

QUALI-SMART HOLDINGS LIMITED

滙達富控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1348

CROSBY

Financial Services Division

Annual Report
2025

Toys Division

*For identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chu, Raymond (*Chairman*) (*resigned on 9 July 2025*)
Mr. Poon Pak Ki, Eric (*Chairman*) (*redesignated on 9 July 2025*)
Mr. Hau Yiu Por
Ms. Tang Yuen Ching, Irene

Independent Non-executive Directors

Mr. Leung Po Wing, Bowen Joseph *GBS, JP*
Mr. Chan Siu Wing, Raymond
Mr. Wong Wah On, Edward
Ms. Yeung Wai Wing (*appointed on 24 September 2024*)

COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee

Mr. Chan Siu Wing, Raymond (*Chairman*)
Mr. Leung Po Wing, Bowen Joseph *GBS, JP*
Mr. Wong Wah On, Edward

Remuneration Committee

Mr. Leung Po Wing, Bowen Joseph *GBS, JP* (*Chairman*)
Mr. Chan Siu Wing, Raymond
Mr. Wong Wah On, Edward
Mr. Chu, Raymond (*resigned on 9 July 2025*)
Mr. Poon Pak Ki, Eric

Nomination Committee

Mr. Leung Po Wing, Bowen Joseph *GBS, JP* (*Chairman*)
Mr. Chan Siu Wing, Raymond
Mr. Wong Wah On, Edward
Mr. Chu, Raymond (*resigned on 9 July 2025*)
Mr. Poon Pak Ki, Eric
Ms. Yeung Wai Ling (*appointed on 1 July 2025*)

Corporate Governance Committee

Mr. Chan Siu Wing, Raymond (*Chairman*)
Mr. Poon Pak Ki, Eric
Mr. Chu, Raymond (*resigned on 9 July 2025*)
Ms. Tang Yuen Ching, Irene

COMPANY SECRETARY

Ms. Tang Yuen Ching, Irene

AUTHORIZED REPRESENTATIVES

Mr. Poon Pak Ki, Eric
Ms. Tang Yuen Ching, Irene

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road
Central
Hong Kong

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop C, 19/F.,
TML Tower
3 Hoi Shing Road
Tsuen Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

COMPANY'S WEBSITE

www.quali-smart.com.hk

STOCK CODE

1348

BOARD LOT

2,000

Chairman's Statement

To our valued Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Quali-Smart Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the results of the Group for the year ended 31 March 2025 (the “**Current Year**” or “**Reporting Year**”). During the Current Year, the Group continued to principally engage in the business divisions in manufacturing and sales of toys (“**Toys Division**”) and financial services (“**Financial Services Division**”).

This past year presented both significant challenges and strategic opportunities for our Group. As Chairman, I am pleased to report our resilience amidst a complex global economic landscape, particularly within our core Toys Division. While facing persistent pressures on margins, supply chain adjustments, and fluctuating demand, we maintained operational stability through rigorous cost management and process optimization. Our focus remains on enhancing production efficiency and exploring niche, higher-value product segments to solidify our market position.

Concurrently, our Financial Services Division continued to navigate a dynamic Hong Kong financial market. We are committed to upholding the standards of regulatory compliance and client service across our regulated activities. However, we acknowledge the constraint of limited available capital for business development. Consequently, our strategy for this segment prioritizes prudent resource allocation, focusing on deepening existing client relationships and selectively pursuing opportunities offering the strongest risk-adjusted returns, rather than aggressive expansion.

Looking ahead, the Board is focused on disciplined capital management across both divisions. For Toys Division, we will prioritize operational excellence and targeted innovation. For our Financial Services Division, the emphasis remains on compliance, controlled growth within our means, and exploring potential synergies. We are actively evaluating all avenues to enhance capital efficiency and shareholder value within these parameters.

I extend sincere gratitude to our Shareholders for your continued support, our dedicated employees for their unwavering commitment, and our clients and regulators for their trust. The Board remains confident in our strategic direction and is vigilant in steering the Group towards sustainable growth.

Chu, Raymond

Chairman

30 June 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and recognises the importance of incorporating elements of good corporate governance practices in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company adopted the Corporate Governance Code set out in Appendix C1 (the “**CG Code**”) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as its own code of corporate governance practice. Throughout the Current Year, the Company had complied with all applicable code provisions under the CG Code.

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. Having made specific enquiries of all Directors, each Director had complied with the required standards set out in the Model Code during the Current Year and up to the date of this report.

Details of the interests and short positions of the Directors in the shares of the Company (the “**Shares**”) and underlying Shares is stated in the Directors’ Report of this Annual Report on page 29.

THE BOARD

The Board is responsible for the leadership and control of the Group and oversees the Group’s businesses, strategic decisions and performance. The Board has delegated the day-to-day responsibility to the executive Directors and senior management who perform their duties.

As at 31 March 2025, the Board comprised seven Directors, including four executive Directors, and three independent non-executive Directors (“**INED(s)**”) as follows:

Executive Directors

Mr. Chu, Raymond (*Chairman*) (*resigned on 9 July 2025*)

Mr. Poon Pak Ki, Eric (*redesignated as Chairman on 9 July 2025*)

Mr. Hau Yiu Por

Ms. Tang Yuen Ching, Irene

Independent Non-executive Directors

Mr. Leung Po Wing, Bowen Joseph *GBS, JP*

Mr. Chan Siu Wing, Raymond

Mr. Wong Wah On, Edward

Ms. Yeung Wai Ling (*appointed on 24 September 2024*)

One of the INEDs has the professional and accounting qualifications as required by the Listing Rules.

Each of the executive Directors, namely Mr. Poon Pak Ki, Eric, Mr. Hau Yiu Por and Ms. Tang Yuen Ching, Irene, has entered into a service contract with the Company with a term of 3 years, subject to renewal, and Mr. Chu, Raymond has entered into an employment contract with the Group with no fixed term as the chief executive officer of Crosby Securities Limited, an indirect wholly owned subsidiary of the Company under the Financial Services Division, while the non-executive Director and INEDs were appointed with a fixed term of 12 months, subject to renewal. Pursuant to the articles of association of the Company (“**Articles of Association**”), one-third of the Directors are subject to retirement at annual general meeting of the Company at least once every three years. All retiring Directors shall be eligible for re-election. At the annual general meeting of the Company held on 28 August 2024 (“**2024 AGM**”), each of Mr. Wong Wah On, Edward, Mr. Poon Pak Ki, Eric and Ms. Tang Yuen Ching, Irene retired and was re-elected as a Director by the shareholders of the Company (“**Shareholders**”). The Company has arranged appropriate insurance cover for the Directors in respect of legal action against them.

Corporate Governance Report

The Board members have no financial, business, family or other material/relevant relationship with each other save as disclosed in the section “Biographies of Directors and Senior Management” of this Annual Report. Given the nature and business objectives of the Company, the Board has a balance of skill and experience appropriate for the requirements of the business of the Company. The biography of each Director was set out in the section “Biographies of Directors and Senior Management” on pages 20 to 22 of this Annual Report.

Continuous Professional Development

All Directors provided information to the Company with their participation in continuous professional development which is relevant to develop and refresh their knowledge and skills. The Company arranged induction program to the newly appointed Directors upon their appointment. The program contained an overview of directors’ responsibilities and obligations of a listed issuer, and was designed to further their knowledge and understanding of the Group’s culture and operations. On-going development and training of Directors is encouraged so that they can perform their duties appropriately. The company secretary of the Company (the “**Company Secretary**”) regularly circulated details of training courses which may be of interest to Directors. All Directors are encouraged to attend relevant training courses at the Company’s expense. Ms. Yeung Wai Ling was appointed as an INED on 24 September 2025. On 23 September 2024, Ms. Yeung Wai Ling obtained legal advice relating to director’s duties and responsibilities under applicable laws and regulations from a law firm qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules, and had confirmed that she understood her obligations as a Director.

Board Proceedings

The Board convened four regular meetings in the Current Year with intervals of not more than 4 months. Notices of not less than 14 days were given to all Directors and each Director was invited to include matters in the agenda. The Company Secretary assisted the Chairman in establishing the meeting agenda. Detailed agenda and related meeting materials were circulated to all Directors at least three days before the date of the regular meetings.

Minutes were recorded in sufficient detail and draft minutes have been circulated to all Board members for comments. Finalised minutes were also sent to all Directors for their records within reasonable time after the meetings. All minutes were kept by the Company Secretary and were open for inspection by Directors.

CHAIRMAN AND CHIEF EXECUTIVE

During the Current Year, the post of chief executive officer (“**CEO**”) had remained vacant and the role of CEO has been taken up by the executive Directors to ensure a balance of power and responsibilities has been maintained.

The Chairman held a meeting with non-executive Directors, without presence of other executive Directors, during the Current Year to review the performance of the executive Directors and communicated among the non-executive Directors their concerns on the operations and control procedures. The Board adopted the recommendation from the non-executive Directors.



Corporate Governance Report

BOARD COMMITTEES

The Board has established four committees, namely the (i) audit committee; (ii) remuneration committee; (iii) nomination committee and (iv) corporate governance committee. Each committee was delegated with appropriate authority and was accountable to the Board within the committee's scope of duties. Each committee adopted proper terms of reference stating clearly its duties, responsibilities and authority. All the terms of reference were disclosed on the Company's and the Stock Exchange's websites.

Members of each committee are as follows:

Audit Committee

Mr. Chan Siu Wing, Raymond (*Chairman*)
Mr. Leung Po Wing, Bowen Joseph *GBS, JP*
Mr. Wong Wah On, Edward

Remuneration Committee

Mr. Leung Po Wing, Bowen Joseph *GBS, JP (Chairman)*
Mr. Chan Siu Wing, Raymond
Mr. Wong Wah On, Edward
Mr. Chu, Raymond (*resigned on 9 July 2025*)
Mr. Poon Pak Ki, Eric

Nomination Committee

Mr. Leung Po Wing, Bowen Joseph *GBS, JP (Chairman)*
Mr. Chan Siu Wing, Raymond
Mr. Wong Wah On, Edward
Mr. Chu, Raymond (*resigned on 9 July 2025*)
Mr. Poon Pak Ki, Eric
Ms. Yeung Wai Ling (*appointed on 1 July 2025*)

Corporate Governance Committee

Mr. Chan Siu Wing, Raymond (*Chairman*)
Mr. Poon Pak Ki, Eric
Mr. Chu, Raymond (*resigned on 9 July 2025*)
Ms. Tang Yuen Ching, Irene

Each Board committee met during the Current Year pursuant to the respective terms of reference. The proceedings of those meetings were the same as those for the Board.

Corporate Governance Report

Number of regular meetings of the Board and Board committees held during the Current Year and the attendance of Directors and Board committee members are as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Non-executive Directors	Independent Non-executive Directors
Executive Directors							
Mr. Poon Pak Ki, Eric	4/4	N/A	2/2	2/2	1/1	N/A	N/A
Mr. Chu, Raymond	4/4	N/A	2/2	2/2	1/1	N/A	N/A
Mr. Hau Yiu Por	4/4	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Tang Yuen Ching Irene	4/4	N/A	N/A	N/A	1/1	N/A	N/A
Independent Non-executive Directors							
Mr. Leung Po Wing, Bowen Joseph	4/4	4/4	2/2	2/2	N/A	1/1	1/1
Mr. Chan Siu Wing, Raymond	4/4	4/4	2/2	2/2	1/1	1/1	1/1
Mr. Wong Wah On, Edward	4/4	4/4	2/2	2/2	N/A	1/1	1/1
Ms. Yeung Wai Ling (note 1)	2/2	N/A	N/A	N/A	N/A	1/1	1/1

Note:

1. Ms. Yeung Wai Ling was appointed as an independent non-executive Director of the Board on 24 September 2024.

AUDIT COMMITTEE

The Company established an audit committee of the Board (the “**Audit Committee**”) with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. The written terms of reference of the Audit Committee was adopted pursuant to paragraph D.3.3 of the CG Code. The chairman of the Audit Committee, Mr. Chan Siu Wing, Raymond, has the appropriate professional qualifications and all members of the Audit Committee are INEDs. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control systems as well as the risk management of the Group.

The work of the Audit Committee during the Current Year was summarized as follows:

1. reviewed the continuing connected transactions for the financial year ended 31 March 2024;
2. reviewed the consolidated financial statements for the financial year ended 31 March 2024;
3. approved and recommended the engagement of BDO Limited, the auditor of the Company (the “**Auditor**”) to perform agreed-upon procedures review services;
4. reviewed the condensed consolidated financial statements for the interim period ended 30 September 2024;
5. reviewed the independence of the Auditor;
6. approved the Auditor’s remuneration and other terms of engagement for the Current Year;
7. reviewed and adopted the scope of statutory audit for the Current Year;
8. reviewed the Group’s internal control, financial controls and risk management systems;
9. reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Group’s accounting and financial reporting function; and
10. reviewed the Auditor’s significant findings.

Corporate Governance Report

Internal Control

The Company has no internal audit function and the Audit Committee is responsible for organizing regular review of risk management and internal control with assistance from external advisers, if necessary.

The Audit Committee and the Board reviewed the effectiveness of the Group's risk management and internal control systems and are of the view that the risk management and internal control systems are adequate and effective to safeguard shareholders' investment and assets of the Group.

Review of the Consolidated Financial Statements for the Current

On the date of this report, the Audit Committee reviewed the consolidated financial statements for the Current Year (the **"2025 Financial Statements"**) in conjunction with the Auditor and management. Based on the review and discussions with management, the Audit Committee was satisfied that the 2025 Financial Statements were prepared in accordance with applicable accounting standards, and fairly presented the Group's financial position and results for the Current Year.

Re-appointment of the Auditor

The Audit Committee was satisfied with the Auditor's work, its independence and objectivity and therefore recommended the re-appointment of the Auditor for the Shareholders' approval at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Company established a remuneration committee of the Board ("**Remuneration Committee**") with written terms of reference in compliance with Rules 3.25 and 3.26 of the Listing Rules. The written terms of reference of the Remuneration Committee was adopted pursuant to paragraph E.1.2 of the CG Code. The primary duties of the Remuneration Committee are, among other things, to review and make recommendations to the Board on terms of remuneration packages, bonuses and other compensation payable to Directors and senior management of the Group. The Remuneration Committee shall also ensure that no Director or any of his/her associate is involved in deciding his/her own remuneration.

The Remuneration Committee performed the following duties during the Current Year:

1. reviewed the remuneration policies of the Directors and senior management and the general staff;
2. reviewed the remuneration package of the newly appointed INED; and
3. reviewed the appropriateness of the remuneration policy.

Remuneration of Directors

The remuneration of Directors and the five highest paid employees for the Current Year as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 11(a) and 11(b) to the financial statements.

Remuneration of Directors and Senior Management

The Directors' remuneration for the Current Year are set out in note 11(a) to the consolidated financial statements.

During the Current Year, there was no members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographies of Directors and Senior Management" in this Annual Report whose remuneration is subject to disclosure pursuant to code provision E.1.5 of the CG Code.

Corporate Governance Report

NOMINATION COMMITTEE

The Company established a nomination committee of the Board ("**Nomination Committee**") with written terms of reference in compliance with paragraphs B.3.1 and B.3.2 of the CG Code. The primary duties of the Nomination Committee are, among other things, to make recommendations to the Board on the appointment of Directors and the management of the Board succession.

During the Current Year, the Nomination Committee performed the followings:

1. reviewed the Board Diversity Policy and the objectives and targets set for implementing the Board Diversity Policy and whether the Board had the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance;
2. reviewed the structure, size and composition of the Board;
3. reviewed the independence of the INEDs;
4. reviewed the time commitment of non-executive Directors;
5. reviewed the nomination policy;
6. nominated the members of Board for retirement and re-election at the annual general meeting, considered and recommended the candidates to the Board for consideration to be appointed as the independent-non executive directors of the Company; and
7. recommended the appointment of Ms. Yeung Wai Ling as an INED.

The Nomination Committee was satisfied that all the non-executive Directors have given sufficient time and attention to the affairs of the Group. Each executive Director is suitably qualified for his position, and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. The Nomination Committee was also satisfied that the Board composition has met all the diversity criteria, namely the age, gender and professional background of the Directors, as set in the objectives and targets adopted by the Company on 22 November 2013.

Independence of INEDs

To ensure objective and constructive opinion and viewpoints from the INEDs, the independence of the INEDs would be assessed upon appointments and reviewed annually and at any other time where the circumstances suggest appropriate. The Company also received a written confirmation from each of the INEDs confirming his independence during the Current Year and up to the date of this report. The Nomination Committee together with the Board considered each of the INEDs to be independent.

Board Diversity Policy

The Board Diversity Policy was adopted by the Board on 22 November 2013. Under such policy, Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. A diversity of perspectives shall be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background and professional experience. In forming its perspective on diversity, the Company will also take into consideration factors based on its own business and specific needs from time to time. The Board believes that such merit-based appointments will enable the Company to serve its customers, employees, Shareholders and other stakeholders well. The Board currently comprises two female Directors and six male Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the Board Diversity Policy and the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board.

Corporate Governance Report

CORPORATE GOVERNANCE COMMITTEE

The Company established a Corporate Governance Committee with written terms of reference in compliance with paragraphs C.4.1 and C.4.2 of the CG Code. The primary duties of the Corporate Governance Committee are, among other things, to develop and review the Company's policies and practices on corporate governance and make recommendations to our Board and to review and monitor our Company's policies and practices on compliance with legal and regulatory requirements.

During the Current Year, the work of the Corporate Governance Committee was summarised as follows:

1. reviewed the corporate governance manual;
2. reviewed the exception in compliance of the CG Code; and
3. reviewed the continuous professional development training obtained by the Directors.

Whistleblowing system

There is a whistleblowing system applicable to all stakeholders, including employees, Shareholders, customers and suppliers. The system allows stakeholders to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

AUDITORS REMUNERATION

During the Current Year, the Group was charged HK\$950,000 for audit services and HK\$80,000 for non-audit services by the auditors.

Service rendered	Fee paid/payables HK\$'000
Audit services – statutory audit	950
Non-audit services:	
– agreed-upon procedures	80
	1,030

ACCOUNTABILITY

The Board is responsible for overseeing the preparation of financial statements which give a true and fair view of the Group's state of affairs, results, and cash flows for the year. Management provided the Board with management accounts and updates regularly to give a balanced and understandable assessment of the Group's performance, financial position, and prospects to enable the Board as a whole and each Director to discharge their duties. In preparing the 2025 Financial Statements, the Board:

1. have adopted suitable accounting policies and applied them consistently;
2. have made judgments and estimates prudently and reasonably; and
3. assumed the Company will continued in business and prepared the financial statements on a going concern basis.

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board and Board committees procedures are followed, and for facilitating communications among Directors, senior management as well as with Shareholders. During the Current Year, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge.

Corporate Governance Report

DIVIDEND POLICY

The Company adopted the Dividend Policy on 30 November 2018. According to the Dividend Policy, dividends may be paid out by ways of cash or by other means we consider appropriate. Payment of any dividends will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors consider relevant. The declaration, payment and amount of any future dividends will be subject to our constitutional document comprising the Articles of Association and where necessary, the approval of our Shareholders.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company valued the views and comments from the Shareholders. The Board gives priority to clear and transparent communications with all Shareholders to understand the Group's performance and prospects. Shareholders' right in nominating Director and the communication policies are published in the Company's website.

Convening of extraordinary general meeting on requisition by the Shareholders

According to the Articles of Association, any one or more Shareholder holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. The written requisition shall be sent to the Company Secretary at the following address:

Company Secretary
Quali-Smart Holdings Limited
Workshop C on 19th Floor
TML Tower
3 Hoi Shing Road
Tsuen Wan
Hong Kong

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time contact the Company Secretary at the principle place of business in Hong Kong for the Company's information to the extent such information is publicly available. The Company will endeavor to respond to their queries in a timely manner. Shareholders may also make enquiries with the Directors at their general meetings.

In addition, the Shareholders can contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, if they have any enquiries about their shareholdings and entitlements to dividends.

Procedures for putting forward proposals at general meetings by the Shareholders

A Shareholder may nominate person, other than a retiring Director and the Shareholder himself/herself, to be appointed as a Director ("**Proposed Director**") by submitting a duly signed written notice ("**Nomination Notice**") together with the Proposed Director's curricular vitae with contact details, a written record of Proposed Director's willingness to be elected, copy of identification documents, information and other details (including but not limited to details as required by Rule 13.51(2) of the Listing Rules or other applicable rules) of the Proposed Director, to the Company Secretary at the principle place of business in Hong Kong.

The period for lodgment of the Nomination Notice shall commence no earlier than the day after the despatch of the notice of a general meeting and end no later than 7 days prior to the date of such general meeting.

Other than the above concerning a proposal of a person for election as Director, Shareholders may follow the procedures set out in paragraph "Convening of extraordinary general meeting on requisition by Shareholders" above to convene an extraordinary general meeting for any business specified in such written requisition.



Corporate Governance Report

2024 AGM

All Directors attended the 2024 AGM to hear views and to answer questions from the Shareholders. At the 2024 AGM, separate resolutions were proposed on each substantial issue. All resolutions were passed by way of a poll and verified by the independent scrutineer, Tricor Investor Services Limited, the Company's Hong Kong branch registrar and transfer office.

The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. Appropriate arrangements for the forthcoming annual general meetings of the Company shall be in place to encourage Shareholders' participation.

CHANGES AFTER THE CURRENT YEAR

This report takes into account the changes that have occurred since the end of the Current Year and to the date of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Group will be issued separately from this report and will be available only on the websites of the Stock Exchange and the Company.

On behalf of the Board

Chan Siu Wing, Raymond

Chairman of the Corporate Governance Committee

Hong Kong, 30 June 2025

Management Discussion and 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 10 to the Financial Information in this Annual Report. 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.

Management Discussion and Analysis

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 Annual Report, the net proceeds of HK\$9.0 million from the 2023 CN have been used as follows:

	HK\$ millions
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 Annual Report, 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.

Management Discussion and Analysis

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 Annual Report, 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.

Management Discussion and Analysis

SHARE SCHEMES

The Company did not have any share award scheme during the Current Year and up to the date of this Annual Report. For details of the Share Option Scheme, please refer to note 31 to the “Notes to Consolidated Financial Statements”.

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 Ultimate Advice Investments 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 Annual Report, 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 Annual Report.

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.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chu, Raymond

Mr. Chu, Raymond, aged 59, was appointed as an independent non-executive Director on 3 January 2013 and resigned on 6 July 2015. Mr. Chu was subsequently appointed as an executive Director on 27 November 2015. On 9 November 2023, Mr. Chu was redesignated and appointed as the chairman of the Board (the “**Chairman**”) and a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee. On 9 July 2025, Mr. Chu resigned as the Chairman and executive Director and associated positions in the committees of the Board. Mr. Chu is also the Chief Executive Officer and a director of Crosby Securities Limited, an indirect wholly owned subsidiary of the Company under the Financial Services Division of the Group.

Mr. Chu processed experience of more than 30 years in the financial industry. He was the managing director and head of Sales and Trading Division of Guosen Securities (Hong Kong). Prior to that, he was the managing director (Equity Derivatives Trading, Institutional Equity Asia Pacific) of The Bank of Nova Scotia from May 2010 to November 2011 and held senior positions with a number of reputable financial institutions between 2002 and 2010.

Mr. Chu obtained a Bachelor’s Degree of Science in Business Administration (International Business) from The California State University, the United States of America in May 1989.

Mr. Poon Pak Ki, Eric

Mr. Poon Pak Ki, Eric, aged 58, was appointed as an executive Director on 3 January 2013. Mr Poon is a member of the Corporate Governance Committee. On 9 November 2023, Mr. Poon was further appointed as a member of the Nomination Committee and the Remuneration Committee. On 9 July 2025, Mr. Poon was further redesignated as the Chairman. He is responsible for the financial and accounting matters and general administration in the Group. Prior to joining the Group in November 1996, Mr. Poon worked for an audit firm as audit clerk from February 1987 to May 1990. He also has experience over 30 years in accounting and administration for a toy manufacturing company.

Mr. Poon obtained his Bachelor’s Degree in Accountancy from The Bolton Institute of Higher Education, the United Kingdom (now known as University of Bolton) in August 2004. In May 2017, Mr. Poon was admitted as a member of The Institute of Public Accountants and an associate of The Institute of Financial Accountants. On 30 August 2019, Mr. Poon was admitted as an associate member of The Association of International Accountants.

Mr. Hau Yiu Por

Mr. Hau, aged 68, was appointed as an executive Director on 1 December 2022. He is the General Manager and a director of Qualiman Industrial Co., Limited, a wholly owned subsidiary of the Company. Mr. Hau is responsible for the Group’s operation in the mainland China. He joined the Group in January 1999. Mr. Hau leads a team of managers that schedules and executes productions, and coordinates related logistics. Mr. Hau has experience of over 20 years in the toy manufacturing industry. Prior to joining the Group in January 1999, Mr. Hau held senior positions with international reputable toy companies.

Mr. Hau obtained a Higher Certificate in Textile Technology from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1981. He also obtained a Technician Certificate in Fashion & Clothing Manufacture from Technical Education and Industrial Training Department Hong Kong in July 1982 and a Management Services Certificate (work study/Operation & Management) from Institute of Management Services in August 1983.

Ms. Tang Yuen Ching Irene

Ms. Tang Yuen Ching, Irene, aged 55, was appointed as the Company Secretary on 24 March 2015, and as an executive Director and a member of the Corporate Governance Committee on 9 November 2023.

Ms. Tang has extensive experience in company secretarial practices in respect of listed companies in Hong Kong and also has more than 20 years of experiences in the financial reporting and auditing field. On 4 June 2025, Ms. Tang was appointed as an independent non-executive director of United Energy Group Limited (stock code 467). Ms. Tang also acts as the company secretary of Apex Ace Holding Limited (stock code 6036). Both companies are listed on the main board of the Stock Exchange.

Ms. Tang holds a Bachelor of Business Administration (Honours) in Accountancy from the Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of the Chartered Certified Accountants.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Po Wing, Bowen Joseph *GBS, JP*

Mr. Leung Po Wing, Bowen Joseph *GBS, JP*, aged 75, was appointed as an independent non-executive Director on 3 January 2013. Mr. Leung is the chairman for each of the Nomination Committee and the Remuneration Committee as well as a member of the Audit Committee of the Board respectively.

Mr. Leung served the Government of Hong Kong for 32 years until his retirement as the director of the Office of the Government of the Hong Kong in Beijing ("**Beijing Office**") in November 2005. Mr. Leung joined the administrative service in June 1973 and rose to the rank of Administrative Officer Staff Grade A1 in June 1996. During his service in the administrative service, Mr. Leung had served in various policy bureaux and departments. Mr. Leung held various senior positions in the Government of Hong Kong including Deputy Secretary for District Administration (later retitled as Deputy Secretary for Home Affairs) from April 1987 to September 1990, Deputy Secretary for Planning, Environment and Lands from September 1990 to December 1992, Private Secretary, Government House from December 1992 to March 1995, Secretary for Planning, Environment and Lands from May 1995 to November 1998 and director of the Beijing Office from November 1998 to November 2005. Mr. Leung has extensive experience in corporate leadership and public administration. During his tenure as the director of the Beijing Office, he had made commendable efforts in promoting Hong Kong in the mainland China, as well as fostering closer links and co-operation between Hong Kong and the mainland China.

Mr. Leung obtained a Bachelor's Degree of Social Science from The University of Hong Kong in 1971. Mr. Leung has been an independent non-executive director of Paliburg Holdings Limited (stock code: 617) since 13 February 2008 and an independent non-executive director of Regal Real Estate Investment Trust (stock code: 1881) since 28 October 2016. These companies are listed on the main board of Stock Exchange.

Mr. Chan Siu Wing, Raymond

Mr. Chan Siu Wing, Raymond, aged 60, was appointed as an independent non-executive Director on 3 January 2013. Mr. Chan is the chairman of each of the Audit Committee and the Corporate Governance Committee of the Board and a member of the Remuneration Committee and the Nomination Committee of the Board. Mr. Chan has experience of over 25 years in the field of accounting, taxation, finance and trust.

Mr. Chan obtained a Bachelor's Degree in Economics from The University of Sydney in April 1986. Mr. Chan is a member of The Hong Kong Institute of Certified Public Accountants.

Mr. Chan currently holds the office as an independent non-executive director of Phoenitron Holdings Limited (stock code: 8066), a company listed on the GEM of the Stock Exchange. Mr. Chan was an independent non-executive director of Hong Kong Finance Group Limited (stock code: 1273) from 4 September 2013 to 1 November 2022, a company listed on the main board of the Stock Exchange.



Biographies of Directors and Senior Management

Mr. Wong Wah On, Edward

Mr. Wong Wah On, Edward, aged 61, was appointed as an independent non-executive Director and a member of the Audit Committee on 24 September 2015. On 9 November 2023, Mr. Wong was further appointed as a member of the Nomination Committee and the Remuneration Committee.

Mr. Wong is currently an executive director of Feishang Anthracite Resources Limited (stock code: 1738), a company listed on the main board of the Stock Exchange. He is also a director, the chairman and the chief executive officer of China Natural Resources, Inc. (“CHNR”), a company listed on NASDAQ (stock code: CHNR). He was previously the financial controller, chief financial officer, executive director and company secretary of the CHNR group for over 20 years until January 2014. He has also served as a partner of a certified public accountants’ firm in Hong Kong since July 1995. From October 1992 to December 1994, Mr. Wong was the deputy finance director of Hong Wah (Holdings) Limited, a private investment company. From July 1988 to October 1992, Mr. Wong worked at the audit department of Ernst & Young, Hong Kong, providing professional auditing services to clients in a variety of business sectors.

Mr. Wong graduated from The Hong Kong Polytechnic University with a professional diploma in company secretaryship and administration in 1988. He was accredited as a certified public accountant (practising) by the Hong Kong Institute of Certified Public Accountants in September 1993, and was admitted as a fellow member in November 1999. He was also a fellow member of the Association of Chartered Certified Accountants and an associate member of The Hong Kong Chartered Governance Institute (formerly known as Hong Kong Institute of Chartered Secretaries).

Ms. Yeung Wai Ling

Ms. Yeung Wai Ling, aged 52, was appointed as an independent non-executive Director of the Company on 24 September 2024 and a member of the Nomination Committee on 1 July 2025. She has over 25 years of managerial experience in production planning and control, materials purchasing, logistics as well as customers service in the manufacturing and toys industry. During February 1998 to September 2013, Ms. Yeung held the position as Purchasing Manager for a subsidiary of the Company, Qualiman Industrial Co., Limited.

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the provision of management services. Details of the principal activities of its subsidiaries are set out in note 34 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The financial results of the Group for the Current Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 41. The Board does not recommend the payment of a final dividend for the Current Year (2024: Nil).

RESERVES

Movements in the reserves for the Current Year are set out in the consolidated statement of changes in equity on page 44.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2025 calculated under the Company Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$34.0 million (2024: HK\$46.7 million).

SHARE CAPITAL

Details of the movement in share capital of the Company during the Current Year is set out in note 29 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 15 to the consolidated financial statements respectively.

CHARITABLE CONTRIBUTIONS

During the Current year, the Group made for charitable contributions of HK\$5,000 (2024: HK\$5,000).

BUSINESS REVIEW

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Current Year, an indication of likely future development in the Group's business, an analysis using financial key performance indicators, a discussion on the Group's environmental policies and performance and the compliance with the relevant laws and regulations that have a significant impact on the Group, and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends can be found in the preceding sections of this Annual Report set out on pages 13 to 19. The preceding sections form part of this report. Further details relating to the Group's relationships with its key stakeholders and the Group's environmental policies and performance can be found in the Company's 2025 ESG Report to be published on the Company's website www.quali-smart.com.hk.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Current Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Directors' Report

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. The Group encourages employees to strengthen their knowledge of the industries in which the Group operate and attend courses or training sessions to improve their professional knowledge. The Group also maintains ongoing communications with its employees, customers and suppliers through various channels such as regular meetings, calls and emails in order to allow employees to contribute to the development of the Group, deliver better customer services to our clients and obtain better services and cooperation from our suppliers.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The following section lists out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this Annual Report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Financial risks

Details on financial risks on foreign currency, credit on trade receivables and margin financing, liquidity, interest rate and price facing the Group on its operation can be referred to note 40 to consolidated financial statements included in this Annual Report on pages 95 to 99. Taking into consideration the liquidity positions and working capital sufficiency of the Group as a whole, as highlighted in the "Liquidity and Financial Resources" section in this Annual Report on page 17, the Directors are of the view that there is no immediate material adverse impact arising from the Pandemic on the Group's liquidity positions and working capital sufficiency with reference to our operations and capital commitments.

Market risks

The performance of the Group's financial assets and the operations of its Financial Services Division are subject to volatility in the capital markets, which may cause fluctuations in the prices and liquidity of financial assets and impact the global primary and secondary securities markets in which the Financial Services Division operates. This in turn may affect the timing, the volume, the pricing and the marketability of the primary or secondary market transactions in which the Financial Services Division participates or the performance of the assets under advisory of the Financial Services Division, which in turn may affect the revenues of the Financial Services Division. The uncertainties arising from the changing situations of the Pandemic and its resulting impact on the global financial markets may further exacerbate the volatility in the capital markets, which might lead to further volatility and unpredictability of the performance of our Financial Services Division.

Seasonality of products demand

Our Group's business is generally seasonal in nature particularly in the Toys Division. It is possible that seasonality in demand for our customers' products might affect our Group's sales in the future. Market conditions faced by our customers may be volatile and are beyond the control of the Group. Future downturns in the end markets of our customers may affect the business of our Group, particularly in the Toys Division. In particular, due to the Pandemic, our end customers might adjust their distribution strategies and orders, which in turn might affect our businesses with them. Depending on changes in the circumstances such as lockdown measures in different jurisdictions, this might have an adverse impact on our orders if we cannot adjust to customers' demands in a flexible manner, or lead to challenges to our inventory management as our end customers adjust their shipping requirements in response to port closure or other disruptions in physical delivery channels as a result of anti-Pandemic measures imposed by different jurisdictions.

Reliance on major customers and suppliers

Our stable relationship with our major customers and suppliers enables our business to achieve stable revenue and profitability level. On the other hand, if there are any changes in such relationships, which may lead to withdrawals, cancellations or terminations of transactions, the Group's performance and business growth may be adversely affected.

Competition for talents

Our businesses, particularly our Financial Services Division, does face intense competition for talents. The Group's performance may be adversely affected if we fail to retain and motivate our employees or to attract suitable replacements should vacancies in key positions arise.

Regulatory risks

The Group's operations are subject to various applicable laws and regulations in different jurisdictions. In particular, the Financial Services Division operates in a strictly regulated business environment, and any non-compliance with rules and regulations may have material and adverse impact or consequences. Non-compliance may arise due to failures and limitations of the Group's internal control system, failure in or disruption to its computer systems and data storage or potential employee misconduct, amongst others. Changes in securities rules and regulations may also pose more challenges to our listing applicant clients in the Financial Services Division as more stringent requirements are imposed on their financial and business performances in order to qualify for listing. This in turn may affect the feasibility or timing of completion of some of the projects in the Financial Services Division.

Environmental and social risks

We recognize the importance of environmental protection and have adopted stringent measures for environmental protection in order to ensure the compliance by us of the prevailing environmental protection laws and regulations.

In view of the enhancing awareness on the responsibilities to the environment and social community the Group has businesses engaged in, the Group has adopted certain environmental policies in order to help preserving the nature by minimizing emission and disposal of waste generated during the course of business activities. Details of which are set out on page 27 of this report.

Our business operation may be affected by future economic, political and foreign policies of the PRC government. The development of PRC's and Hong Kong's economy is based on many factors, including but not limited to structure of economy, government involvement, control of foreign exchange, allocation of resources and capital investment, its foreign policies and foreign relations and its policies on Hong Kong. However, any of such changes to the economic and political strategies and policies of the PRC government, and/or its relationships with foreign governments, such as the ongoing Sino-U.S. trade war and the political conflict among the region in the Middle East and its nearby region may have an adverse impact on the overall global economy and affect all the industries in which the Group operates.

Our business operations may be affected by future economic and political uncertainties in the world economic and political uncertainties as well as public health situations in the world resulted from major events such as sustaining sanctions and export tariffs measures on various countries arising from the ongoing Sino-U.S. trade war, increasing international and local political conflicts, the social unrests in different jurisdictions or terrorist attack events and the waves of the Pandemic situations worldwide may have short-term and long-term effects on the global economy and the performance of the global capital markets, which in turn may adversely impact the performance of the Group. Any additional trade tariffs imposed by other countries on our products as a result of multilateral trade wars and political sanctions, including but not limited to the Sino-U.S. trade war, or lockdowns arising from the Pandemic situations leading to a shutdown in the global economy, are beyond our control any may adversely impact the performance of the Group. The Toys Division in this regard will seek to expand our sub-contractor networks in order to mitigate this risk.



Directors' Report

Security over cyber risks and data protection

The Company and the Group in general is obliged to protect sensitive users information at all times and is committed to protecting clients' privacy and is fully aware that any loss or leakage of sensitive user information could have a significant negative impact on affected users and the Company's reputation, even lead to potential legal action against the Company. Being abided by the Personal Data (Privacy) Ordinance (issued by the Privacy Commissioner for Personal Data) in collection, use and holding of clients' information. The Group has adopted a compliance manual that sets out the specific procedure for handling and protecting clients' data particularly by the Financial Services Division. The Group owes a contractual obligation of confidentiality to the clients in terms of their information; therefore, the Group treats clients' transaction records and personal information as private and confidential, subject to disclosure requirements under the relevant laws, rules and regulations, in which the Group is required to comply with. Information collected will only be used for the purpose for which it has been collected. Clients will be told in advance on how the collected data will be used. The Group prohibits the provision of consumer information to a third party without authorization from its client. Clients always have the rights to review and revise their data, and to opt out from any direct marketing events. If there are any requests for client information or clients' business, the Legal and Compliance team will be consulted to ensure the appropriateness of disclosure under the regulatory laws and policies. A strong commitment to protect clients' privacy has enabled the Group to stay competitive in the market. To ensure adequate security, the Company strives to provide the highest level of protection to such data. In this regard, the Company has formulated policies and control measures to protect user data. Information security is ensured through effective management systems, encryption, access restrictions and process protocols.

Meanwhile, the Group has also adopted relevant security measures to mitigate risks associated with cyber security applicable to daily information transfer through Internet downloading, websites access or E-Mails exchanged. Namely, firewall installation in computer server system; anti-virus scanning when files and E-Mails are downloaded from the Internet; and whenever and any files are opened or copied, or programs are run on users personal computers. Besides, all Internet addresses being accessed by users in our headquarter are logged centrally and monitored by IT Department for identifying any abnormal activity or possible malicious cyberattack on the relevant systems.

Past performance and forward looking statements

The performance and the results of the operations of the Group as set out in this Annual Report are historical in nature and past performance is not a guarantee of future performance. This Annual Report may contain forward looking statements and opinions that involve risks and uncertainties. Actual results may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

ENVIRONMENTAL POLICIES

Subsequent to the disposal of certain subsidiaries of the Group which held a manufacturing plant for the Toys Division in October 2016, the Group is no longer engaged in the manufacturing industry directly and has such function assigned to appointment of sub-contractors instead. In order to ensure the Group's commitment as an environmentally and social responsibly business, the Toys Division maintains its strict policies in selecting its sub-contractors by imposing corresponding requirement on them in respect of environmental protection, social responsibilities on workers welfare maintenance as well as proper compliance of the relevant regulation applicable to them within their territories of operation. During the Current Year, the Toys Division had not been the subject of any claims in the form of any compensation or penalty levied for environmental disruption or inappropriate treatment towards workers by the production plants engaged by the Group for business.

Besides, we believe that our Financial Services Division operates in an industry that is not a major source of environmental pollution. We are committed to building an environmental-friendly corporate which strives to minimize our usage of energy and office stationery and encourage recycling of materials used in the office. Our Financial Services Division continued in offering e-statements to its clients in order minimize paper usage. During the Current Year, our corporate office and our Financial Services Division had not been the subject of any environmental claims, lawsuits, penalties or disciplinary actions.

In general, the Group's headquarter is determined in adopting energy saving measures such as utilization of power-saving office lighting system in the form of LEDs and maximization of the use of natural daylight as office lighting purpose. Also, we maintain water filtering equipment for staff consumption purpose instead of using bottled water and install water-saving dispensing tap equipment for the office washrooms in order to reduce excessive water wastage. Further details on the policies on environmental, social and governance will be further provided in the Environmental, Social and Governance Report when it is published by the Company.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 104.

MAJOR CUSTOMERS AND SUPPLIERS

For the Current Year, the Group's sales to the largest customer and the five largest customers accounted for approximately 74.7% and 93.8% of the Group's turnover. The Group's purchases from the largest supplier and the five largest suppliers purchases accounted for 18.2% and 52.8% of the Group's purchases.

Save as disclosed above and elsewhere in this Annual Report, none of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers for the Current Year.

Directors' Report

DIRECTORS

The Directors during the Current Year and up to the date of this report were as follows:

Executive Directors

Mr. Chu, Raymond (*Chairman*) (*resigned on 9 July 2025*)

Mr. Poon Pak Ki, Eric (*redesignated as Chairman on 9 July 2025*)

Mr. Hau Yiu Por

Ms. Tang Yuen Ching, Irene

Independent non-executive Directors

Mr. Leung Po Wing, Bowen Joseph *GBS, JP*

Mr. Chan Siu Wing, Raymond

Mr. Wong Wah On, Edward

Ms. Yeung Wai Ling (*appointed on 24 September 2024*)

All the INEDs have met the independence guidelines set out in Rule 3.13 of the Listing Rules of the Stock Exchange and the Board considered each INED is independent.

On 28 August 2024, Mr. Wong Wah On, Edward, Mr. Poon Pak Ki, Eric and Ms. Tang Yuen Ching Irene retired and were re-elected by the Shareholders at the 2024 AGM pursuant to the Articles of Association of the Company.

On 24 September 2024, Ms. Yeung Wai Ling was appointed as an INED. Ms. Yeung shall hold office until the next general meeting pursuant to the Articles of Association and being eligible offer herself for re-election.

In accordance with the Articles of Association, Mr. Leung Po Wing, Bowen Joseph, Mr. Chan Siu Wing, Raymond, Mr. Hau Yiu Por and Ms. Yeung Wai Ling shall retire at the 2025 AGM and, being eligible, offer themselves for re-election. The remaining Directors shall continue in office.

DIRECTORS SERVICE CONTRACTS

Each of the executive Directors, Mr. Poon Pak Ki, Eric, Mr. Hau Yiu Por and Ms. Tang Yuen Ching Irene, has entered into a service contract with the Company with a term of 3 years which shall be terminated by either party by serving no less than 3 months' notice in writing subject to the terms and conditions of such service contract.

Each of the INEDs has signed an appointment letter with a fixed appointment term of 1 year subject to automatic renewal of a further period of 1 year.

Save as disclosed above, no Director proposed for re-election at 2025 AGM whose contract is not determinable by the Company within 1 year without payment of compensation, other than statutory compensation.

BIOGRAPHIES OF DIRECTORS

Biographies of Directors are set out in the section "Biographical Details of Directors and Senior Management" on pages 20 to 22.

DIRECTORS, RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from disclosed under the headings of "Directors' Interests in Shares and Underlying Shares of the Company" and "Share Option Scheme" in this report and otherwise in the Annual Report, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate at any time during the Current Year or at the end of the Current Year.

Directors' Report

DIRECTORS, INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2025, the interests or short positions of the Directors in the Shares, underlying Shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities Futures Ordinance (Charter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register to be kept under which have 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 are taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which is required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, is as follows:

Long positions

Name of Director	Number of Shares held				Number of underlying Shares (note 1)	Total	Percentage of issued share capital
	Personal interest	Corporate interests	Family interests	Other interests			
Mr. Poon Pak Ki, Eric	7,896,000	–	–	–	12,900,000	20,796,000	1.41%
Mr. Chu, Raymond	27,448,000	–	–	–	12,847,800	40,295,800	2.73%
Mr. Hau Yiu Por	2,340,000	–	–	–	12,200,000	14,540,000	0.99%
Ms. Tang Yuen Ching Irene	–	–	–	–	1,200,000	1,200,000	0.08%
Mr. Leung Po Wing, Bowen Joseph	–	–	–	–	2,800,000	2,800,000	0.19%
Mr. Chan Siu Wing, Raymond	–	–	–	–	2,800,000	2,800,000	0.19%
Mr. Wong Wah On, Edward	–	–	–	–	1,400,000	1,400,000	0.10%

Note:

1. This interest represents the interests in the underlying Shares in respect of share options granted by the Company to the Directors as beneficial owners.

Save as those disclosed above, as at 31 March 2025, none of the Directors had any interests or short positions in the Shares, underlying Shares, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2025, the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company whose interests and short positions in the Shares and of its associated corporations (within the meaning of Part XV of the SFO) as set out above, had 5% or more interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be maintained by the Company under Section 336 of the SFO were as follows:

Long positions

Name	Total number of Shares held	Percentage of shareholding (note 1)
Smart Investor Holdings Limited	482,864,000 (note 2)	32.75%
Silver Pointer Limited	106,880,000	7.25%
Benefit Global Limited	218,463,111 (note 3)	14.82%
Clearfield Global Limited	218,463,111 (note 3)	14.82%
BlackPine Private Equity Partners G.P. Limited	218,463,111 (note 3)	14.82%
Chu Sheng Yu, Lawrence	218,463,111 (note 3)	14.82%
	672,000 (note 4)	0.05%

Notes:

1. Total number of 1,474,232,000 Shares in issue as at 31 March 2025 has been used for the calculation for the approximate percentage.
2. These Shares are registered in the name of Smart Investor, a company owned as to approximately 67.4% by Mr. Lau Ho Ming, Peter and approximately 32.6% by Madam Li Man Yee, Stella.
3. 111,111,111 Shares out of 218,463,111 Shares are the underlying Shares representing the total number of conversion Shares convertible under the Convertible Notes issued by the Company to Benefit Global, a company wholly owned by Clearfield Global Limited, which is in turn wholly owned by BlackPine Private Equity Partners G.P. Limited and ultimately wholly owned by Mr. Chu Sheng Yu, Lawrence.
4. 672,000 Shares are registered in the name of Mr. Chu Sheng Yu, Lawrence in his personal capacity.

SHARE SCHEMES

The Company did not adopt any share award scheme during the Current Year and upto the date of this report.

Share Option Scheme

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"**) as incentives or rewards for eligible participants who contribute to the Group. As at 31 March 2025, there was no remaining life of the Share Option Scheme. Details of the Share Option Scheme are disclosed in note 31 to the consolidated financial statements.

On 17 March 2014 (the **"2014 Grant Date"**), the Company granted 10,800,000 share options (the **"Option(s)"**) to certain eligible participants (the **"Grantees"**) of the Group under the Share Option Scheme at a subscription price of HK\$1.00 per Share, subject to adjustment. The closing price per Share immediately before the 2014 Grant Date was HK\$0.90.

On 3 July 2015 (the **"2015 Grant Date"**), the Company granted 13,400,000 share options (the **"Option(s)"**) to certain eligible participants (the **"Grantees"**) of the Group under the Share Option Scheme at a subscription price of HK\$4.07 per Share, subject to adjustment. The closing price per Share immediately before the 2015 Grant Date was HK\$3.70.

On 24 March 2016 (the **"2016 Grant Date"**), the Company granted 109,411,600 share options (the **"Option(s)"**) to certain eligible participants (the **"Grantees"**) of the Group under the Share Option Scheme to certain eligible participants of the Group under the Share Option Scheme at a subscription price of HK\$0.748 per Share, subject to adjustment. The closing price per Share immediately before the 2016 Grant Date was HK\$0.70.

Details of the outstanding Options under the Share Option Scheme as at 31 March 2025 were as follows:

SHARE OPTION SCHEME	Exercise price <i>(note 1)</i>	Number of share options			Date of grant of share options	Exercisable periods of share options
		Balance as at 1 April 2024 <i>(note 1)</i>	Forfeited during year	Balance as at 31 March 2025		
Executive Directors						
Mr. 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
Mr. 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
Mr. Chu, Raymond	HK\$0.748	12,847,800	–	12,847,800	24 March 2016	24 March 2016 to 23 March 2026
Mr. 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
Ms. Tang Yuen Ching, Irene	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

Directors' Report

SHARE OPTION SCHEME	Exercise price <i>(note 1)</i>	Number of share options			Date of grant of share options	Exercisable periods of share options
		Balance as at 1 April 2024 <i>(note 1)</i>	Forfeited during year	Balance as at 31 March 2025		
Non-executive Directors						
Madam 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
Independent Non-executive Directors						
Mr. 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
Mr. 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
Mr. Wong Wah On, Edward	HK\$0.748	1,400,000	–	1,400,000	24 March 2016	24 March 2016 to 23 March 2026
Employees	HK\$1.02	1,200,000	–	1,200,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	14,056,000	(1,160,000)	12,896,000	24 March 2016	24 March 2016 to 23 March 2026
Total		66,803,800	(1,160,000)	65,643,800		

Notes:

1. Upon the share sub-division which became effective on 13 January 2016, pro-rata adjustments have been made to the exercise price and the number of outstanding share options accordingly.
2. Mr. Lau Ho Ming, Peter and Madam Li Man Yee, Stella retired as an executive Chairman and Non-executive Director respectively on 9 November 2023. Mr. Lau was appointed as a senior advisor to the Company on the same date.

Upon acceptance of the Options, the Company received the consideration of HK\$1.00 from each of the Grantees. The Options will be vested in 3 tranches: (i) 30% of the Options shall be exercisable from the date immediately after the first anniversary of the Grant Date until the last day of the respective exercise period; (ii) 30% of the Options shall be exercisable from the date immediately after the second anniversary of the Grant Date until the last day of the respective exercise period; and (iii) 40% of the Options shall be exercisable from the date immediately after the third anniversary of the Grant Date until the last day of the respective exercise period. As at 31 March 2025, the number of shares that may be issued in respect of share options granted under the Share Option Scheme divided by the weighted average number of Shares in issue during the Current Year was 4.5%.

Save as the above, there has been no options lapsed and cancelled during the Current under the Share Option Scheme.

Summary of major terms of the Share Option Scheme are as follows:

(i) Purposes of the scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to our Group. The Directors consider the Share Option Scheme will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

(ii) The Participants

The following persons of the Company, any member of the Group or of an entity ("**Invested Entity**") in which the Group holds an equity interest may be invited by the Directors to join the Share Option Scheme at the Directors' absolute discretion:

- (a) employees and directors;
- (b) suppliers and customers;
- (c) persons or entities that provides research, development or other technological support;
- (d) holders of any securities;
- (e) advisers (professional or otherwise) or consultants to any area of business or business development; and
- (f) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

(iii) Number of Shares available for issue

As at the date of this report, the total number of Shares may be allotted and issued upon exercise of the outstanding Options was 65,643,800, representing 4.5% of the issued share capital.

(iv) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted to each participant other than a Director, chief executive or substantial Shareholders of the Company who accepts the offer for the grant of an option under the Share Option Scheme in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of options in excess of this limit is subject to Shareholders' approval in a general meeting.

Options granted to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, are subject to approval by the INEDs. Where any grant of options to a substantial Shareholder or an INED, or to any of their associates, in excess of 0.1% of the Shares in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to Shareholders' approval in a general meeting.

Directors' Report

(v) **Time of acceptance and exercise of option**

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee (the “**Option Period**”), which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Holders of the options granted under the Share Option Scheme may only exercise their options in the following manner:

Maximum percentage of Options exercisable	Exercise period
30%	From the date immediately after the first anniversary of the offer date until the last day of the Option Period
30%	From the date immediately after the second anniversary of the offer date until the last day of the Option Period
40%	From the date immediately after the third anniversary of the offer date until the last day of the Option Period

Outstanding and unexercised options at the end of each vesting period may be rolled over to the next vesting period and exercisable during the Option Period.

(vi) **Subscription price for Shares and consideration for the option**

The subscription price for Shares will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

(vii) **Period of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme was adopted.

CONTINUING CONNECTED TRANSACTIONS

The Group had certain transactions which constituted continuing connected transactions of the Group pursuant to Chapter 14A of the Listing Rules during the Current Year and were not subject to the related disclosure requirements in this report.

MATERIAL RELATED PARTY TRANSACTIONS

During the Current Year, the Group had certain transactions with related parties as defined under the applicable accounting standard. Those related party transactions that also fell under the definition of “connected transactions” or “continuing connected transactions” (as the case may be) in Chapter 14A of the Listing Rules and were not subject to the related disclosure requirements in this report. Details of the related party transactions are set out in note 35 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, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders unless otherwise required by the Stock Exchange.

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

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by public as at the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Group's business were entered into or existed during the Current Year.

CONTRACTS OF SIGNIFICANCE

Save as disclosed under “MATERIAL RELATED PARTY TRANSACTIONS”, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the Current Year or at the end of the Current Year.

Save as disclosed above, as at 31 March 2025, no contract of significance had been entered into between the Company, or any of its subsidiaries, and the controlling Shareholders or any of its subsidiaries.

DEED OF NON-COMPETITION

The controlling Shareholders, namely Mr. Lau Ho Ming, Peter, Madam Li Man Yee, Stella and Smart Investor, entered into a deed of non-competition in favour of the Company dated 10 January 2013 (the “Deed of Non-Competition”) as set out in the section of “Connected Transactions and Relationship with the Controlling Shareholders” under the Prospectus. The controlling Shareholders confirmed their compliance of all the undertakings provided under the Deed of Non-Competition during the Current Year and up to the date of this report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.



Directors' Report

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the year under audit with exception as set out in the section “Corporate Governance Report” on pages 4 to 12 of this Annual Report.

PERMITTED INDEMNITY PROVISION

Under the articles of association of the Company, generally, the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses for acts done, concurred in or omitted in when discharging their duties in the affairs of the Company, other than any matter in respect of any fraud or dishonesty.

In addition, the Company has taken out and maintained insurance for the Directors against liabilities to third parties that may be incurred in the course of performing their duties as at the date of this report.

AUDITOR

The consolidated financial statements for the Current Year have been audited by BDO Limited which retires, and being eligible, offers itself for re-appointment at 2025 AGM. A resolution to re-appoint BDO Limited and to authorise the Directors to fix its remuneration will be proposed at 2025 AGM.

On behalf of the Board

Chu, Raymond

Chairman and executive Director

Hong Kong, 30 June 2025

Independent Auditor's Report



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永安中心25樓

To the Shareholders of Quali-Smart Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Quali-Smart Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 41 to 103, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy.

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 (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of non-financial assets

(refer to note 4(i) on summary of material accounting policies, 15 and 16 to the consolidated financial statements)

The management of the Company had performed impairment assessment in accordance with Hong Kong Accounting Standard 36 Impairment of Assets in relation to the non-financial assets employed for the Group’s cash generating unit of “Financial services”. As at 31 March 2025, the net carrying amounts of property, plant and equipment and right-of-use assets allocated to cash generating unit are approximately HK\$103,000 and HK\$5,131,000 respectively, which aggregating represents approximately 88.3% of the consolidated non-current assets of the Group.

The recoverable amount of the non-financial assets was determined based on higher of value-in-use or fair value less cost of disposal (“**FVLCD**”), which requires significant management’s judgements and estimates concerning the estimated future cash flow.

Due to the significance amount of the relevant property, plant and equipment and right-of-use assets to the Group’s consolidated financial statements, and the determination of recoverable amounts under FVLCD model involved the use of significant management judgements and estimates, we considered this as a key audit matter.

Independent Auditor's Report

Our response:

Our procedures in relation to the impairment assessment of non-financial assets included:

- evaluating the independent valuer's competence, capabilities and objectivity;
- conducting in-depth discussions with management and independent valuer about the asset-based approach used in FVLCD calculation, and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the FVLCD calculation; and
- engaging in-house valuation specialist to assist us evaluating and assessing the appropriateness of the key assumptions used in FVLCD calculation.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

Independent Auditor's Report

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.
- 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 group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

BDO Limited

Certified Public Accountants

Lam Tsz Ka

Practising Certificate Number P06838

Hong Kong, 30 June 2025

Consolidated Statement of Profit or Loss and Other Comprehensive income

For the year ended 31 March 2025

	Notes	Year ended 31 March	
		2025 HK\$'000	2024 HK\$'000
Revenue	7	71,933	177,259
Other revenue	8	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	9	–	(45,508)
Impairment loss on intangible assets	9	–	(585)
Impairment losses recognized on trade receivables		(4,452)	–
Finance costs	10	(5,101)	(5,490)
Loss before income tax expense	9	(17,871)	(73,968)
Income tax	12	–	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			
– Basic and diluted (HK cents)	14	(1.21)	(5.02)

Consolidated Statement of Financial Position

As at 31 March 2025

		At 31 March	
	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	391	3,579
Right-of-use assets	16	5,131	1,631
Statutory deposit for financial service business		369	372
Deposits	21	35	200
Total non-current assets		5,926	5,782
CURRENT ASSETS			
Inventories	19	3,271	16,428
Trade receivables	20	2,358	24,954
Prepayments, deposits and other receivables	21	5,452	2,338
Tax receivables		354	–
Cash and bank balances held on behalf of customers	22	63,265	49,032
Time deposits	23	58,467	20,480
Cash and cash equivalents	23	25,561	57,537
Total current assets		158,728	170,769
CURRENT LIABILITIES			
Trade payables	24	66,125	63,982
Accruals and other payables	25	3,072	3,933
Lease liabilities	26	3,799	1,719
Amount due to non-controlling interests	33	13,041	13,041
Total current liabilities		86,037	82,675
NET CURRENT ASSETS		72,691	88,094
TOTAL ASSETS LESS CURRENT LIABILITIES		78,617	93,876

Consolidated Statement of Financial Position

As at 31 March 2025

		At 31 March	
	Notes	2025	2024
		HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Promissory notes	27	31,000	31,000
Convertible notes	28	7,295	6,138
Lease liabilities	26	1,455	–
Deferred tax liabilities	32	178	178
Provision for long services payments		392	392
Total non-current liabilities		40,320	37,708
NET ASSETS		38,297	56,168
EQUITY			
Share capital	29	287	287
Reserves		37,951	55,823
		38,238	56,110
Non-controlling interests		59	58
Total equity		38,297	56,168

On behalf of the Board

Chu, Raymond
Director

Poon Pak Ki, Eric
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Share capital HK\$'000	Share premium HK\$'000 (note 1)	Other reserve HK\$'000	Share option reserve HK\$'000 (note 2)	Convertible notes equity reserve HK\$'000 (note 3)	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
At 1 April 2023	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	-	-	-	-	-	(73,941)	(73,941)	(17)	(73,958)
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	-	-	-	-	-	(17,872)	(17,872)	1	(17,871)
At 31 March 2025	287	418,769	1,000	27,084	3,662	(412,564)	38,238	59	38,297

Notes:

1. The share premium account of the Group represents the premium arising from the issuance of shares above its par value.
2. Cumulative expenses recognised on the granting of share options to the eligible participants over the vesting period net of the offset of lapse and forfeiture of the share options granted.
3. Amount of proceeds on issue of the outstanding convertible notes relating to the equity component (i.e. option to convert the debt into share capital).

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

		Year ended 31 March	
		2025	2024
	Notes	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax expense		(17,871)	(73,968)
Adjustments for:			
Interest income	8	(2,007)	(828)
Interest expenses	10	5,101	5,490
Waived sub-placing commission	8	(3,956)	–
Depreciation of property, plant and equipment	9	3,208	4,405
Depreciation of right-of-use assets	9	4,014	4,460
Impairment losses recognized on trade receivables	9	4,452	–
Impairment loss on goodwill	9	–	45,508
Impairment loss on intangible assets	9	–	585
Gain on disposal of property, plant and equipment	8	(3,100)	–
Operating loss before working capital changes		(10,159)	(14,348)
Decrease in inventories		13,157	35,299
Decrease in trade receivables		18,144	13,400
Decrease in prepayments, deposits and other receivables		151	498
Decrease in statutory deposit for financial service business		3	11
Increase in trade payables		6,099	9,218
Decrease in accruals and other payables		(861)	(236)
Increase in cash and bank balances held on behalf of customers		(14,233)	(20,561)
Increase in provision for long service payments		–	392
Cash generated from operations		12,301	23,673
Income taxes (paid)/refund		(354)	10
Net cash from operating activities		11,947	23,683
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,007	828
Purchase of property, plant and equipment		(20)	(194)
Purchase of intangible assets		–	(17)
Placement of time deposits		(213,703)	(45,412)
Withdrawal of time deposits		175,716	24,932
Net cash used in investing activities		(36,000)	(19,863)

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

		Year ended 31 March	
	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible notes	28	–	9,000
Proceeds from issue of promissory notes	27	–	31,000
Redemption of convertibles note	28	–	(40,000)
Principal element of lease rental paid	42	(3,979)	(4,505)
Interest element of lease rental paid	42	(305)	(238)
Interest paid	42	(3,639)	(3,488)
Net cash used in financing activities		(7,923)	(8,231)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		57,537	61,948
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	23	25,561	57,537

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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”).

The principal activities of the Company is investment holding and the provision of management services to subsidiaries. Details of the principal activities of the Company’s subsidiaries are set out in note 34 to the consolidated financial statements.

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company (the “Directors”) on 30 June 2025.

2. ADOPTION OF NEW OR REVISED HKFRS ACCOUNTING STANDARDS (“HKFRSs”)

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

The Hong Kong Institute of Certified Public Accountants (the “HKICPA”) has issued a number of amendments to 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

2. ADOPTION OF NEW OR REVISED HKFRS ACCOUNTING 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 1	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability – Disclosures ³
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

2. ADOPTION OF NEW OR REVISED HKFRS ACCOUNTING STANDARDS (“HKFRSs”) (continued)

(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 interpretations (hereinafter collectively referred to as the “HKFRS Accounting Standards”) issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance (“CO”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(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) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and the costs directly attributable to the acquisition of the items.

The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	Over the shorter of the lease terms and 35%
Plants and machinery	9.5% or 35%
Fixtures, furniture and office equipment	35%
Motor vehicles	18% or 35%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

(b) Leasing

All leases (irrespective of whether they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and the right-of-use assets are amortised over the lease terms.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the relevant reporting entity's incremental borrowing rate.

The payments (generally the fixed payment less any lease incentive for the Group) for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

(c) Financial instruments

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instrument at:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit losses (“ECLs”) on trade receivables, and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are 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. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables from manufacturing and sales of toys segments using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has elected to measure loss allowances for trade receivables from financial Services segments the ECLs for all debtors from financial services segment are assessed individually. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

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

- when there is a breach of financial covenants by the debtor; 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 collateral 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 POLICIES (continued)

(c) Financial instruments (continued)

(ii) *Impairment loss on financial assets (continued)*

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

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

(iii) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities measured at amortised cost

Financial liabilities at amortised cost including trade payables, accruals and other payables, lease liabilities, interest-bearing bank borrowings, promissory notes and the liability components of convertible notes issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Convertible loan notes*

Convertible loan notes issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry dates, the balance stated in convertible notes equity reserve will be released to the accumulated losses. No gain or loss is recognised upon conversion or expiration of the option.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iv) *Convertible loan notes (continued)*

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

(v) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(d) Inventories

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

(e) Revenue recognition

(i) *Manufacturing and sales of toys*

Customers obtain control of the toy products when the goods are delivered to and have been accepted. Revenue is thus recognised when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 30 to 90 days. Please refer to the note 5(ii) on significant accounting judgment.

(ii) *Commission income from securities brokerage*

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed.

(iii) *Management fee and performance fee*

Management fee income are recognised over time as those services are provided continuously over the contract period and the customers consumed the benefits when they are received. Invoices for these services income are issued on a regular basis based on the terms stated in the contract. Performance fees are recognised on the performance fee valuation day of the managed accounts when there is a positive performance for the relevant performance period and it is determined that it will not result in significant reversal in a subsequent period, taking into consideration the relevant basis of calculation for the managed accounts.

(iv) *Handling fee income*

Handling fee income is recognised at the point in time when the services are provided and fee received based on the listed price of relevant services notified to the customers.

(v) *Other income*

Moulding income is recognised at the point in time when the legal title of mould is passed to customer.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

(f) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is generally recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates 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 at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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.

(g) Employee benefits

(i) *Defined contribution retirement plan*

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

(ii) *Short term employee benefits*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(h) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- right-of-use assets;

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRSs, in which case the impairment loss is treated as a revaluation decrease under that HKFRSs.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 4(c)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

(i) *Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the group entities, judgements are required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the group entities are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(ii) *Determination of the accounting treatment for revenue*

Manufacturing and trading of toy products

The Group is principally engaged in the manufacture and trading of toy products. The Group manufactures finished products for customers according to their specifications and the products are sold by customers under their own brand names. The amounts settled by the major customer will be set off against the trade receivable from the major customer. In determining whether the revenue shall be recorded on a net basis or gross basis, the Group has made reference to indicators and requirements stated in the requirements in HKFRS 15 paragraphs B34 – B38 and considered the economic substance of the transactions.

Determining whether an entity is acting as a principal or as an agent requires judgements and consideration of all relevant facts and circumstances, and the Group considers itself does not has an agency relationship with the customer under HKFRS 15 based on the following criteria:

- The Group is primarily responsible for fulfilling the promise to provide the specified goods;
- The Group controls the specified goods before their transfer to the customer;
- The Group has inventory risk before the specified goods has been transferred to the customer; and
- The Group has discretion in establishing the prices for the specified goods.

The Group also considers that the economic substance of the raw materials purchase transaction and the sales transaction with Customer A is not a linked transaction, it should be dealt with as separate transaction. As a result, manufacturing and trading revenue is presented on a gross basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below.

(i) *Provision for obsolete and slow-moving inventories*

Management of the Group reviews an ageing analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving items. These estimates are based on the current market conditions and the historical experience of selling merchandise of similar nature. It could change as a result of changes in market conditions. Such changes will have impact on the carrying amounts of inventories and the allowance of the inventories in the period in which such estimates have been changed. The Group reassesses these estimates at the end of each reporting period.

(ii) *Provision for impairment of receivables*

The Group uses provision matrix to calculate ECLs for the trade receivables from the manufacturing and sales of toys segment. The provision rates are based on debtors' ageing as groupings of various debtors that have same credit periods and similar payment patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the reporting date, the historical observed default rates are updated and changes in the forward-looking information are considered by the management.

The management estimates the amount of impairment allowance for ECLs on trade receivables from the financial services segment, other financial assets at amortised cost based on the credit risk of the respective financial instrument. The loss allowance is measured as the difference between the asset's carrying amount and the present value of estimate future cash flows with the consideration of expected future credit loss of the respective financial instrument and collateral value. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty about future economic conditions which have an adverse effect on debtors' business, debtors' creditworthiness, the payment delinquency or default in interest or principal payments, and fair values of collaterals.

6. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by 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, 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 revenue, 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-marker for assessment of segment performance. The following is an analysis of the Group's revenue and results by reporting segment for the year:

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

6. OPERATING SEGMENT INFORMATION (continued)

(a) Reportable segments (continued)

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	52,079	19,854	71,933
Cost of sales/financial services (note(c))	(48,454)	(21,802)	(70,256)
Segment profit/(loss)	357	(10,424)	(10,067)
Central administrative cost (note(a))			(3,007)
Finance cost			(4,797)
Loss before income tax expense			(17,871)
	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	166,431	10,828	177,259
Cost of sales/financial services (note(c))	(149,255)	(20,116)	(169,371)
Segment profit/(loss)	1,444	(67,071)	(65,627)
Central administrative cost (note(a))			(3,089)
Finance cost			(5,252)
Loss before income tax expense			(73,968)

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 corporates 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.

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For the year ended 31 March 2025

6. 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
Total segment assets	80,626	98,534
Unallocated	84,028	78,017
Consolidated assets	164,654	176,551

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
Total segment liabilities	73,638	81,527
Unallocated	52,719	38,856
Consolidated liabilities	126,357	120,383

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

6. 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 receivables	–	(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)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

6. 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 (note 1)	41,690	102,726
Western Europe		
– United Kingdom	1,721	7,291
– France	318	6,949
– Others (note 2)	3,972	13,924
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 (note 3)	21,650	23,978
Total	71,933	177,259

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 and Southeast Asia and South America

(ii) Specified non-current assets

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

6. OPERATING SEGMENT INFORMATION (continued)

(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 HK\$'000	2024 HK\$'000
Customer A	34,832	132,442
Customer B	15,660	28,198
Total	50,492	160,640

(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	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 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	52,079	166,431	19,854	10,828	71,933	177,259

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

7. 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 HK\$'000	2024 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	2,608	1,538
Total	71,933	177,259

8. OTHER REVENUE

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

Notes:

- (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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

9. LOSS BEFORE INCOME TAX EXPENSE

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

	Year ended 31 March	
	2025 HK\$'000	2024 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 (<i>note 11(a)</i>)	5,317	7,721
Wages and salaries	22,781	17,873
Contribution to defined contribution plans	535	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 receivables	4,452	–

10. FINANCE COSTS

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' remuneration

Remuneration paid or payable to each director is disclosed as follows:

Year ended 31 March 2025	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement scheme contribution HK\$'000	Total HK\$'000
Executive Directors					
Mr. Poon Pak Ki, Eric	–	480	29	18	527
Mr. Chu, Raymond	–	3,000	–	18	3,018
Mr. Hau Yiu Por	–	480	29	–	509
Ms. Tang Yuen Ching Irene (note (b))	–	504	20	18	542
	–	4,464	78	54	4,596
Independent non-executive Directors					
Mr. Leung Po Wing, Bowen Joseph	231	–	–	–	231
Mr. Chan Siu Wing, Raymond	198	–	–	–	198
Mr. Wong Wah On, Edward	198	–	–	–	198
Ms. Yeung Wai Ling (note (c))	94	–	–	–	94
	721	–	–	–	721
Total	721	4,464	78	54	5,317

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' remuneration (continued)

Year ended 31 March 2024	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement scheme contribution HK\$'000	Total HK\$'000
Executive Directors					
Mr. Lau Ho Ming, Peter (note (a))	–	1,190	73	22	1,285
Mr. Poon Pak Ki, Eric	–	855	92	27	974
Mr. Chu, Raymond	–	3,000	–	18	3,018
Mr. Hau Yiu Por	–	1,023	100	17	1,140
Ms. Tang Yuen Ching Irene (note (b))	–	520	10	–	530
	–	6,588	275	84	6,947
Non-executive Director					
Madam Li Man Yee, Stella (note (a))	160	–	–	–	160
	160	–	–	–	160
Independent non-executive Directors					
Mr. Leung Po Wing, Bowen Joseph	226	–	–	–	226
Mr. Chan Siu Wing, Raymond	194	–	–	–	194
Mr. Wong Wah On, Edward	194	–	–	–	194
	614	–	–	–	614
Total	774	6,588	275	84	7,721

Note:

- (a) Mr. Lau Ho Ming, Peter and Madam Li Man Yee, Stella retired on 9 November 2023.
- (b) Ms. Tang Yuen Ching Irene was appointed as an Executive Director on 9 November 2023.
- (c) Ms. Yeung Wai Ling was appointed as an Independent non-executive Director on 24 September 2024.
- (d) The remunerations paid or payable to executive directors of the Company were for their services in connection with the management of the affairs of the Group.
- (e) The remunerations paid or payable to independent non-executive Directors' shown above were for their services as Directors.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Five highest paid employees

The five individuals whose remuneration were the highest in the Group for the year ended 31 March 2025 included 5 Directors (2024: 5) and their remuneration is reflected in note 11(a).

12. INCOME TAX CREDIT

For the year ended 31 March 2025, Hong Kong Profits Tax of the certain subsidiaries 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 HK\$'000	2024 HK\$'000
Current – Hong Kong		
Over provision in prior years	–	(10)
Income tax credit for the year	–	(10)

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 HK\$'000	2024 HK\$'000
Loss before income tax expense	(17,871)	(73,968)
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)
Income tax credit	–	(10)

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.

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For the year ended 31 March 2025

13. 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).

14. 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 owner 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).

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Fixtures, furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 March 2024					
Cost:					
At 1 April 2023	3,878	18,975	8,265	1,146	32,264
Additions	–	–	194	–	194
At 31 March 2024	3,878	18,975	8,459	1,146	32,458
Accumulated depreciation:					
At 1 April 2023	1,957	13,320	8,128	1,069	24,474
Depreciation charge for the year	1,230	3,004	131	40	4,405
At 31 March 2024	3,187	16,324	8,259	1,109	28,879
Carrying value:					
At 31 March 2024	691	2,651	200	37	3,579

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For the year ended 31 March 2025

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Fixtures, furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 March 2025					
Cost:					
At 1 April 2024	3,878	18,975	8,459	1,146	32,458
Additions	–	–	20	–	20
Disposals	–	(7,551)	–	–	(7,551)
Written-off	–	(1,611)	–	–	(1,611)
At 31 March 2025	3,878	9,813	8,479	1,146	23,316
Accumulated depreciation:					
At 1 April 2024	3,187	16,324	8,259	1,109	28,879
Depreciation charge for the year	680	2,363	128	37	3,208
Disposals	–	(7,551)	–	–	(7,551)
Written-off	–	(1,611)	–	–	(1,611)
At 31 March 2025	3,867	9,525	8,387	1,146	22,925
Carrying value:					
At 31 March 2025	11	288	92	–	391

For the year ended 31 March 2025, management identified impairment indicator of cash-generating unit (“CGU”) in relation to Crosby Securities Limited (“CSL”) due to their unfavorable performance. The Group engaged an independent valuer, APAC Asset Valuation and Consulting Limited “APAC” to perform an impairment assessment of the property, plant and equipment and right-of-use assets (note 16) in the assumption that the operating segment as an individual CGU. As the CGU in relation to CSL sustained a negative cash flow for the year ended 31 March 2025 and such position is expected to continue in the foreseeable future, the directors of the Company are of the opinion that the income approach is inappropriate to reflect the value of CGU in relation to CSL as at 31 March 2025. The recoverable amount of CGU in relation to CSL was determined based on its fair value less costs of disposal under asset-based approach as at 31 March 2025.

The key parameters used for fair value less costs disposal under asset-based approach is the estimated discount for lack of marketability 3.8%. The fair value less costs of disposal of the CGU is classified as a level 3 measurement.

Based on the above assessment, the recoverable amounts of CGU in relation to CSL was approximately to its carrying amount as at 31 March 2025. No impairment loss was recognised for the year ended 31 March 2025.

The management considered that a reasonably possible change in the key assumptions and inputs on the CGU would not cause significant impairment loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

16. RIGHT-OF-USE ASSETS

The Group leases certain properties in Hong Kong. The periodic rent is fixed over the lease term.

The movements in right-of-use assets during the year are as follows:

	Rented premises HK\$'000	
At 1 April 2023	6,091	
Depreciation	(4,460)	
At 31 March 2024 and 1 April 2024	1,631	
Additions	7,514	
Depreciation	(4,014)	
At 31 March 2025	5,131	
	2025 HK\$'000	2024 HK\$'000
Expense relating to short-term leases	428	1,519
Total cash outflow for leases	4,407	6,024

The Group regularly entered into short-term leases for office. As at 31 March 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

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For the year ended 31 March 2025

17. 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, 31 March 2024 and 31 March 2025	184,783
Impairment	
At 1 April 2023	(139,275)
Impairment loss	(45,508)
At 31 March 2024 and 31 March 2025	(184,783)
Carrying amount	
At 31 March 2025	–
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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

17. GOODWILL (continued)

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 earning 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% – 0.91%
Revenue growth rate within 5 years	-7.63 – 595.64%
Long-term growth rate	2.5%
Pre-tax discount rate	15.53%

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	
Significant unobservable inputs	Range
Net assets value	HK\$211,000

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For the year ended 31 March 2025

18. INTANGIBLE ASSETS

**Trading rights,
trademarks and
website**
HK\$'000

Cost:

At 31 March 2025 and 31 March 2024	585
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Impairment

At 31 March 2025 and 31 March 2024	(585)
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Carrying amount

At 31 March 2025 and 31 March 2024	–
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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 17.

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 the 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 17.

19. INVENTORIES

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

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20. TRADE RECEIVABLES

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

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 (<i>note(a)</i>)	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
	1,614	8,293
Less: Allowance for impairment loss (<i>note (b)</i>)	–	(2,000)
	1,614	6,293

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

20. 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
Neither past due nor impaired	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
	1,614	6,293

Notes:

- (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.
- (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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

20. TRADE RECEIVABLES (continued)

	Life time ECL (credit impaired) HK\$'000
As at 1 April 2023	2,150
Bad debts written off	(150)
As at 31 March 2024 and 1 April 2024	2,000
ECL charged to profit or loss	4,452
Bad debts written off	(6,452)
As at 31 March 2025	–

The Group seeks to maintain tight control over its outstanding trade receivables in order to minimise credit risk.

Trade receivables from Manufacturing and sales of toys segment

The credit period on sales of toys ranges 30–90 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 HK\$'000	2024 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
	744	18,661

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 HK\$'000	2024 HK\$'000
Not past due	691	17,790
Less than 1 month past due	53	539
1 to 3 months past due	–	332
	744	18,661

Further details on the Group's credit policy and credit risk arising from trade receivables from financial service segment and manufacturing and trading of toys segment are set out in note 40.

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For the year ended 31 March 2025

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Non-current assets:		
Deposits	35	200
Current assets:		
Prepayments	1,157	1,133
Deposits	1,031	1,138
Other receivables	3,264	67
	5,452	2,338

22. CASH AND BANK BALANCES HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash and bank balances held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding trade payable (note 24) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

23. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Cash and cash equivalents were denominated in (note (a)):		
HK\$	18,993	50,821
Renminbi("RMB")	99	98
United States Dollars ("US\$")	6,238	6,271
Singapore Dollars ("SGD")	231	347
	25,561	57,537
Time deposits in (note (b)):		
HK\$	58,467	20,480

Notes:

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.
- (b) Time deposits as at 31 March 2025 represented bank deposits placed in banks in Hong Kong and carry interest at approximately 3.43%-3.91% (2024: 4.63%) per annum. The time deposits were mature on 24 April 2025 and 27 May 2025 (2024: 15 April 2024).

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For the year ended 31 March 2025

24. 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	2,757	10,556
	66,125	63,982

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 and clearing house	104	3,956
	63,368	53,426

The settlement terms of trade payable 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 payable 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

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For the year ended 31 March 2025

25. RECEIPTS IN ADVANCE, ACCRUALS AND OTHER PAYABLES

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Accruals	2,787	2,982
Other payables	285	951
	3,072	3,933

26. LEASE LIABILITIES

The analysis of the present value of the future lease payments is as follows:

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Analysed for reporting purpose as:		
Current liabilities	3,799	1,719
Non-current liabilities	1,455	–
	5,254	1,719

Movement of lease liabilities during the year:

	2025	2024
	HK\$'000	HK\$'000
Leased premises		
At 1 April	1,719	6,224
Additions	7,514	–
Interest expense	305	238
Lease payments	(4,284)	(4,743)
At 31 March	5,254	1,719

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26. LEASE LIABILITIES (continued)

	As at 31 March 2025		As at 31 March 2024	
	Future lease payments HK\$'000	Present value of Future lease payments HK\$'000	Future lease payments HK\$'000	Present value of Future lease payments HK\$'000
Within one year	4,020	3,799	1,734	1,719
Within a period of more than one year but no more than two years	1,470	1,455	–	–
	5,490	5,254	1,734	1,719
Less: future interest expenses	(236)	–	(15)	–
Present value of lease liabilities	5,254	5,254	1,719	1,719
Less: Amounts due for settlement within twelve months (shown under current liabilities)		3,799		1,719
Amounts due for settlement after twelve months (shown under non-current liabilities)		1,455		–

The Group discounted the lease liabilities at the weighted average incremental borrowing rate of 6.92% for the year ended 31 March 2025 (2024: 6.28%).

27. 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.

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28. 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. 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 2025 and 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:

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

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28. 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
Interest expense	1,696	1,273
Interest paid	(539)	(473)
At 31 March	7,295	6,138
Current:	–	–
Non-Current:	7,295	6,138
At 31 March	7,295	6,138

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For the year ended 31 March 2025

29. SHARE CAPITAL

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

	2025		2024	
	Number of shares	HK\$'000	Number of shares	HK\$'000
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
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

30. RESERVES

Details of the movements in the reserves of the Company during the year are as follows:

	Share premium HK\$'000	Accumulated losses HK\$'000	Share option reserve HK\$'000	Convertible notes equity reserve HK\$'000	Total HK\$'000
At 1 April 2023	418,769	(341,175)	28,314	17,825	123,733
Lapse of share options	–	813	(813)	–	–
Issuing new convertible notes	–	–	–	3,662	3,662
Redemption of convertible notes	–	17,825	–	(17,825)	–
Loss and total comprehensive income for the year	–	(80,681)	–	–	(80,681)
At 31 March 2024 and 1 April 2024	418,769	(403,218)	27,501	3,662	46,714
Lapse of share options	–	417	(417)	–	–
Loss and total comprehensive income for the year	–	(12,737)	–	–	(12,737)
At 31 March 2025	418,769	(415,538)	27,084	3,662	33,977

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31. 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.

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.

On 17 March 2014, the Company granted 10,800,000 share options (the “first share option”) 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; and

- (3) All outstanding or unexercised share options granted to the grantees shall lapse on 16 March 2019 or 16 March 2024.
- (4) The estimated fair value of share options granted on 17 March 2014 was HK\$3,911,000.

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31. EQUITY SETTLED SHARE-BASED PAYMENTS (continued)

On 3 July 2015, the Company granted 13,400,000 share options (the “second share option”) 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; and

- (3) All outstanding or unexercised share options granted to the grantees shall lapse on 2 July 2025.
- (4) The estimated 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 (the “third share option”) 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; and

- (3) All outstanding or unexercised share options granted to the grantees shall lapse on 23 March 2026.
- (4) The estimated fair value of share options granted on 24 March 2016 was HK\$38,068,913.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

31. 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					
	Exercise price <i>(note 1)</i>	Balance as at 1 April 2024 <i>(note 1)</i>	Forfeited during the year	Balance as at 31 March 2025	Date of grant of share options	Exercisable periods of share options
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

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For the year ended 31 March 2025

31. 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)

		Number of share options				
	Exercise price (note 1)	Balance as at 1 April 2024 (note 1)	Forfeited during the year	Balance as at 31 March 2025	Date of grant of share options	Exercisable periods of share options
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	1,200,000	–	1,200,000	3 July 2015	3 July 2015 to 2 July 2025
	HK\$0.748	14,056,000	(1,160,000)	12,896,000	24 March 2016	24 March 2016 to 23 March 2026
Total		66,803,800	(1,160,000)	65,643,800		

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

31. 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					
	Exercise price (note 1)	Balance as at 1 April 2023 (note 1)	Forfeited during the year	Balance as at 31 March 2024	Date of grant of share options	Exercisable periods of share options
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	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

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For the year ended 31 March 2025

31. 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)

	Number of share options					
	Exercise price (note 1)	Balance as at 1 April 2023 (note 1)	Forfeited during the year	Balance as at 31 March 2024	Date of grant of share options	Exercisable periods of share options
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		68,603,800	(1,800,000)	66,803,800		

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 and hence the balance as at 1 April 2023 has been restated.

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

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For the year ended 31 March 2025

31. EQUITY SETTLED SHARE-BASED PAYMENTS (continued)

The following share options were outstanding during the year:

	2025		2024	
	Weighted average exercise price per share \$	Number of options	Weighted average exercise price per share \$	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).

32. DEFERRED TAX

Details of the deferred tax liabilities recognised and movements during the current year:

	Accelerated tax depreciation HK\$'000
At 31 March 2024, 1 April 2024 and 31 March 2025	(178)

33. AMOUNT DUE TO NON-CONTROLLING INTERESTS

The amount due to non-controlling interests were non-trade in nature, unsecured, interest-free.

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For the year ended 31 March 2025

34. INTERESTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Company name	Place and date of incorporation/ establishment	Particulars of issued and fully paid share capital	Percentage of equity attributable to the Company		Place of operation and principal activities
			Direct %	Indirect %	
Subsidiaries					
Turbo Gain Investments Limited	British Virgin Islands, 2 March 2012	1 ordinary share of United States dollar (“US\$”) 1 each	100 (2024: 100)	–	British Virgin Islands/Investment holding
Crosby Asia Limited (“CAL”)	British Virgin Islands, 23 April 2015	1 ordinary share of US\$1 each	100 (2024: 100)	–	British Virgin Islands/Investment holding
Fortunate Tranquil Limited	British Virgin Islands, 18 January 2018	1 ordinary share of US\$1 each	100 (2024: 100)	–	British Virgin Islands/Investment holding
Qualiman Industrial Co. Limited	Hong Kong, 14 November 1996	Ordinary shares of HK\$1,000,000	– (2024: 100)	100	Hong Kong and the People’s Republic of China/Manufacture and trading of toys and other products
Crosby Securities Limited	Hong Kong, 23 May 2012	Ordinary shares of HK\$223,644,510	– (2024: 100)	100	Hong Kong/Securities brokerage, securities margin financing, provision of investment advisory, corporate finance advisory and asset management services
Crosby Asset Management (Hong Kong) Limited	Hong Kong, 30 May 1986	Ordinary shares of HK\$25,782,332	– (2024: 100)	100	Hong Kong/Provision of investment advisory and fund management services
Crosby Financial Products Limited	Hong Kong, 11 December 2015	Ordinary shares of HK\$1	– (2024: 100)	100	Hong Kong/Trading and investment in securities, debts and funds
Ballas Group Limited(“Ballas”)	Republic of Seychelles, 17 August 2016	100 Ordinary shares of US\$1 each		52% (2024: Nil)	Republic of Seychelles/ Investment holding
Ballas Capital Limited	Hong Kong, 17 August 2016	Ordinary shares of HK\$15,000,000		52% (2024: Nil)	Hong Kong/ Corporate finance advisory services and underwriting and placing services

None of the subsidiaries had issued any debt securities at the end of the year. Balances with subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

35. RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in this consolidated financial statements, the Group had the following material transactions with related parties during the year:

Relationship/name of related party	Nature of transaction	Year ended 31 March	
		2025	2024
		HK\$'000	HK\$'000
<i>Companies controlled by Mr. Lau Ho Ming, Peter and Madam Li Man Yee, Stella</i>			
Gold Prospect Capital Resources Limited	Rental expenses (a)	428	1,519

- (a) The rental expenses paid to Gold Prospect Capital Resources Limited were mutually agreed between the Group and the related party.

- (ii) Compensation of key management personnel of the Group, including Directors' remuneration as disclosed in note 11(a) is as follows:

	Year ended 31 March	
	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	7,700	9,224
Discretionary bonus	78	275
Contribution to defined contribution plans	90	145
	7,868	9,644

36. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 March 2025 (2024: Nil).

37. CAPITAL COMMITMENTS

As at 31 March 2025, the Group did not have any capital commitments (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following tables present details of financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

Financial assets subject to offsetting				
Gross amount of recognised financial assets	Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position	
HK\$'000	HK\$'000	HK\$'000	Cash collateral received	Net amount
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

At 31 March 2025

Type of financial assets

Trade receivables from Hong Kong Securities

Clearing Company Limited ("HKSCC")

-	-	-	369	369
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At 31 March 2024

Type of financial assets

Trade receivables from HKSCC

439	(89)	350	372	722
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Financial liabilities subject to offsetting				
Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position	
HK\$'000	HK\$'000	HK\$'000	Cash collateral received	Net amount
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

At 31 March 2025

Type of financial liabilities

Trade payables from HKSCC

103	-	103	-	-
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At 31 March 2024

Type of financial liabilities

Trade payables from HKSCC

89	(89)	-	-	-
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Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

39. FINANCIAL INSTRUMENTS BY CATEGORY

The following table shows the carrying amounts and fair value of financial assets and liabilities of the Group at the end of the reporting period:

Financial assets

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Financial assets at amortised cost:		
Trade receivables	2,358	24,954
Deposits and other receivables	4,330	1,405
Statutory deposit for financial service business	369	372
Time deposits	58,467	20,480
Cash and bank balances held on behalf of customers	63,265	49,032
Cash and cash equivalents	25,561	57,537
	154,350	153,780

Financial liabilities

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Financial liabilities measured at amortised cost:		
Trade payables	66,125	63,982
Accruals and other payables	3,072	3,933
Convertible notes	7,295	6,138
Amount due to non-controlling interests	13,041	13,041
Promissory notes payable	31,000	31,000
Lease liabilities	5,254	1,719
	125,787	119,813

Notes to the Consolidated Financial Statements

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Foreign currency risk

Substantially all the transactions of the Company's subsidiaries in Hong Kong are carried out in US\$ and HK\$. As HK\$ is linked to US\$, the Group does not have material exchange rate risk on such currency.

Interest rate risk

The Group currently does not have any interest rate hedging policy. The Group monitors the interest rate risk exposure closely and may consider to enter any hedging activities if the need arises.

The Group's cash flow interest rate risk relates primarily to bank balances which are all short-term in nature. Interest-bearing financial liabilities are mainly promissory notes and convertible notes with fixed interest rates which do not expose the Group to fair value interest rate risk.

Credit risk

As at 31 March 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, mainly including trade receivables, deposits and other receivables, cash and bank balances held on behalf of customers and cash and cash equivalents.

Definition of stage 1, stage 2 and stage 3 are as below:

- Stage 1: Exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the life-time ECL associated with the probability of default events occurring within the next 12 months is recognized.
- Stage 2: Exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a life-time ECL (i.e. reflecting the remaining life-time of the financial assets) is recognised.
- Stage 3: Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a life-time ECL is recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Significant increase in credit risk

As explained in note 3, the Group monitors all financial assets that are subject to impairment allowances to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECLs.

At the end of each reporting period, the Group should evaluate if there is a significant increase in credit risk on trade receivables from financial service segment since the initial recognition. A variety of factors were considered whereby the evaluation stage of ECLs of relevant financial instrument, which includes regulatory and operating environment, internal and external credit rating, solvency, managing ability, repayment history and other forward-looking information. When performing evaluation on the significant increase in credit risk, the Group should take below factors into consideration, including but not limited to:

- Significant increase in credit spread;
- Actual or expected significant changes in external credit rating on the obligor or the debts;
- Significant adverse changes in business, financial and/or economic conditions in which the debtor operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the debtor;
- Significant change in collateral value (margin financing only) which is expected to increase risk of default; and
- Early signs of cash flow/liquidity problems such as delay in payment.

For the debtor's contractual payments (including principal and interest) that are more than 30 days past due, the Group considers a financial instrument to have experienced a significant increase in credit risk and classified it into Stage 2, unless the Group has reasonable and supportable information that demonstrates otherwise.

Definition of default and credit impaired financial asset

The Group defines a financial instrument as in default, which is aligned with the definition of credit-impaired. Evidence that a financial instrument is credit impaired include observable data about the follow events:

- Significant financial difficulty of the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring; and
- The debtor leaves any of principal, advance or interest of the Group overdue for more than 90 days.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not necessarily due to a single event.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade receivables from financial services segment

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary. As at 31 March 2025, there are no outstanding balance of margin loans (31 March 2024: nil).

In order to minimise the credit risk, the management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits and maintenance margin ratio/collateral coverage ratio for the margin financing, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Any subsequent change in value as well as quality of collateral is closely monitored in order to determine whether any corrective action is required. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

For trade receivable arising from placing commission and Management fee and performance fee, the Group applied expected credit loss rate based on historical credit record of experience and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, with adjustment to reflect current conditions and forecasts of future economic conditions.

Trade receivables from manufacturing and sales of toys segment

In respect of trade receivables from manufacturing and sales of toys segment, 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 customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of the customers. The Group does not obtain collateral from customers.

Expected loss rate of trade receivables from manufacturing and sales of toys segment are assessed to be 0.01%, 0.1%, and 1.5% for the amounts less than 30 days past due, 31 days to 90 days past due, and over 90 days past due respectively. Hence, the provision for ECLS for trade receivables from manufacturing and sales of toy segments was assessed to be immaterial.

As at 31 March 2025, the trade receivables from the five largest debtors represented 100% (2024: 100%) of the total trade receivables, while the largest debtor represented 43% (2024: 87%) of the total trade receivables. Given the credit worthiness and reputation of the major debtors, management believes the risk arising from concentration is manageable and not significant.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Deposit and other receivables

As at 31 March 2025, the Directors assessed the ECLs for deposit and other receivables are not material when they do not have default history and the debtors has a strong capacity to meet its contractual cash flow obligations in the near term.

Cash and bank balances held on behalf of customers and cash and cash equivalents

In respect of cash deposited with banks and financial institutions, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions. The ECLs of bank balances and cash is close to zero.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables, deposits and other receivables, cash and bank balances held on behalf of customers, cash and cash equivalents are disclosed in notes 20, 21, 22 and 23 respectively.

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, 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.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Within 1 year or on demand HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 year but within 3 years HK\$'000	Total contractual amount HK\$'000	Carrying amount HK\$'000
31 March 2025					
Trade payables	66,125	–	–	66,125	66,125
Accruals	2,787	–	–	2,787	2,787
Other payables	285	–	–	285	285
Convertible notes	540	9,068	–	9,608	7,295
Promissory notes	3,100	31,382	–	34,482	31,000
Amount due to non-controlling interests	13,041	–	–	13,041	13,041
Lease liabilities	4,020	1,470	–	5,490	5,254
	89,898	41,920	–	131,818	125,787

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	Within 1 year or on demand HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 year but within 3 years HK\$'000	Total contractual amount HK\$'000	Carrying amount HK\$'000
31 March 2024					
Trade payables	63,982	–	–	63,982	63,982
Accruals	2,982	–	–	2,982	2,982
Other payables	951	–	–	951	951
Convertible notes	540	540	9,068	10,148	6,138
Promissory notes	3,099	3,100	31,382	37,581	31,000
Amount due to non-controlling interests	13,041	–	–	13,041	13,041
Lease liabilities	1,734	–	–	1,734	1,719
	86,329	3,640	40,450	130,419	119,813

Fair values

In the opinion of the Directors, the carrying amounts of financial assets and liabilities approximate their fair values.

Financial instruments not measured at fair value

The fair values of cash and cash equivalents, cash and bank balances held on behalf of customers, statutory deposit for financial service business, trade receivables, deposits and other receivables, trade payables, and accruals and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of promissory notes, lease liabilities and convertible notes have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

Capital management

The capital structure of the Group consists of debts, which includes the promissory notes payable in note 27, convertible notes in note 28, and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in notes 29 and 30 respectively. The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group's overall strategy remains unchanged from prior year.

	At 31 March	
	2025	2024
	HK\$'000	HK\$'000
Debt	38,295	37,138
Equity	38,297	56,168
Debt to equity ratio	100.0%	66.1%

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41. COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

		At 31 March	
	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSET			
Amounts due from subsidiaries		145,493	148,493
Total non-current asset		145,493	148,493
CURRENT ASSETS			
Prepayments		335	187
Cash and cash equivalents		752	986
Total current assets		1,087	1,173
CURRENT LIABILITIES			
Accruals		1,174	1,507
Amount due to a related company		72,817	63,990
Total current liabilities		73,991	65,497
NET CURRENT LIABILITIES		(72,904)	(64,324)
TOTAL ASSETS LESS CURRENT LIABILITIES		72,589	84,169
NON-CURRENT LIABILITIES			
Convertible notes		7,295	6,138
Promissory notes		31,000	31,000
Provision for long service payments		30	30
Total non-current liabilities		38,325	37,168
NET ASSETS		34,264	47,001
EQUITY			
Share capital	29	287	287
Reserves	30	33,977	46,714
TOTAL EQUITY		34,264	47,001

On behalf of the Board

Chu, Raymond
Director

Poon Pak Ki, Eric
Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

42. NOTE SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Lease liabilities <i>(note 26)</i> HK\$'000	Convertible notes <i>(note 28)</i> HK\$'000	Promissory notes <i>(note 27)</i> HK\$'000
At 1 April 2023	6,224	39,036	–
Changes from cash flows:			
Redemption of convertible notes	–	(40,000)	–
Proceeds from issue of convertible notes	–	9,000	–
Proceeds from issue of promissory notes	–	–	31,000
Interest paid	(238)	(769)	(2,719)
Repayment of principal portion of the lease liabilities	(4,505)	–	–
Total changes from financing cash flows:	(4,743)	(31,769)	28,281
Other changes:			
Interest expenses	238	2,533	2,719
Equity component	–	(3,662)	–
Total other changes	238	(1,129)	2,719
At 31 March 2024 and 1 April 2024	1,719	6,138	31,000
Changes from cash flows:			
Interest paid	(305)	(539)	(3,100)
Repayment of principal portion of the lease liabilities	(3,979)	–	–
Total changes from financing cash flows:	(4,284)	(539)	(3,100)
Other changes:			
Interest expenses	305	1,696	3,100
New lease	7,514	–	–
Total other changes	7,819	1,696	3,100
At 31 March 2025	5,254	7,295	31,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

43. CONTINGENT LIABILITIES

On 8 August 2024, Crosby Securities Limited (“CSL”), a direct wholly-owned subsidiary of the Company and eight other independent parties, received a writ of summon by an independent third party (the “Plaintiff”). The claim against CSL for breach of fiduciary and/or contractual duties. The proceedings are related to claims (i) failed to hold and protect plaintiff’s assets held in Capital Investment Entrant Scheme (“CIES”) account alongside a cash account (“Crosby Accounts”) and to guard against the placement of unauthorized orders that were in breach of plaintiff’s investment mandate and/or withdrawals from the Crosby Accounts; (ii) failed to implement pre-and post-transaction controls; (iii) failed to exercise due and proper risk management and supervisory control of the Crosby Accounts; (iv) failed to cross-check the signatures on the documents; (v) failed to take into consideration “Investment Profile Due Diligence Form” dated 13 March 17, whereby Plaintiff had declared that Plaintiff had “no knowledge in private investment funds” and allowing highly risky and volatile investments to be made in the Crosby Accounts; (vi) failed to conduct investment and transactions in the Crosby Accounts in accordance with Plaintiff’s investment mandate; and (vii) approving cash withdrawals without Plaintiff’s approval in the total sum of about HK\$22,643,258 without verifying with Plaintiff whether the Plaintiff had in fact made such withdrawal requests and relying upon cash withdrawal forms which bore Plaintiff’s forged signature (the “Litigation”).

On 25 April 2025 the Company has engaged a lawyer firm to defend its position in the litigation. The lawyer has issued a letter to the Plaintiff for a sanctioned offer which CSL will apply to the court for a costs order that the plaintiff and CSL do bear their own costs of this action by invoking the otherwise proviso under O. 22 r. 20(1) of the rules of the high court on the ground that the Plaintiff have incurred unnecessary costs in commencing this action against CSL.

This sanctioned offer is made not less than 28 days before the commencement of the trial. Pursuant to O.22, r. 16 of the rules of high court, after the expiry of 28 days from the date of this sanctioned offer being made. Up to the reporting date, there has been no reply from the Plaintiff.

The directors of the Company consider that probable outflow of resources embodying economic benefits from the Group has not yet been established at the current stage so no provision was recognised as at 31 March 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

44. SUBSEQUENT EVENT

On 6 June 2025, the Company and Emperor Capital Investment Holdings Limited (the “Purchaser”) entered into the sale and purchase agreement (the “Agreement”) dated 6 June 2025 in relation to the disposal, pursuant to which the Purchaser has agreed to acquire, and the Company has agreed to sell, the Sale Share (representing the entire issued share capital of Crosby Asia Limited (“Crosby Asia”)) and Sale Loan (representing all the sums owing by the Crosby Asia to the Company as at Completion). The consideration for the Sale Share and the Sale Loan was arrived at after arm’s length negotiations between the Company and the Purchaser on normal commercial terms and shall be equal to the consolidated net asset value of Crosby Asia (“NAV”) as at 30 June 2025. Based on the latest available financial information, the Company estimates that the consideration will be approximately HK\$11.2 million. The Directors believe that the disposal will streamline the Group’s operations by eliminating Crosby Asia’s high operating costs, enabling the reallocation of financial resources to bolster liquidity.

The completion of the disposal of Crosby Asia is subject to, including but not limited to, the satisfaction of the following conditions being fulfilled (or waived by the Purchaser in writing) on or before 30 September 2025 or such other later date as the Company and the Purchaser may agree in writing (the “Long Stop Date”):

- a) compliance with all applicable laws, including but not limited to the approval by the Company’s shareholders at the extraordinary general meeting;
- b) regulatory approvals from the Securities and Futures Commission of Hong Kong under Section 132 of the Securities and Futures Ordinance (CAP. 571) of Hong Kong for the Purchaser (or its nominees) to become an ultimate sole shareholder of Crosby Asia;
- c) no material adverse change in the business, financial condition, or operations of Crosby Asia, CSL, or Crosby Financial Products Limited (other than developments in the Litigation (note 43)); and
- d) full disclosure of the Litigation (note 43) to the Purchaser;

The sale and purchase of the Sale Share and Sale Loan pursuant to the Agreement are in all respects conditional upon all the conditions which have to be fulfilled to the satisfaction of the Purchaser (unless waived by the Purchaser in writing) on or before the Long Stop Date, failing which, the Purchaser is entitled to terminate this Agreement by giving a written notice to the Company and the Company shall return to the Purchaser all sums paid by the Purchaser hereunder (if any) within 7 days after the said notice without costs, compensation or interest and neither party hereto shall have any claim against the other party save and except for any antecedent breach.

Upon completion of the disposal, Crosby Asia and its subsidiaries will cease to be subsidiaries of the Company and the financial results of Crosby Asia and its subsidiaries will cease to be consolidated into the consolidated financial statements of the Group.

For further details of the disposal of entire equity interest in a subsidiary, please refer to the Company’s announcements dated 8 June 2025.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is prepared on the basis set out in the notes below:

RESULTS

	2025 HK\$'000	Year ended 31 March			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
REVENUE	71,933	177,259	341,801	448,655	485,788
Cost of sales	(48,454)	(149,255)	(296,867)	(394,217)	(414,200)
Gross profit	32.6% 23,479	15.80% 28,004	13.15% 44,934	12.13% 54,438	14.74% 71,588
Other income, gains and losses	14,181	1,429	3,000	2,524	2,716
Selling expenses	(1,420)	(3,756)	(7,521)	(10,925)	(11,227)
Administrative expenses	(44,558)	(48,062)	(61,648)	(80,048)	(74,926)
Impairment loss on goodwill	–	(45,508)	(36,161)	(48,513)	(10,696)
Impairment loss on intangible assets	–	(585)	–	–	–
Impairment losses recognised on trade receivables	(4,452)	–	(2,150)	–	–
Finance costs	(5,101)	(5,490)	(12,709)	(11,766)	(11,646)
(LOSS) BEFORE INCOME TAX EXPENSE	(17,871)	(73,968)	(72,255)	(94,290)	(34,191)
Income tax expense	–	10	(66)	(84)	(1,437)
(LOSS) FOR THE YEAR	(17,871)	(73,958)	(72,321)	(94,374)	(35,628)

ASSETS AND LIABILITIES

	2025 HK\$'000	As at 31 March			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
TOTAL ASSETS	164,654	176,551	243,876	381,507	438,842
TOTAL LIABILITIES	(126,357)	(120,383)	(117,412)	(182,797)	(145,758)
	38,297	56,168	126,464	198,710	293,084