617	93,876
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 31 March	
		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Promissory notes	18	31,000	31,000
Convertible notes	19	7,295	6,138
Lease liabilities		1,455	—
Deferred tax liabilities		178	178
Provision for long services payments		392	392
		<hr/>	<hr/>
Total non-current liabilities		40,320	37,708
		<hr/>	<hr/>
NET ASSETS		38,297	56,168
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital	20	287	287
Reserves	21	37,951	55,823
		<hr/>	<hr/>
		38,238	56,110
Non-controlling interests		59	58
		<hr/>	<hr/>
Total equity		38,297	56,168
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Convertible notes equity reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2024	287	418,769	1,000	28,314	17,825	(339,806)	126,389	75	126,464
Redemption of convertible notes	-	-	-	-	(17,825)	17,825	-	-	-
Issue of convertible notes	-	-	-	-	3,662	-	3,662	-	3,662
Lapse of share options	-	-	-	(813)	-	813	-	-	-
Loss and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,941)</u>	<u>(73,941)</u>	<u>(17)</u>	<u>(73,958)</u>
At 31 March 2024 and 1 April 2024	287	418,769	1,000	27,501	3,662	(395,109)	56,110	58	56,168
Lapse of share options	-	-	-	(417)	-	417	-	-	-
Loss and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,872)</u>	<u>(17,872)</u>	<u>1</u>	<u>(17,871)</u>
At 31 March 2025	<u><u>287</u></u>	<u><u>418,769</u></u>	<u><u>1,000</u></u>	<u><u>27,084</u></u>	<u><u>3,662</u></u>	<u><u>(412,564)</u></u>	<u><u>38,238</u></u>	<u><u>59</u></u>	<u><u>38,297</u></u>

NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Quali-Smart Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 14 March 2012 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Workshop C on 19th Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, Hong Kong. The ordinary shares in the capital of the Company (the “**Shares**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Adoption of new/revised HKFRSs – effective 1 April 2024

The Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting year.

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS Lack of Exchangeability¹

1

Amendments to HKFRS 9 and HKFRS Amendments to the Classification and Measurement of Financial Instruments²

7

Amendments to HKFRS 1, HKFRS 7, Annual Improvements to HKFRS Accounting Standards – Volume 11²

HKFRS 18

Presentation and Disclosure in Financial Statements³

HKFRS 19

Subsidiaries without Public Accountability – Disclosures³

Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause³

Amendments to HKFRS 10 and HKAS 28

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴

Amendments to HKFRS 9 and HKFRS 7

Contracts Referencing Nature-dependent Electricity²

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined.

The Group is currently assessing the impact of these new accounting standards and amendments. Except for the new HKFRS Accounting Standard mentioned below, the Group does not expect any new or amendments to standards and interpretation issued by the HKICPA, but are yet to be effective, to have a material impact on the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Financial Instruments: Disclosures. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

(c) Voluntary change of presentation of consolidated statement of profit or loss and other comprehensive income

For the year ended 31 March 2025, the management of the Group performed an analysis on the presentation of the Group's consolidated statement of profit or loss and other comprehensive income. After reassessing the presentation policy, management consider that the gross profit presentation cannot properly present the gross profit for the financial services segment. As a result, the presentation of profit or loss has been changed to a "nature of expense" presentation without presenting gross profit and without any change in other financial statements line items presented. The change in presentation by nature can provide more reliable and more relevant information about the effects of transactions to the users of the financial statements.

This change in policy has been applied retrospectively, but does not have any financial effect on the Group's results for the year ended 31 March 2025 and on the Group's financial positions as of 31 March 2025 and 31 March 2024.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for investment property, which is measured at fair value as explained in the accounting policies set out below.

(c) Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

4. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“**the Group**”). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

5. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the information reported to Chief Executive Officer, being the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker considers the business primarily on the assessment of operating performance in each operating unit, which is the basis upon which the Group is organised. Each operating unit is distinguished based on types of goods or services delivered or provided. The following summary describes the operations in each of the Group’s reportable segments:

- Manufacturing and sales of toys; and
- Securities brokerage, securities margin financing, investment advisory, corporate finance and asset management services (“**Financial services**”).

(a) Reportable segments

Management assesses the performance of the operating segments based on the measurement of segment results which represents the net of revenues, other income, gains and losses, costs and expenditures directly attributable to each operating segment. Central administrative cost is not allocated to the operating segment as it is not included in the measurement of the segment results that are used by the chief operating decision-maker for assessment of segment performance. The following is an analysis of the Group’s revenue and results by reporting segment for the year:

Segment revenue and results

	Manufacturing and sales of toys HK\$’000	Financial services HK\$’000	Total HK\$’000
For the year ended 31 March 2025			
External revenue	<u>52,079</u>	<u>19,854</u>	<u>71,933</u>
Cost of sales/financial services (<i>note(c)</i>)	<u>(48,454)</u>	<u>(21,802)</u>	<u>(70,256)</u>
Segment profit/(loss)	<u>357</u>	<u>(10,424)</u>	<u>(10,067)</u>
Central administrative cost (<i>note(a)</i>)			(3,007)
Finance cost			<u>(4,797)</u>
Loss before income tax expense			<u>(17,871)</u>

5. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

	Manufacturing and sales of toys HK\$'000	Financial services HK\$'000 (note(b))	Total HK\$'000
For the year ended 31 March 2024			
External revenue	<u>166,431</u>	<u>10,828</u>	<u>177,259</u>
Cost of sales/financial services (note(c))	<u>(149,255)</u>	<u>(20,116)</u>	<u>(169,371)</u>
Segment profit/(loss)	<u>1,444</u>	<u>(67,071)</u>	(65,627)
Central administrative cost (note(a))			(3,089)
Finance cost			<u>(5,252)</u>
Loss before income tax expense			<u>(73,968)</u>

Notes:

- (a) Central administrative cost mainly includes Directors' remuneration and legal and professional fees.
- (b) Segment loss for financial services segment for the year ended 31 March 2024 includes an impairment loss on goodwill of approximately HK\$45,508,000.
- (c) Cost of financial services was grouped into administrative expenses of the consolidated statement of profit or loss and other comprehensive income.

Segment profit/(loss) represents the profit or (loss) earned by each segment without allocation of corporate income and central administrative cost. This is the information reported to the chief operating decision-maker for the purpose of resource allocation and performance assessment.

5. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

Segment assets

All assets (other than cash and cash equivalents and time deposits) are allocated to reportable segments.

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Manufacturing and sales of toys	8,474	39,256
Financial services	72,152	59,278
	<hr/>	<hr/>
Total segment assets	80,626	98,534
Unallocated	84,028	78,017
	<hr/>	<hr/>
Consolidated assets	164,654	176,551
	<hr/> <hr/>	<hr/> <hr/>

Segment liabilities

All liabilities (other than accruals of corporate expenses, promissory notes, convertible notes, deferred tax liabilities and amount due to non-controlling interests) are allocated to reportable segments.

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Manufacturing and sales of toys	3,109	11,583
Financial services	70,529	69,944
	<hr/>	<hr/>
Total segment liabilities	73,638	81,527
Unallocated	52,719	38,856
	<hr/>	<hr/>
Consolidated liabilities	126,357	120,383
	<hr/> <hr/>	<hr/> <hr/>

5. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

Other segment information

Amounts included in the measurement of segment profit/(loss) or segment assets:

For the year ended 31 March 2025

	Manufacturing and sales of toys HK\$'000	Financial services HK\$'000	Total HK\$'000
Additions to property, plant and equipment	–	20	20
Depreciation of property, plant and equipment	(3,092)	(116)	(3,208)
Depreciation of right-of-use assets	–	(4,014)	(4,014)
Selling expenses	(1,420)	–	(1,420)
Interest expenses	–	(305)	(305)
Impairment loss recognised on trade receivable	–	(4,452)	(4,452)

For the year ended 31 March 2024

	Manufacturing and sales of toys HK\$'000	Financial services HK\$'000	Total HK\$'000
Additions to property, plant and equipment	–	194	194
Depreciation of property, plant and equipment	(4,288)	(117)	(4,405)
Depreciation of right-of-use assets	–	(4,460)	(4,460)
Selling expenses	(3,756)	–	(3,756)
Impairment loss on goodwill	–	(45,508)	(45,508)
Impairment loss on intangible assets	–	(585)	(585)
Interest expenses	–	(828)	(828)

5. OPERATING SEGMENT INFORMATION (Continued)

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's specified non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets other than statutory deposit for financial services business and deposits (the "**specified non-current assets**") is based on the physical location of the assets in the case of property, plant and equipment.

(i) Revenue from external customers

	Year ended 31 March	
	2025 HK\$'000	2024 HK\$'000
North America (<i>note 1</i>)	41,690	102,726
Western Europe		
– United Kingdom	1,721	7,291
– France	318	6,949
– Others (<i>note 2</i>)	3,972	13,924
People's Republic of China (" PRC ") and Taiwan	916	4,836
Central America, Caribbean and Mexico	1,158	13,475
Australia, New Zealand and Pacific Islands	508	4,080
Others (<i>note 3</i>)	21,650	23,978
	<hr/>	<hr/>
Total	71,933	177,259
	<hr/>	<hr/>

Note 1: North America includes United States of America and Canada.

Note 2: Others include Germany, Belgium, Italy, Czech Republic, Spain and Netherlands

Note 3: Others include Hong Kong, Africa, India, Japan, Korea, Israel, Saudi Arabia, Southeast Asia and South America

5. OPERATING SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

(ii) Specified non-current assets

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Mainland China, the PRC	288	3,346
Hong Kong	5,234	1,864
	<hr/>	<hr/>
Total	5,522	5,210
	<hr/> <hr/>	<hr/> <hr/>

(c) Information about major customers

Revenue from major customers from manufacturing and sales of toys, each of whom amounted to 10% or more of the Group's revenue, is set out below:

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Customer A	34,832	132,442
Customer B	15,660	28,198
	<hr/>	<hr/>
Total	50,492	160,640
	<hr/> <hr/>	<hr/> <hr/>

5. OPERATING SEGMENT INFORMATION (Continued)

(d) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by timing over revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Manufacturing and sales of toys segment		Financial services segment		Total	
			Year ended 31 March			
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Timing of revenue recognition under HKFRS 15						
– At a point in time	52,079	166,431	4,284	1,771	56,363	168,202
– Over time	–	–	15,570	9,057	15,570	9,057
Total	<u>52,079</u>	<u>166,431</u>	<u>19,854</u>	<u>10,828</u>	<u>71,933</u>	<u>177,259</u>

6. REVENUE

Revenue represents the net invoiced value of goods sold from manufacturing and sales of toys, after allowances for returns and trade discounts, and the provision of financial services. An analysis of revenue is as follows:

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Manufacturing and sales of toys	52,079	166,431
Financial services		
– Commission income from securities brokerage	1,676	233
– Management fee and performance fee income	15,570	9,057
– Handling fee income and other services income	<u>2,608</u>	<u>1,538</u>
Total	<u>71,933</u>	<u>177,259</u>

7. OTHER REVENUE

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Other income		
Interest income from bank deposits	2,007	828
Office facilities service income (<i>note (a)</i>)	4,555	—
Moulding income	—	6
	<u>6,562</u>	<u>834</u>
Other gains and losses		
Exchange gains, net	46	97
Gain on disposal of property, plant and equipment	3,100	—
Waived sub-placing commission (<i>note (b)</i>)	3,956	—
Others	517	498
	<u>7,619</u>	<u>595</u>
Other income, gains and losses	<u><u>14,181</u></u>	<u><u>1,429</u></u>

Note:

- (a) On 1 April 2024, the Group, entered into a short term administrative service agreement for 9 months period with an independent third party, providing administrative services, the use of trading platform and market connectivity for Hong Kong and US stock, and IT support.
- (b) In FY2021, the Company engaged a placing agreement with Silver Base Group Holdings Limited (“**Silverbase**”), an independent third party, the Group in turn engaged a sub-placing agreement with Venture-Smart Asia Limited, an independent third party. In this arrangement, it was mutually agreed that the Company settles balance payable to Venture-Smart only when the independent third party has settled the balance due to the Company. As the Silverbase has filed for liquidation and the trade receivables in related to the commission has been fully written off for the year ended 31 March 2025. The trade payable related to the sub-placing commission has been waived for the year ended 31 March 2025.

8. LOSS BEFORE INCOME TAX EXPENSE

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

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Cost of inventories sold	48,454	149,255
Depreciation of property, plant and equipment	3,208	4,405
Depreciation of right-of-use assets	4,014	4,460
Employee benefits expenses:		
Directors' remuneration	5,299	7,721
Wages and salaries	22,781	17,873
Contribution to defined contribution plans	553	495
Other benefits	400	722
	29,033	26,811
Auditor's remuneration	950	1,120
Expense relating to short-term leases	428	1,137
Impairment loss on goodwill	–	45,508
Impairment loss on intangible assets	–	585
Impairment losses recognised on trade receivable	4,452	–

9. FINANCE COSTS

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Interest on:		
– Convertible notes	1,696	2,533
– Promissory notes	3,100	2,719
– Lease liabilities	305	238
	<u>5,101</u>	<u>5,490</u>

10. INCOME TAX EXPENSE

For the year ended 31 March 2025, Hong Kong Profits Tax of the selected entity was calculated at 8.25% (2024: 8.25%) of the first HK\$2,000,000 estimated assessable profits and 16.5% (2024: 16.5%) of the remaining estimated assessable profits. Hong Kong Profits Tax for the remaining entities within the Group was calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year ended 31 March 2025.

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

The major components of the income tax expense for the year are as follows:

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Current – Hong Kong		
Over provision in prior years	–	(10)
Deferred tax expense	–	–
	<u>–</u>	<u>–</u>
Income tax expense for the year	<u>–</u>	<u>(10)</u>

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

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Loss before income tax expense	<u>(17,871)</u>	<u>(73,968)</u>
Tax at the applicable tax rate of 16.5% (2024: 16.5%)	(2,949)	(12,204)
Tax effect of revenue not taxable for tax purposes	(331)	–
Tax effect of expenses not deductible for tax purposes	1,871	9,532
Tax effect of tax loss not recognised	1,415	2,693
Tax effect of temporary difference not recognised	(6)	(21)
Over-provision in prior years	–	(10)
	<u>–</u>	<u>(10)</u>
Income tax expense	<u>–</u>	<u>(10)</u>

No deferred tax asset has been recognised in respect of the unused tax losses of HK\$258,919,000 (2024: HK\$250,343,000) due to the unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: HK\$ Nil).

12. LOSS PER SHARE

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

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Loss		
Loss for the year attributable to the owners of the Company	(17,872)	(73,941)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,474,232,000	1,474,232,000

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the year ended 31 March 2025 of approximately HK\$17,872,000 (2024: HK\$73,941,000), and on the weighted average number of 1,474,232,000 (2024: 1,474,232,000) ordinary shares in issue during the year.

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2025 (2024: same) as the impact of the potential dilutive ordinary shares outstanding including the convertible notes and outstanding options under the share option scheme have an anti-dilutive effect on the basic loss per share presented for the year ended 31 March 2025 (2024: anti-dilutive).

13. GOODWILL

The amount of goodwill recognised in the consolidated statement of financial position, arising from business combinations, is as follows:

	Financial services HK\$'000
Cost	
At 1 April 2023 and 31 March 2024	184,783
Impairment	
At 31 March 2023 and 1 April 2023	(139,275)
Impairment loss	(45,508)
At 31 March 2024	(184,783)
Carrying amount	
At 31 March 2024	—

In accordance with HKAS 36 Impairment of Assets, management of the Group engaged an independent valuer, BMI Appraisal Limited to perform impairment test for goodwill allocated to the Group's various cash generating units ("CGUs") by comparing their recoverable amounts to their carrying amounts at the end of the reporting period. The recoverable amount of a CGU is determined based on the higher of value in use calculation and fair value less cost of disposal.

Goodwill and intangible assets of approximately HK\$180,737,000 and HK\$554,000 respectively arose from the acquisition of Crosby Securities Limited ("CSL") and goodwill of approximately HK\$4,046,000 arose from the acquisition of Crosby Asset Management (Hong Kong) Limited ("CAM") in prior years, were allocated to two different CGUs for impairment assessment.

13. GOODWILL (Continued)

As at 31 March 2024, the recoverable amount of the CGU in relation to CSL was determined from value in use calculation based on cash flow projections from formally approved budgets, covering a detailed five-year budget plan, and discount rate of 15.53% estimated by the management. Growth rate used to extrapolate the cash flows beyond the five-year budget plan is 2.5% which reflects the long term growth rate of the industry as forecast by the management. The key assumptions have been determined by the Group's management based on past performance, existing signed mandates and engagements, business plans and outlook and its expectations for the industry development. As there was a material deterioration in placing and underwriting services of CSL in the financial year ended 31 March 2024 when compared with its forecasted performance made in the previous financial year and in the local capital market environment, the cash flow projections in the next five years have been revised downwards in view of their unfavourable performance resulting from the deteriorated economic environment. As a result, the recoverable amount of CGU in relation to CSL was reduced to zero, which is lower than its carrying amount of approximately HK\$44,548,000. Accordingly, impairment loss on goodwill of approximately HK\$42,208,000 was recognised for the year ended 31 March 2024.

All the discount rates used above are pre-tax and reflect specific risks relating to the relevant CGU. The following table illustrates the key assumptions such as earnings before interest and taxes (“**EBIT**”) margins, long-term growth rates and pre-tax discount rates used for the value in use calculations of the CGU in relation to CSL:

	At 31 March 2024
Budgeted EBIT margin (average of next five years)	-11.41%
Range of budgeted EBIT margin during next five years	-15.32% to 0.91%
Revenue growth rate within 5 years	-7.63% to 595.64%
Long-term growth rate	2.5%
Pre-tax discount rate	15.53%

13. GOODWILL (Continued)

As at 31 March 2024, the recoverable amount of the CGU in relation to CAM was based on fair value less cost of disposal using direct comparison approach as detailed below. During the year ended 31 March 2024, an impairment loss on goodwill of HK\$3,300,000 was recognised as the carrying amount exceeded the recoverable amount of the CGU. The level in the fair value hierarchy in arriving at the above recoverable amount is considered under Level 3. The cost of disposal of CAM is estimated by the management as immaterial.

The fair value of CAM as at 31 March 2024 is determined using adjusted net assets value of CAM.

	At 31 March 2024 Range
Significant unobservable inputs	
Net assets value	HK\$211,000

14. INTANGIBLE ASSETS

	Trading rights, trademarks and website <i>HK\$'000</i>
Costs:	
At 1 March 2025 and 31 March 2024	585
Impairment	
At 31 March 2025 and 31 March 2024	(585)
Carrying amount	
At 31 March 2025 and 31 March 2024	—

14. INTANGIBLE ASSETS (Continued)

Trading rights confer rights to CSL to trade securities contracts on or through the Stock Exchange such that CSL can conduct its securities brokerage business. Trademarks represent the rights to use the name “Crosby” and the various trademarks of CSL for the purposes of conducting the regulated activities. Website allows CSL to provide a platform to its customers to trade securities online.

Trading rights, trademarks and website are considered by the Directors as having indefinite useful lives because there is no foreseeable limit on the period over which the trading rights, trademarks and website are expected to generate cash flows to CSL. Trading rights, trademarks and website are not amortised until their useful lives are determined to be finite. Instead, they are tested for impairment annually and whenever there is an indication that it may be impaired. Details of impairment assessment are set out in note 13.

In respect of the intangible assets which were allocated in the CGU of CSL, the Directors conducted a review of the recoverable amounts of the CGU containing the intangible assets during the year ended 31 March 2024. The recoverable amount for the CGU were determined based on value in use calculations using cash flows projections covering the useful life of the intangible assets. The recoverable amount of that CGU was reduced to zero and accordingly an impairment loss on the intangible assets of HK\$585,000 is recognised in profit or loss for the year ended 31 March 2024. Further details on impairment assessment of the CGU of the financial services segment are set out in note 13.

15. INVENTORIES

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Raw materials	2,849	9,282
Finished goods	422	7,146
	<u>3,271</u>	<u>16,428</u>

16. TRADE RECEIVABLES

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Trade receivables from Financial services segment	1,614	6,293
Trade receivables from Manufacturing and sales of toys segment	744	18,661
	<u>2,358</u>	<u>24,954</u>

Trade receivables from Financial services segment

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Accounts receivable arising from the ordinary course of business of securities brokerage:		
– Cash clients	103	89
– Clearing house	–	350
Accounts receivable arising from the ordinary course of business of provision of:		
– Placing commission	–	6,452
– Management and performance fee	1,511	1,402
	<u>1,614</u>	<u>8,293</u>
Less: Provision of expected credit loss	<u>–</u>	<u>(2,000)</u>
	<u>1,614</u>	<u>6,293</u>

16. TRADE RECEIVABLES (Continued)

Ageing analysis of trade receivables of the financial services segment based on due date and net of loss allowance is as follows:

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Not past due	1,614	439
Less than 1 month past due	–	1,152
1 to 3 months past due	–	101
Over 3 months past due	–	4,601
	<u>1,614</u>	<u>6,293</u>

Note:

- a) The settlement terms of trade receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are one or two days after the respective trade date. All of the trade receivables which were over 3 months past due, had been subsequently settled as of the date of this announcement.
- b) 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.

As at 31 March 2025, included in the Group's trade receivables balance were debtors with aggregate carrying amount HK\$6,452,000 which was past due over 3 months and was considered as credit-impaired. ECL of HK\$4,452,000 has been recognised and the amount has been fully written off during the year ended 31 March 2025. For the remaining receivables related to cash clients, and clearing house, in the view of the historical settlement track records of the clients, and no significant increase in credit risk since initial recognition and the respective balance at the end of the reporting period, the Directors considered the ECL of those balances was immaterial for the year ended 31 March 2025.

16. TRADE RECEIVABLES (Continued)

Trade receivables from Manufacturing and sales of toys segment

The credit period on sales of toys ranges 30 to 90 days from the invoice date. An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date and before impairment loss, is as follows:

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Current to 30 days	691	8,308
31 to 60 days	53	1,407
61 to 90 days	–	8,604
Over 90 days	–	342
	<u>744</u>	<u>18,661</u>

The ageing analysis of trade receivables as of the end of reporting period, based on past due dates and net of loss allowance, is as follows:

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Neither past due nor impaired	691	17,790
Less than 1 month past due	53	539
1 to 3 months past due	–	332
	<u>744</u>	<u>18,661</u>

17. TRADE PAYABLES

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Trade payables from Financial services segment	63,368	53,426
Trade payables from Manufacturing and sales of toys segment	<u>2,757</u>	<u>10,556</u>
	<u>66,125</u>	<u>63,982</u>

17. TRADE PAYABLES (Continued)**Trade payables from Financial services segment**

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Accounts payable arising from the ordinary course of business of securities brokerage and margin financing:		
– Cash clients	63,264	49,470
– Brokers	104	3,956
	63,368	53,426

The settlement terms of trade payables attributable to the business of securities brokerage are one to two days after the respective trade date.

As at 31 March 2025, included in trade payables was an amount of approximately HK\$63,264,000 (2024: HK\$49,032,000) payable to clients and other institutions in respect of trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities.

Trade payables from Manufacturing and sales of toys segment

The Group normally obtains credit terms ranging from 15 to 60 days from its suppliers. Trade payables are interest-free.

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

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Current to 30 days	2,747	9,779
31 to 60 days	10	408
61 to 90 days	–	366
91 to 365 days	–	3
	2,757	10,556

18. PROMISSORY NOTES PAYABLE

On 16 May 2023, the Group entered into an agreement with Benefit Global Limited, an independent third party pursuant to which the Group issued a promissory note (the “**2023 PN**”) with a principal amount of HK\$31.0 million. The 2023 PN is unsecured and denominated in HK\$. The 2023 PN is bearing interest at fixed rate of 10% per annum and is repayable on 16 May 2026. The Company may at any time before the maturity date redeem the 2023 PN (in whole or in part) at 100% of the principal amount of the 2023 PN together with any accrued but unpaid interest (the early redemption option). The exercise price of the early redemption option is approximately equal to the amortised cost of the 2023 PN. Therefore, the early redemption option is not separately accounted for because it is considered to be closely related to the host debt.

19. CONVERTIBLE NOTES

On 16 May 2023, the Company issued unsecured convertible notes (the “**2023 CN**”) with principal amount of HK\$9,000,000 and the 2023 PN in the principal amount of HK\$31.0 million to Benefit Global Limited, an independent third party, for redeeming the convertible note issued in 2020. The 2023 CN bears interest at 6% per annum and carry a right to convert the principal amount into shares of US\$0.000025 each in the share capital of the Company at a conversion price of HK\$0.081 per share during the period from 16 May 2023 to 16 May 2026. The Company may at any time before the maturity date redeem the 2023 CN (in whole or in part) at 100% of the principal amount of the 2023 CN together with any accrued but unpaid interest (the early redemption option). Any amount of the 2023 CN which remains outstanding on the maturity date will be redeemed at their then outstanding principal amount together with any accrued but unpaid interest.

2023 CN contains two components, liability component and equity component. Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, with the issuer early redemption option. The exercise price of the early redemption option is approximately equal to the amortised cost of the convertible note before separating the equity component. Therefore the early redemption option is not separately accounted for because it is considered to be closely related to the host debt. Equity component represents the conversion options, which is determined by deducting the fair value of the liability component from the proceeds of issue of the 2023 CN as a whole. The effective interest rate of the liability component is 25.53% per annum.

During the year ended 31 March 2024, none of the 2023 CN was converted into ordinary shares of the Company.

The 2023 CN recognised in the consolidated statement of financial position at initial recognition is as follows:

	<i>HK\$'000</i>
Fair value of the 2023 CN at 16 May 2023	9,000
Equity component	<u>(3,662)</u>
Fair value of liability component on initial recognition	<u><u>5,338</u></u>

19. CONVERTIBLE NOTES (Continued)

The movements of the liability component of 2023 CN for the year are set out below:

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
At 1 April	6,138	—
2023 CN issued	—	5,338
Effective interest expense	1,696	1,273
Interest paid	(539)	(473)
	<u> </u>	<u> </u>
At 31 March	7,295	6,138
	<u> </u>	<u> </u>
Current:	—	—
Non-Current:	7,295	6,138
	<u> </u>	<u> </u>
At 31 March	7,295	6,138
	<u> </u>	<u> </u>

20. SHARE CAPITAL

The movements in the issued ordinary share capital during the year are as follows:

	2025		2024	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of US\$0.000025 each				
At 1 April and 31 March	6,000,000,000	1,168	6,000,000,000	1,168
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Issued and fully paid:				
Ordinary shares of US\$0.000025 each				
At 1 April and 31 March	1,474,232,000	287	1,474,232,000	287
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

22. EQUITY SETTLED SHARE-BASED PAYMENTS

The Company adopted a share option scheme pursuant to a resolution in writing passed by the Shareholders on 3 January 2013 (the “**Share Option Scheme**”) for the purpose to grant share options to selected participants as incentives or rewards for their contribution to the Group. Eligible participants of the Share Option Scheme include directors of the Company or any of its subsidiaries, including non-executive directors and independent non-executive directors, other employees of the Group and consultants. As at 31 March 2025, there was no remaining life of the Share Option Scheme.

Pursuant to the Share Option Scheme, shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue at the time dealings in the shares of the Company first commence on the Stock Exchange. The Company may renew this 10% limit with shareholders’ approval provided that each such renewal may not exceed 10% of the shares of the Company in issue as at the date of the shareholders’ meeting.

The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

Unless approved by the Shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of options granted to each eligible participant (including exercised and unexercised options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue.

22. EQUITY SETTLED SHARE-BASED PAYMENTS (Continued)

On 17 March 2014, the Company granted 10,800,000 share options to certain eligible participants of the Group under the Share Option Scheme. Set out below were details of the outstanding share options granted under the Share Option Scheme:

- (1) All share options granted were at an exercise price of HK\$1 per share;
- (2) All holders of share options might only exercise their options in the following manner:

The share options will be vested in 3 tranches, i.e. the first 30% from the date immediately after the first anniversary of the offer date until the last day of the option period, the second 30% from the date immediately after the second anniversary of the offer date until the last day of the option period, the balance 40% from the date immediately after the third anniversary of the offer date until the last day of the option period;
- (3) All outstanding or unexercised share options granted to the grantees shall lapse on 16 March 2019 or 16 March 2024; and
- (4) The estimate fair value of share options granted on 17 March 2014 was HK\$3,911,000.

On 3 July 2015, the Company granted 13,400,000 share options to certain eligible participants of the Group under the Share Option Scheme. Set out below were details of the outstanding share options granted under the Share Option Scheme:

- (1) All share options granted were at a exercise price of HK\$4.07 per Share;
- (2) All holders of share options might only exercise their options in the following manner:

The share options will be vested in 3 tranches, i.e. the first 30% from the date immediately after the first anniversary of the Offer Date until the last day of the option period, the second 30% from the date immediately after the second anniversary of the Offer Date until the last day of the option period, the balance 40% from the date immediately after the third anniversary of the Offer Date until the last day of the option period;
- (3) All outstanding or unexercised share options granted to the grantees shall lapse on 2 July 2025; and
- (4) The estimate fair value of share options granted on 3 July 2015 was HK\$25,864,188.

On 24 March 2016, the Company granted 109,411,600 share options to certain eligible participants of the Group under the Share Option Scheme. Set out below were details of the outstanding share options granted under the Share Option Scheme:

- (1) All share options granted were at a exercise price of HK\$0.748 per Share;
- (2) All holders of share options might only exercise their options in the following manner:

The share options will be vested in 3 tranches, i.e. the first 30% from the date immediately after the first anniversary of the Offer Date until the last day of the option period, the second 30% from the date immediately after the second anniversary of the Offer Date until the last day of the option period, the balance 40% from the date immediately after the third anniversary of the Offer Date until the last day of the option period;
- (3) All outstanding or unexercised share options granted to the grantees shall lapse on 23 March 2026; and
- (4) The estimated fair value of share options granted on 24 March 2016 was HK\$38,068,913.

22. EQUITY SETTLED SHARE-BASED PAYMENTS (Continued)

Set out below are details of movements of the outstanding share options granted under the Share Option Scheme during the year ended 31 March 2025:

	Number of share options				Date of grant of share options	Exercisable periods of share options
	Exercise price <i>(note 1)</i>	Balance	Forfeited	Balance		
		as at 1 April 2024 <i>(note 1)</i>	during the year	as at 31 March 2025		
Executive Directors						
– Lau Ho Ming, Peter <i>(note 2)</i>	HK\$1.02	4,000,000	–	4,000,000	3 July 2015	3 July 2015 to 2 July 2025
– Poon Pak Ki, Eric	HK\$1.02	5,400,000	–	5,400,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	7,500,000	–	7,500,000	24 March 2016	24 March 2016 to 23 March 2026
– Chu, Raymond	HK\$0.748	12,847,800	–	12,847,800	24 March 2016	24 March 2016 to 23 March 2026
– Hau Yiu Por	HK\$1.02	5,400,000	–	5,400,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	6,800,000	–	6,800,000	24 March 2016	24 March 2016 to 23 March 2026
– Tang Yuen Ching Irene <i>(note 3)</i>	HK\$1.02	600,000	–	600,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	600,000	–	600,000	24 March 2016	24 March 2016 to 23 March 2026
Non-executive Directors						
– Li Man Yee, Stella <i>(note 2)</i>	HK\$1.02	1,400,000	–	1,400,000	3 July 2015	3 July 2015 to 2 July 2025

22. EQUITY SETTLED SHARE-BASED PAYMENTS (Continued)

Set out below are details of movements of the outstanding share options granted under the Share Option Scheme during the year ended 31 March 2025 (Continued):

	Exercise price (note 1)	Number of share options		Date of grant of share options	Exercisable periods of share options
		Balance as at 1 April 2024 (note 1)	Forfeited during the year		
Independent Non-executive Directors					
– Leung Po Wing, Bowen Joseph	HK\$1.02	1,400,000	–	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	1,400,000	–	24 March 2016	24 March 2016 to 23 March 2026
– Chan Siu Wing, Raymond	HK\$1.02	1,400,000	–	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	1,400,000	–	24 March 2016	24 March 2016 to 23 March 2026
– Wong Wah On, Edward	HK\$0.748	1,400,000	–	24 March 2016	24 March 2016 to 23 March 2026
Employees (note 3)	HK\$1.02	1,200,000	–	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	14,056,000	(1,160,000)	24 March 2016	24 March 2016 to 23 March 2026
Total		<u>66,803,800</u>	<u>(1,160,000)</u>		
		<u>65,643,800</u>			

22. EQUITY SETTLED SHARE-BASED PAYMENTS (Continued)

Set out below are details of movements of the outstanding share options granted under the Share Option Scheme during the year ended 31 March 2024:

	Number of share options				Date of grant of share options	Exercisable periods of share options
	Exercise price (note 1)	Balance	Forfeited	Balance		
		as at 1 April 2023 (note 1)	during the year	as at 31 March 2024		
Executive Directors						
– Lau Ho Ming, Peter (note 2)	HK\$1.02	4,000,000	–	4,000,000	3 July 2015	3 July 2015 to 2 July 2025
– Poon Pak Ki, Eric	HK\$1.02	5,400,000	–	5,400,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	7,500,000	–	7,500,000	24 March 2016	24 March 2016 to 23 March 2026
– Chu, Raymond	HK\$0.748	12,847,800	–	12,847,800	24 March 2016	24 March 2016 to 23 March 2026
– Hau Yiu Por (note 2)	HK\$1.02	5,400,000	–	5,400,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	6,800,000	–	6,800,000	24 March 2016	24 March 2016 to 23 March 2026
– Tang Yuen Ching Irene (note 3)	HK\$1.02	600,000	–	600,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	600,000	–	600,000	24 March 2016	24 March 2016 to 23 March 2026
Non-executive Directors						
– Li Man Yee, Stella (note 2)	HK\$1.02	1,400,000	–	1,400,000	3 July 2015	3 July 2015 to 2 July 2025

22. EQUITY SETTLED SHARE-BASED PAYMENTS (Continued)

Set out below are details of movements of the outstanding share options granted under the Share Option Scheme during the year ended 31 March 2024 (Continued):

	Exercise price (note 1)	Number of share options			Date of grant of share options	Exercisable periods of share options
		Balance as at 1 April 2023 (note 1)	Forfeited during the year	Balance as at 31 March 2024		
Independent Non-executive Directors						
– Leung Po Wing, Bowen Joseph	HK\$1.02	1,400,000	–	1,400,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	1,400,000	–	1,400,000	24 March 2016	24 March 2016 to 23 March 2026
– Chan Siu Wing, Raymond	HK\$1.02	1,400,000	–	1,400,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	1,400,000	–	1,400,000	24 March 2016	24 March 2016 to 23 March 2026
– Wong Wah On, Edward	HK\$0.748	1,400,000	–	1,400,000	24 March 2016	24 March 2016 to 23 March 2026
Employees (note 3)	HK\$1.02	2,600,000	(1,400,000)	1,200,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	14,456,000	(400,000)	14,056,000	24 March 2016	24 March 2016 to 23 March 2026
Total		<u>68,603,800</u>	<u>(1,800,000)</u>	<u>66,803,800</u>		

22. EQUITY SETTLED SHARE-BASED PAYMENTS (Continued)

Notes:

1. Upon the share sub-division which became effective on 13 January 2016, pro-rata adjustments have been made to the exercise price accordingly.
2. Mr. Lau Ho Ming, Peter and Madam Li Man Yee, Stella retired on 9 November 2023.
3. Ms. Tang Yuen Ching Irene was appointed as an executive Director on 9 November 2023.

There was no equity settled share-based payment expenses incurred for each of the reporting period ended on 31 March 2025 and 2024 respectively.

The following share options were outstanding during the year:

	2025		2024	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At 1 April	0.84	66,803,800	0.84	68,603,800
Lapsed during the year	0.86	(1,160,000)	0.86	(1,800,000)
At 31 March	0.84	65,643,800	0.84	66,803,800

The exercise price of share options outstanding at the end of the reporting period ranged between HK\$0.748 to HK\$1.02 (after the share sub-division) and their weighted average remaining contractual life was approximately 1.3 years (2024: 2.0 years).

Of the total number of share options outstanding as at 31 March 2025, no share option had not been vested and were not exercisable (2024: Nil).

MANAGEMENT DISCUSSION ANALYSIS

BUSINESS REVIEW

During the Current Year, our Group's core business remained as manufacture of toys operated under Qualiman Industrial Company Limited (the “**Toys Division**”) and provision of financial services operated under Crosby Asia Limited (the “**Financial Services Division**”).

Toys Division

The Current Year presented a complex operating environment for our Toys Division by mainly serving overseas markets. On the back of the ongoing geopolitical tensions between the U.S. and China which has continued to negatively impact the Toys Division since 31 March 2024. The recent trade war between the U.S. and China exacerbated the already uncertain outlook of China as the world supply market that substantially disrupted the business of our Toys Division. Given the intense global competition, and evolving customer demands squeezed margins and forced accelerated adaptation. Global economic uncertainties in terms of high inflation, rising interest rates (especially in the U.S. or E. U.), and lingering recessionary fears impacted discretionary consumer spending on toys. Customers became more cautious with orders and inventory management. Besides, the ongoing conflicts of the U.S. – China trade tensions continued to create uncertainty and logistical cost pressures. Inevitably, diversification away from sole reliance on Southern China manufacturing accelerated also imposed significant impact to the production base of the Toys Division. Additionally, ESG demands from major customers became non-negotiable with focus on recycled materials, reduced packaging, carbon footprint tracking, and ethical sourcing was also intensified. Alongside with the inventory correctional practice, many retailers entered the Current Year by carrying higher inventory levels from previous years, leading to more conservative ordering patterns early in the Current Year.

Meanwhile, the persistent pressure from the customers to absorb rising costs (labor, compliance, materials like recycled plastics, logistics) made the profit margin protection extremely difficult. Negotiations were protracted and often resulted in lower net margins. Rising costs in terms of production labor in the PRC region with the continued wage inflation in Guangdong area, the volatility in plastics and resins eased somewhat but remained a factor. Also, the costs for certified sustainable/recycled materials remained significantly higher. In terms of transportation, ocean freight rates stabilized below pandemic peaks but remained above pre-pandemic levels.

Financial Services Division

During the Current Year, revenues from the Financial Services Division have shown moderate growth since March 2024, as the turnover and activities of the overall capital markets improved. The Financial Services Division recorded revenues of HK\$19.9 million for the Current Year, compared to HK\$10.8 million for the Previous Year. However, given the persistent low capital level of the Financial Services Division, its business is subject to a number of caveats. Firstly, the quality of revenues is highly correlated to both the activities and buoyancy of the markets, due largely to its dependency on commissions-based revenue source. Low or insufficient working capital limited the Financial Service Division to diversify its revenue sources. Secondly, a sale side and especially a transactional dependency platform runs a relatively high volume and low margin business model and a relatively high operational cost, which continue to drain the working capital of the Group. Albeit the fact that the Financial Services Division improved in the Current Year with a recorded net loss before taxation of HK\$8.2 million.

FINANCIAL REVIEW

The Toys Division

The Toys Division's revenue for the Current Year amounted to approximately HK\$52.1 million, representing a decrease of about 68.7% over that of the Previous Year of approximately HK\$166.4 million. Such drop in revenue was due to a decrease in sales to certain top 5 customers of the Toys Division. Segment profit for this division decreased by approximately HK\$1.1 million or 75.3% to approximately HK\$0.4 million for the Current Year from approximately HK\$1.4 million for the Previous Year. Such decrease in segment profit was mainly due to a decrease in orders placed by certain major customers from markets located in North America and Western Europe.

Revenue from North America decreased by approximately HK\$61.0 million or 59.4% from HK\$102.7 million for the Previous Year to approximately HK\$41.7 million for the Current Year, while revenue from Western Europe decreased by approximately HK\$22.1 million or 78.7% from HK\$28.2 million for the Previous Year to approximately HK\$6.0 million for the Current Year. Sales to customers in Central America, Caribbean and Mexico decreased by approximately HK\$12.3 million or 91.4% from approximately HK\$13.5 million for the Previous Year to approximately HK\$1.2 million for the Current Year. The decrease in revenues from North, Central America region and that of Western Europe was mainly affected by the ongoing gloomy outlook on the U.S. economy and the Western Europe as perceived by the market since its interest rate surge policy, affecting our customers to continue to adopt more prudent and cautious approach in placing orders with us during the Current Year.

The Financial Services Division

Revenue for the Financial Services Division for the Current Year amounted to approximately HK\$19.9 million, which increased by about 83.4% comparing with approximately HK\$10.8 million for the Previous Year. This was mainly attributable to an increase in investment advisory fee income of approximately HK\$4.9 million or 109% during the Current Year.

Overall, the Financial Services Division recorded a segment loss of approximately HK\$10.4 million for the Current Year comparing to approximately HK\$67.1 million for the Previous Year, representing a decrease of approximately HK\$56.6 million or 84.5%. Such decrease was mainly attributable to the absence of impairment loss of goodwill and intangible assets of approximately HK\$45.5 million and HK\$0.6 million respectively, in relation to the Financial Services Division in the Current Year.

OVERALL GROUP FINANCIAL PERFORMANCE

Revenue

The Group's revenue for the Current Year amounted to approximately HK\$71.9 million, which represents a decrease of HK\$105.3 million or about 59.4% from that of the Previous Year of approximately HK\$177.3 million. The decrease in total revenue for the Current Year was mainly attributable to the decrease in revenues from the Toys Division of approximately HK\$114.4 million or 68.7%, arising from the decrease in sales to certain of its top 5 customers offset by the increase in revenues from the Financial Services Division of about HK\$9.0 million or 83.4% over the Previous Year.

Gross Margin

The gross margin of the Toys Division decreased from approximately 10.3% for the Previous Year to approximately 7.0% for the Current Year. The gross profit of the Toy Division for the Current Year was approximately HK\$3.6 million, which decreased by about HK\$13.6 million or 78.9% when compared with the Previous Year. Such decreased was mainly attributable to the decrease in sales to top 5 customers during the Current Year from the Toys Division.

Net Loss

The Group's net loss for the Current Year amounted to approximately HK\$17.9 million, as compared to a net loss of approximately HK\$74.0 million for the Previous Year, representing a decrease by approximately HK\$56.1 million or 75.8%. Such decrease in net loss was mainly due to:

- an increase in revenue from the Financial Services Division of approximately HK\$9.0 million in the Current Year;
- the absence of impairment loss on goodwill of approximately HK\$45.5 million for the Financial Services Division in the Current Year;
- a decrease in selling expenses of about HK\$2.3 million from the Toys Division as a result of decreased sales in the Current Year;
- an increase in other income, gains and losses of about HK\$12.8 million as a result of an increase in office facilities service income of approximately of HK\$4.6 million for the Current Year; an increase in gain on disposal of property, plant and equipment of approximately of HK\$3.1 million for the Current Year; an increase in gain on waived sub-placing commission of approximately of HK\$4.0 million for the Current Year; and an increase in interest income from bank deposits of approximately of HK\$1.1 million for the Current Year;
- a decrease in the effective interest expense on the convertible notes issued by the Company by approximately HK\$0.8 million for the Current Year from approximately HK\$2.5 million in the Previous Year to about HK\$1.7 million in the Current Year;
- an increase in administrative expenses of about HK\$3.5 million as a result of (i) a decrease in operating leases expenses and lease amortisation of about approximately HK\$1.5 million for office rental of the Group; (ii) decrease in depreciation expenses of property, plant and equipment of about approximately HK\$0.6 million in the Current Year; (iii) decrease in Legal & professional fee of about approximately HK\$0.6 million in the Current Year; and (iv) a decrease in consultancy expenses by approximately HK\$1.0 million.

which was partially offset by:

- a decrease in gross profit of the Toys Division of approximately HK\$13.6 million in the Current Year;
- a decrease in impairment losses recognised on trade receivables of the Financial Service Division of approximately HK\$4.5 million in the Current Year;

Selling Expenses

Selling expenses mainly consisted of transportation fees and declaration fees for the Toys Division. During the Current Year, selling expenses decreased by 62.2% from approximately HK\$3.8 million for the Previous Year to approximately HK\$1.4 million for the Current Year which was primarily due to decreased sales for the Toys Division in the Current Year.

Administrative Expenses

Administrative expenses mainly consisted of salaries to employees, consultancy fees to consultants, rents and rates for office spaces, depreciation of property, plant and equipment, and other administrative expenses. Administrative expenses decreased by approximately HK\$3.5 million or 7.3% from approximately HK\$48.1 million for the Previous Year to approximately HK\$44.6 million for the Current Year as a result of (i) a decrease in operating leases expenses and lease amortisation of about approximately HK\$1.5 million for office rental of the Group; (ii) decrease in depreciation expenses of property, plant and equipment of about approximately HK\$0.6 million in the Current Year; (iii) decrease in Legal & professional fee of about approximately HK\$0.6 million in the Current Year; and (iv) a decrease in consultancy expenses by approximately HK\$1.0 million.

Other Income, Gains and Losses

Other income, gains and losses mainly consisted of moulding income, interest income from bank deposits and others. During the Current Year, other income, gains and losses increased by approximately HK\$12.8 million or 892.4% from approximately HK\$1.4 million for the Previous Year to approximately HK\$14.2 million. Such increase was mainly attributable to an increase in office facilities service income of approximately of HK\$4.6 million for the Current Year; an increase in gain on disposal of property, plant and equipment of approximately of HK\$3.1 million for the Current Year; an increase in waived sub-placing commission of approximately of HK\$4.0 million for the Current Year; and an increase in interest income from bank deposits of approximately of HK\$1.1 million for the Current Year

Finance Costs

Finance costs mainly consisted of costs incurred on the Group's effective interest on the convertible notes and promissory notes issued by the Company and interest on lease liabilities arising from the adoption of HKFRS 16 Leases as set out in note 9 to the Financial Information in this announcement. Finance costs decreased by about 7.1% from approximately HK\$5.5 million for the Previous Year to approximately HK\$5.1 million for the Current Year, which was primarily due to a decrease in the effective interest expense on the convertible notes issued by the Company to approximately HK\$0.8 million for the Current Year from approximately HK\$2.5 million in the Previous Year. Such decrease was partially offset by an increase in interest on 2023 PN as partial settlement of the convertible notes issued in May 2020 by approximately HK\$0.4 million from approximately HK\$2.7 million in the Previous Year to about HK\$3.1 million in the Current Year.

Income Tax Expense

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Inventory

As at 31 March 2025, the inventory of the Group decreased by 80.1% to approximately HK\$3.3 million as at 31 March 2025 from approximately HK\$16.4 million as at 31 March 2024. The inventory turnover period, as calculated by dividing the average closing inventories by the cost of sales of the Toys Division for the period and multiplied by 365 days, decreased by 11.0% from 83.3 days for the Previous Year to 74.2 days for the Current Year arising from lower level of inventories maintained during the Current Year.

Trade Receivables

Trade receivables from the Toys Division was approximately HK\$0.7 million as at 31 March 2025 when compared with approximately HK\$18.7 million as at 31 March 2024. The decrease in trade receivables of the Toys Division as at 31 March 2025 was primarily due to decrease in revenues from the Toys Division by certain customer. Accordingly, the trade receivables turnover days for the Toys Division, as calculated by dividing the averaging closing trade receivables by the revenue from the Toys Division multiplied by 365 days, was 68.0 days for the Current Year as compared with 51.6 days for the Previous Year.

Trade receivables from the Financial Services Division decreased from approximately HK\$6.3 million as at 31 March 2024 to approximately HK\$1.6 million at 31 March 2025, which was mainly due to the written off of trade receivables which was considered as credit impaired from a client attributable to placing commission arising the ordinary course of business of the Financial Services Division.

Trade Payables

Trade payables from the Toys Division as at 31 March 2025 amounted to approximately HK\$2.8 million, which decreased from approximately of HK\$10.6 million at 31 March 2024. The decrease was primarily due to the decrease in purchases and costs of service arising from the decrease in sales for the Current Year. The trade payables turnover days for the Toys Division for the Previous Year and the Current Year, as calculated by dividing the averaging closing trade payables by the cost of sales from the Toys Division multiplied by 365 days, was 36.0 days and 50.1 days, respectively.

Trade payables from the Financial Services Division as at 31 March 2025 increased from approximately HK\$53.4 million at 31 March 2024 to approximately HK\$63.4 million at 31 March 2025, which was mainly due to an increase in cash held for cash clients arising from the ordinary course of business of the Financial Services Division.

LIQUIDITY AND FINANCIAL RESOURCES

For the Current Year, the Group continued to maintain a prudent and cautious financial management approach towards its treasury policies and maintained a healthy liquidity position. The Group strived to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risks, the Board continued to closely monitor 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.

For the Current Year, the Group mainly financed its working capital by internal resources. As at 31 March 2025, cash and cash equivalents amounted to approximately HK\$25.6 million (31 March 2024: HK\$57.5 million). The decrease in cash and cash equivalents of approximately HK\$31.9 million as at 31 March 2025 was mainly due to the placing of time deposit with banks of the Group for approximately HK\$58.5 million (31 March 2024: HK\$20.5 million) during the Current Year. As at 31 March 2025 and 31 March 2024, there was nil interest-bearing bank borrowings. The debt to equity ratio of the Group, calculated as the ratio of the closing debt balance divided by the closing total equity at end of Current Year, was approximately 100% (31 March 2024: 66.1%) which was due to a decrease in closing total equity. As at 31 March 2025, the current ratio of the Group, as calculated by total current assets over total current liabilities, was approximately 1.8 (31 March 2024: 2.1).

During the Current Year, no new shares were issued by the Company.

CONVERTIBLE NOTES

On 11 May 2020, the Company issued 6% convertible notes with a maturity of three years with principal value of HK\$40.0 million 2020 CN, to redeem the remaining HK\$80.0 million in principal value of the convertible notes issued in 2017 by itself. On 16 May 2023, the Company issued 6% convertible notes with a maturity of three years in principal amounts of HK\$9.0 million 2023 CN and a 10.0% promissory note due 2026 in the principal amount of HK\$31.0 million, the 2023 PN to Benefit Global Limited, an independent third party, for redeeming the 2020 CN. Net proceeds of the HK\$9.0 million was raised under the 2023 CN.

As at the date of this announcement, the net proceeds of HK\$9.0 million from the 2023 CN have been used as follows:

	<i>HK\$ millions</i>
Partial redemption of the 2020 Convertible Notes	9.0
TOTAL	9.0

On 15 May 2025, the maturity date of the 2023 PN has been extended to 16 May 2027 under mutual agreement between Benefit Global Limited and the Company. All other terms and conditions of the 2023 PN remains unchanged.

LITIGATION

During the Current Year, CSL is subject to a litigation involves a claim against CSL for duties which under the nature of the account relationship, CSL did not owe nor have abilities to perform. Based on its lawyers' opinion, the claims against CSL under the Litigation is devoid of merit, and CSL will vigorously defend its position in the Litigation. As at date of this announcement, both parties to the Litigation are in the process of exchanging information and evidence relevant to the case, as well as requesting for documents and depositions. Date for the trial has not yet been determined. Given the roles and responsibilities that CSL was obligated to and clearly delineated under the claims made by the plaintiff of the litigation, the Directors are of a view that the claims stated in the Statement of Claims by the Plaintiff, are devoid of merits, and that CSL was pulled into the case with other defendants as an opportunistic claim against a perceived resourceful entity, and that at this junction, with the evidences presented, the success of Plaintiff's claims against CSL is remote and hence, it is considered that no provisions is necessary.

On 6 June 2025, the Company entered into a conditional sale and purchase agreement as vendor ("**Vendor**") with an independent third party as purchaser ("**Purchaser**"), ("**Agreement**"), for the disposal of the entire interest in (a) the Sale Share and (b) the Sale Loan. Under the Agreement, the Company has agreed to indemnify the Purchaser, Crosby Asia, CSL, and CFP against all costs, expenses, losses, liabilities, and legal fees arising from or related to the Litigation, including those from defending, settling, or addressing related claims, proceedings, or investigations; and the Company's liability for compensation, damages, or other amounts ordered by the High Court of Hong Kong or any appellate court is capped at HK\$10 million. The Company is of the view that the Litigation would not have a material adverse impact on its financial position upon the completion of the Agreement, as it will only be responsible for related liabilities up to HK\$10 million under the above indemnity. Save as disclosed above, as at date of this announcement, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group. Details of the Agreement be referred to the announcement of the Company dated 6 June 2025.

CHARGES ON ASSETS

As at 31 March 2025, the Group had no charge on assets. (31 March 2024: Nil).

CONTINGENT LIABILITIES

As at 31 March 2025, the Group had no contingent liabilities (31 March 2024: Nil).

CAPITAL COMMITMENTS

As at 31 March 2025, there was no material capital commitment of the Group (31 March 2024: Nil).

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company as at 31 March 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 31 March 2025, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plans to acquire any material investments or capital assets as at 31 March 2025.

FOREIGN CURRENCY EXPOSURES

Substantially all the transactions of the Company's subsidiaries in Hong Kong are carried out in United States dollar ("USD") and Hong Kong dollar ("HK\$"). As HK\$ is linked to US\$, the Group does not have material exchange rate risk on such currency. During the Current Year, the Group did not enter into any deliverable forward contracts to manage the foreign currency risk arising from fluctuation in exchange rate of the RMB against the USD.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group had a total of 36 employees (31 March 2024: 45). Total staff costs (excluding equity settled share-based payment expenses to eligible persons other than employees and directors) were approximately HK\$29.0 million for the year ended 31 March 2025 (2024: HK\$26.8 million).

Remuneration policies in respect of the Directors and senior management of the Group are reviewed regularly by the Remuneration Committee and the Directors, respectively. Remuneration packages of the Group were determined with reference to its remuneration policy based on position, duties and performance of the employees. Employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The performance appraisal cycle varies according to the positions of the employees. Performance appraisal of staff is conducted annually. The performance appraisal is supervised by respective executive Directors of the Group. The Company also adopted a share option scheme for the purpose of rewarding eligible participants for their contribution to the Group.

SHARE SCHEMES

The Company did not have any share award scheme during the Current Year and up to the date of this announcement. For details of the Share Option Scheme, please refer to note 23 to the “Notes to Financial Information”.

EVENT AFTER REPORTING YEAR

On 15 May 2025, the maturity date of the 2023 PN has been extended to 16 May 2027 under mutual agreement between Benefit Global Limited and the Company. All other terms and conditions of the 2023 PN remains unchanged.

On 6 June 2025, the Company entered into a conditional sale and purchase agreement (the “**Agreement**”) as vendor with Emperor Capital Investment Holdings Limited, a wholly-owned subsidiary of Emperor Capital Group Limited (Stock Code: 717), a company listed on the Main Board of the Stock Exchange, as purchaser, to dispose its entire equity interest in Crosby Asia Limited (“**Crosby Asia**”), a wholly-owned subsidiary of the Company, for a consideration with amount equal to the NAV of Crosby Asia as at the NAV Date (“**CAL SPA**”). As at date of this announcement, conditions precedent to the Agreement have not yet been satisfied in full and completion of the CAL SPA has not yet taken place.

For details of the CAL SPA, please refer to the announcement of the Company dated 6 June 2025.

On 30 June 2025, the Company has partially redeemed the 2023 PN for HK\$15 million out of its outstanding principal amount of HK\$31 million.

Save as disclosed, the Board is not aware of any significant event affecting the Group and requiring disclosure that has been taken place subsequent to 31 March 2025 and up to the date of this announcement.

PROSPECTS

The year ending March 2025 was a testament to the resilience and adaptability of the Toys Division. The relentless focus on cost control, the pressure for production base diversification away from the PRC, and substantial investments in meeting stringent ESG demands were critical survival strategies. While profitability remained under severe pressure, the success going forward hinges on continuous innovation (materials, processes), deepening value-added services, mastering the ESG agenda, and strategically managing a more geographically dispersed manufacturing network.

Given the ongoing uncertain economic outlook being further impacted by the controversial U.S. trade policies and the impact of political instability arising from the recent intensification in the Middle East war between Israel and the nearby area, our Toys Division is nevertheless experienced its toughest phase of business. In all, the Group stands at a crossroads, battered by U.S.– China trade hostilities and a macroeconomic storm, marked by soaring tariffs, and a dismal client demands. The Group’s immediate goal strives for cost optimization. For this reason, to preserve the working capital of the Group, the Company decided to enter into the Agreement to dispose of its stock broking and institutional trading business, which requires substantially higher operating costs and working capital on 6 June 2025. Upon Completion, the Company will retain Crosby Assets Management (Hong Kong) Limited (“CAM”) and continue to conduct its financial services business via CAM to cover investment and financial advisory businesses with Type 4, 9 SFC licenses. This will enable the Group to continue to conduct the financial services business but at much less working capital requirement and to explore more attainable related businesses.

PURCHASE, SALE OF REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company adopted the Corporate Governance Code set out in Appendix C1 (the “**Code**”) of the Listing Rules as its own code of corporate governance practice. Throughout the Current Year, the Company has complied with all applicable code provisions under the Code with the exception discussed herein below.

Code C.2.1

Pursuant to the code provision under the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The post of chief executive officer of the Group (“**CEO**”) has been vacant since the re-designation of Mr. Lau Ho Ming, Peter as the Executive Chairman of the Company with effect from 25 November 2013. He ceased to act as the CEO since then. Mr. Lau retired on 9 November 2023. On the same date, Mr. Chu Raymond was appointed as the Chairman of the Board. During the Current Year, the role of CEO has been taken up by the executive Directors. The Directors believe such arrangement would achieve a better balance of power and responsibilities.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by the Directors and members of the audit committee. Having made specific enquiries of all Directors, each Director has complied with the required standard set out in the Model Code during the Current Year and up to the date of this announcement.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board (the "**Audit Committee**") reviewed the audited consolidated financial statements for the Current Year in conjunction with the Auditor. Based on the review and discussions with management, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards, and fairly presented the Group's financial position and results for the Current Year.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Hong Kong Exchanges and Clearing Limited and the Company at www.hkexnews.hk and www.quali-smart.com.hk respectively. The 2025 Annual Report of the Company containing all information required by the Listing Rules will be published on the above websites and dispatched to the shareholders of the Company about late July 2025.

By Order of the Board
Quali-Smart Holdings Limited
Chu, Raymond
Chairman and Executive Director

Hong Kong, 30 June 2025

As at the date of this announcement, the Board comprises Mr. Chu, Raymond (Chairman), Mr. Poon Pak Ki, Eric, Mr. Hau Yiu Por and Ms. Tang Yuen Ching, Irene as executive Directors; and Mr. Leung Po Wing, Bowen Joseph GBS, JP, Mr. Chan Siu Wing, Raymond Mr. Wong Wah On, Edward and Ms. Yeung Wai Ling as independent non-executive Directors.