MICROWARE

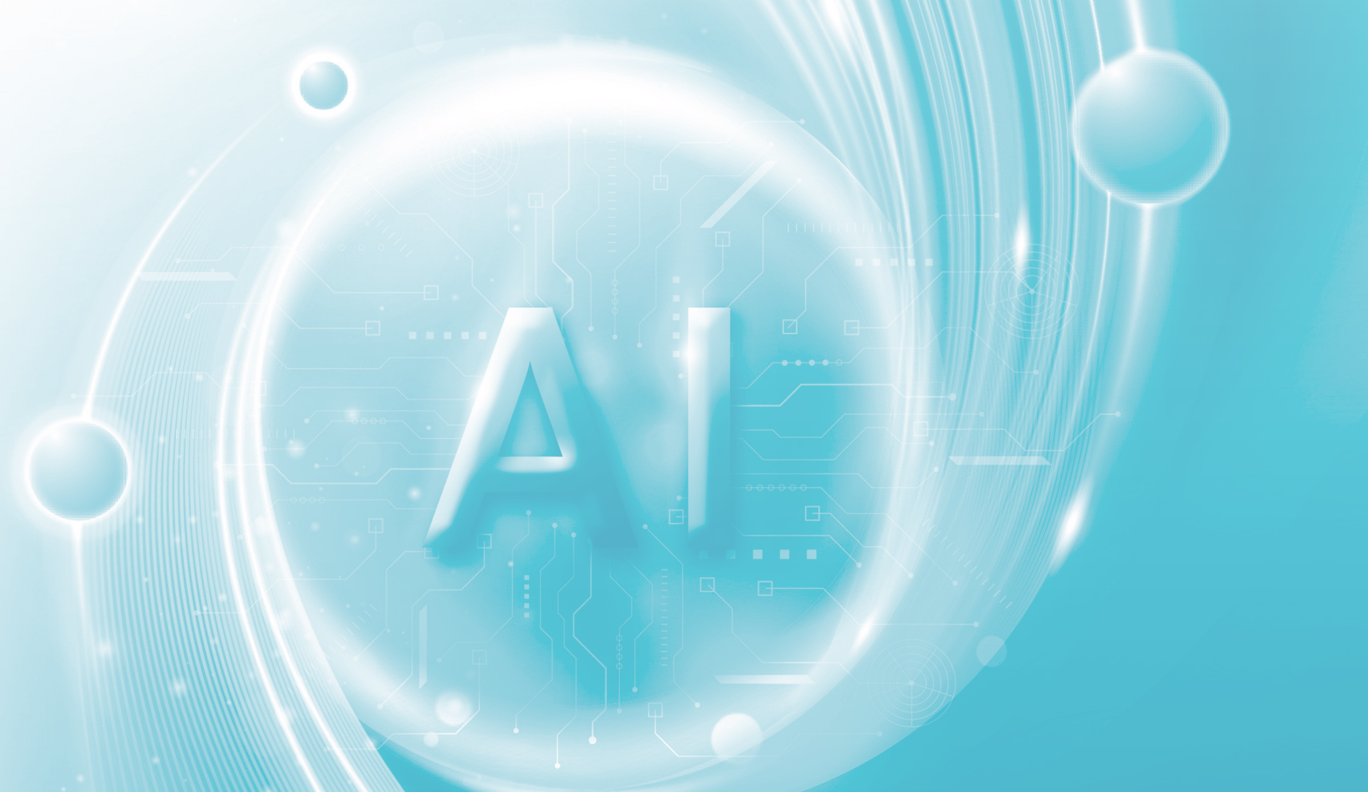
Microware Group Limited
美高域集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1985

2026
ANNUAL REPORT

Contents



Corporate Information

BOARD OF DIRECTORS

Executive Directors
WANG Guangbo
(Chairman and Executive Director of the Group)
HUANG Tianlei (resigned with effect from 11 August 2025)

Non-Executive Director
WANG Zhi

Independent Non-Executive Directors
DAI Bin
XU Jianwen
LAN Jia

AUDIT COMMITTEE

LAN Jia *(Chairlady)*
DAI Bin
XU Jianwen

REMUNERATION COMMITTEE

DAI Bin *(Chairman)*
WANG Guangbo
XU Jianwen

NOMINATION COMMITTEE

WANG Guangbo *(Chairman)*
DAI Bin
XU Jianwen
LAN Jia (appointed on 12 June 2025)

COMPANY SECRETARY

FOK Wai Hung (HKICPA)
(appointed with effect from 11 July 2025)
CHAN Wai Hing Gloria (HKICPA)
(resigned with effect from 11 July 2025)

AUTHORISED REPRESENTATIVES

WANG Guangbo
(Chairman and Executive Director of the Group)
(appointed with effect from 11 August 2025)
FOK Wai Hung
(appointed with effect from 11 July 2025)
HUANG Tianlei (resigned with effect from 11 August 2025)
CHAN Wai Hing Gloria
(resigned with effect from 11 July 2025)

AUDITOR

HLB Hodgson Impey Cheng Limited
(appointed with effect from 23 February 2026)
Certified Public Accountants
Deloitte Touche Tohmatsu
(resigned with effect from 23 February 2026)
Registered Public Interest Entity Auditors

LEGAL ADVISERS

As to Hong Kong Law

DeHeng Law Offices (Hong Kong) LLP

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1701, 17/F, BEA Tower
Millennium City 5
418 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKS

Dah Sing Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited

COMPANY'S WEBSITE

www.microware1985.com

STOCK CODE

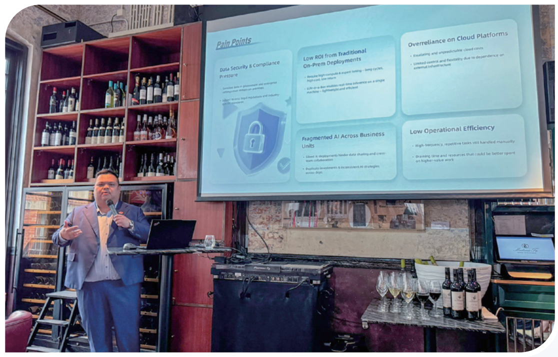
1985

Highlights of the Year

Business Activities

1

Microware has organized a range of business events and activities to promote the IT solutions to customers across different industries.

Microware x HPE – Happy Hour & AI Technology Sharing

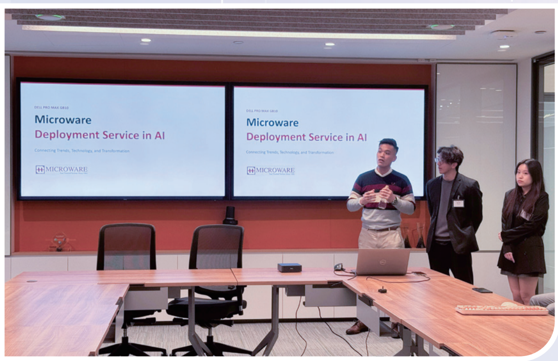

Microware x IBM x HKCS – Executive Luncheon & Tech Sharing


Microware x VMware – Executive Luncheon & Tech Sharing

Highlights of the Year

Microware x NetApp x Check Point x Blackpanda – Happy Hour & Tech Sharing

Microware x HPE – Executive Luncheon & Tech Sharing



Microware x Dell – Workshop

Highlights of the Year

Expos & Sponsored Events

2

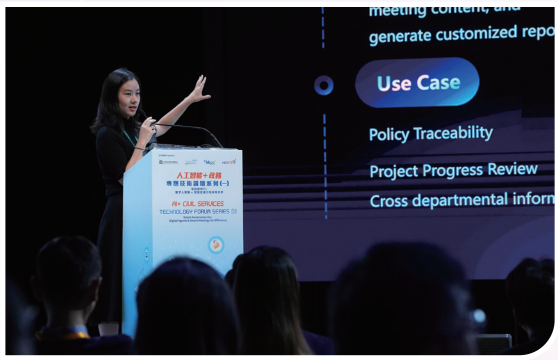
Microware participated in and sponsored expos organized by IT leaders to showcase our thought leadership in the industry.

Check Point Engage 2025

Veeam On Tour 2025

HPE Discover More 2025

H3C Digital Tour 2025



The Smart Government Innovation Lab – Technology Forum

Highlights of the Year

3 Awards Photos

Lenovo
FY2425 Top IDG Partner Champion

HPE
HPE Storage Solution Provider of the Year for Asia Pacific 2025

Blackpanda
Excellence Award (Hong Kong)

Dell
2025 Loyalty Excellence Award- Hong Kong

Kaspersky
Outstanding Partner 2025 (Government Segment)

Check Point
2025 Distinguished Professional Partner Award

HP Inc. Hong Kong Limited
FY25 Best Contributor to A4 Commercial Print Market Share Award

Hewlett Packard Enterprise
FY25 HPE CSLV Excellence Award – Top Order Performance (Attach/IB/New Solution)

Hewlett Packard Enterprise
FY25 Best Performer Award – Storage IP Solutions Pioneer

Adobe
2025 Adobe Top Acquisition Reseller of the Year

Schneider Electric
- *2026 APC Select Partner*
- *APC Outstanding Achievement Award 2025*
- *APC Outstanding GOV Segment Partner Award 2025*

Highlights of the Year

4 Annual General Meeting 2025

5 Caring For the Community

Dragon Boat Warmth 2025 - Volunteer activity

Chairman's Statement

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Microware Group Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present to the shareholders of the Company (the "**Shareholders**") the annual report of the Group for the year ended 31 March 2026 (the "**Year**").

For the Year, the Group reported total revenue of approximately Hong Kong dollars ("**HK$**") HK$1,301.0 million, representing a decrease of approximately HK$190.4 million or 12.8% as compared to the year ended 31 March 2025 (the "**Previous Year**"). The profit and total comprehensive income of the Group for the Year was approximately HK$28.5 million, representing an increase of approximately HK$22.1 million or 345.3% as compared to the Previous Year. A detailed analysis of the financial performance of the Group for the Year is included in the Management Discussion and Analysis section of this report.

During the Year, amid the threat of geopolitical tension and protectionist policies significantly affecting the global economic landscape, Hong Kong's economy was inevitably affected by this adverse environment. However, the growth of the economy in 2025 was recorded at 3.45% and according to the latest forecast made by the HKSAR Government, the growth of the economy for 2026 is projected to be between 2.5% and 3.5%. One of the key drivers attributable to this growth is the resilient global demand for AI-related electronic products. The Group has remained highly attentive to emerging trends, proactively embraced cutting-edge technologies, and leveraged its extensive technological expertise and industry experience to assist clients in addressing challenges, optimizing business processes, reducing costs and enhancing operational efficiency, thereby meeting their growing digital and intelligent needs and continuously creating value.

Chairman's Statement

The trend of accelerating the adoption of artificial intelligence technology and the increasing emphasis on technology localization in the world are expected to be irreversible. The rapid expansion of large-scale data centers and intelligent computing centers, together with the surge in energy demand, has accelerated the evolution of AI systems from standalone assistants towards distributed collaborative architectures. Meanwhile, AI security and governance have emerged as important technological priorities. Advancing the development of "AI + industry" applications and accelerating large-scale commercial adoption have become key industry trends. The Group, staying at the forefront of innovation, pioneered and deepened its AI-related research and industry deployment in the Chinese Mainland and Hong Kong last year and has gradually obtained the expected satisfactory outcomes. This is one of the reasons contributing to the increase in the profit attributable to owners of the Company in the Year.

As an AI technology enterprise rooted in Hong Kong, the Group closely follows technological advancements and policy directions, further deepening its AI-related research and industry deployment. The Group has innovatively introduced Forward Deployed Engineer ("FDE"), which embeds experienced engineers directly into clients' actual business scenarios to facilitate joint development and rapid iteration, enabling AI to be effectively integrated into clients' workflows. Leveraging FDE, the Group has launched scenario-based solutions in key areas including AI + healthcare and AI + education, effectively assisting clients in optimizing processes, reducing operating costs and improving decision-making efficiency. Meanwhile, supported by its solid client base and scenario-driven requirements, the Group continues to increase its investment in AI research and development, integrating computing power, algorithms and data resources to build one-stop AI infrastructure solutions for enterprise clients and facilitate their transformation from traditional IT to intelligent IT.

Regionally, the Group continues to leverage the advantages of its Hong Kong headquarters and the Guangdong-Hong Kong-Macao Greater Bay Area platform to actively expand into Mainland China and Southeast Asia markets. During the Year, the Group established a wholly owned subsidiary in Singapore as a strategic move to develop the Southeast Asian market and actively promote innovative applications and implementation of "AI + healthcare" solutions. The Group also established a joint venture, Shenyang Guochuang Artificial Intelligence Technology Co., Ltd. (瀋陽國創人工智能科技有限公司), in Shenyang to participate in the construction and operation of the Shenyang Artificial Intelligence Centre. The Group will leverage these initiatives to further explore local market opportunities, promote its proprietary products and industry solutions, and enhance its brand influence and market presence.

At the Group's strategic level, the Group will launch the "Zu Cao Yin Feng (築巢引鳳) Initiative", which means to foster a thriving ecosystem to attract leading enterprises and elite professionals in AI Industry. Through collaboration with leading AI enterprises, the Group aims to jointly develop local intelligent computing and data center infrastructure in Hong Kong, addressing the key requirements of local users in information security, data interaction, storage and computing capabilities, and establishing a solid foundation for the development of Hong Kong's AI industry. Building upon the construction and operation of intelligent computing centers, the Group will leverage industrial clustering effects to encourage young talents in Hong Kong to participate in AI development, while attracting outstanding global AI projects to Hong Kong. The Group will also establish in-depth cooperation with Hong Kong universities and leading global AI research institutions in AI application technology development and innovative research, attracting more leading AI enterprises to Hong Kong and jointly building a vibrant AI ecosystem.

The Group has always regarded talent as the cornerstone of corporate development. In response to intensifying competition for technology talent, the Group continues to implement diversified talent strategies, enhance employee training mechanisms and foster an open and inclusive corporate culture. By adopting advanced software and AI technologies to optimize internal workflows, the Group continues to enhance team collaboration efficiency and operational effectiveness, laying a solid foundation for sustainable development.

Chairman's Statement

As an IT group with four decades of experience, Microware takes pride in its stable and seasoned management team, premium services, cutting-edge solutions, and long-standing partnerships with clients and business collaborators in our core business. We will continue to strengthen our business partner ecosystem and supply chain network, keeping client needs at the core by assisting clients in achieving broader AI adoption at lower costs while focusing on our core business and exploring emerging technologies, including hybrid IT infrastructure, smart workplace, cybersecurity and managed services, and actively exploring emerging technology areas. Through exploring new models of "AI + industry development", we aim to provide enterprise-grade AI productivity tools and industry-specific solutions, empowering clients across industries with AI to drive technological innovation and industrial transformation.

In line with our commitment to corporate social responsibility, the Group has consistently contributed to community development and philanthropic initiatives, earning the "Caring Company" logo from the Hong Kong Council of Social Service for 18 consecutive years. We will remain steadfast in our mission to give back to society and promote sustainable development, creating shared value for all stakeholders.

Looking ahead, the Group will be fully committed to keeping client needs at the core and continuing to deepen its core business and AI-related business in the Guangdong – Hong Kong – Macao Greater Bay Area and Southeast Asia by leveraging its IT expertise and AI deployment to expand its technology portfolio and striving to become a trusted digital transformation partner for clients worldwide. Meanwhile, the Group will keep on optimizing its resources and workflows and adopting cost control measures to enhance operational and cost effectiveness and will actively seize market opportunities, leveraging the "Zu Cao Yin Feng (築巢引鳳) Initiative" as a strategic driver, continue to deepen its AI development Strategy. The Group expects that all these measures will foster resilience and sustainable growth when navigating the complexities of a challenging and rapidly changing global economy and therefore enhance long-term Shareholder value.

On behalf of the Board, I extend my heartfelt gratitude to our Shareholders, business partners and clients for their unwavering trust and support amid the complex and evolving market environment during the Year. I also express my deepest appreciation to our management team and all employees for their dedication and outstanding contributions.

Wang Guangbo
Chairman of the Board
Hong Kong, 30 June 2026

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the provision of IT infrastructure solutions services and IT managed services in Hong Kong and China. The Group strives to provide a one-stop IT experience which begins with (i) consultation and advice; (ii) semiconductor products, hardware and/or software procurement; (iii) implementation; and (iv) management and maintenance of the IT infrastructure solutions.

The Group is a well-established IT infrastructure solutions provider based in Hong Kong. As at 31 March 2026, the Group has maintained qualified technical and sales staff to ensure that the Group keeps abreast of the advanced technology development with its vendors. In addition, the Group has received a number of remarkable awards of top performance and enterprise solutions from the vendors and charity organisations as set out below:

Presented by	Awards
Schneider Electric	2025 APC Outstanding GOV Segment Partner Award
Schneider Electric	2025 APC Outstanding Achievement Award
Adobe	2025 Adobe Top Acquisition Reseller of the Year
Hewlett Packard Enterprise	FY25 Best Performer Award – Storage IP Solutions Pioneer
Hewlett Packard Enterprise	FY25 HPE CSLV Excellence Award – Top Order Performance (Attach/IB/New Solution)
HP Inc. Hong Kong Limited	FY25 Best Contributor to A4 Commercial Print Market Share award
Check Point	2025 Distinguished Professional Partner Award
Kaspersky	2025 Outstanding Partner (Government Segment)
Dell	2025 Loyalty Excellence Award- Hong Kong
Blackpanda	Excellence Award (Hong Kong)
Hewlett Packard Enterprise	2025 HPE Storage Solution Provider of the Year for Asia Pacific
Lenovo	FY2425 Top IDG Partner Champion

The IT infrastructure solutions industry in Hong Kong is highly competitive and fragmented. In particular, the Board believes that the business environment of Hong Kong is challenging. The trend of accelerating the adoption of artificial intelligence technology is expected to be irreversible, the Group will continue to deepen its AI-related research and industry deployment in the Chinese Mainland and Hong Kong. The Group’s management team will continuously take proactive actions with an aim to improve the Group’s operations and results.

FINANCIAL REVIEW

Revenue

The total revenue of the Group amounted to approximately HK$1,301.0 million for the Year, representing a decrease of approximately HK$190.4 million or 12.8% as compared to approximately HK$1,491.4 million for the Previous Year. The decrease in total revenue was mainly due to the decrease in revenue of the business segment of IT infrastructure solution services which was approximately HK$1,158.0 million for the Year, representing a decrease of approximately HK$190.3 million or 14.1% as compared to approximately HK$1,348.3 million for the Previous Year. The revenue of the business segment of IT managed services was approximately HK$143.1 million for the Year, remaining stable compared to the Previous Year. For the Year, the business segments of IT infrastructure solutions services and IT managed services contributed approximately 89.0% and 11.0% to the total revenue of the Group, respectively.

Cost of sales

The total cost of sales of the Group for the Year was approximately HK$1,128.6 million, representing a decrease of approximately HK$174.5 million or 13.4% from approximately HK$1,303.1 million for the Previous Year. The decrease in total cost of sales was mainly due to the decrease in cost of the business segment of IT infrastructure solution services which was approximately HK$1,015.2 million for the Year, representing a decrease of approximately HK$170.8 million or 14.4% as compared to approximately HK$1,186.0 million for the Previous Year. The cost of the business segment of IT managed services was approximately HK$113.4 million, representing a decrease of approximately HK$3.6 million or 3.1% as compared to approximately HK$117.0 million for the Previous Year.

Gross profit and gross profit margin

The gross profit of the Group for the Year was approximately HK$172.4 million, representing a decrease of approximately HK$15.9 million or 8.4% from approximately HK$188.3 million for the Previous Year. Such decrease was mainly due to the decrease in the revenue of the business segment of IT infrastructure solution services.

The gross profit of the business segment of IT infrastructure solution services was approximately HK$143.3 million, representing a decrease of approximately HK$18.9 million or 11.7% as compared to approximately HK$162.2 million for the Previous Year. The gross profit of the business segment of IT managed services was approximately HK$29.1 million, representing an increase of approximately HK$3.0 million or 11.5% as compared to approximately HK$26.1 million for the Previous Year.

Operating expenses

The total operating expenses of the Group for the Year was approximately HK$138.9 million, representing a decrease of approximately HK$27.8 million or 16.7% as compared to approximately HK$166.7 million for the Previous Year. Such decrease was due to the decrease in the distribution and selling expenses, research and development expenses and the administrative expenses.

Profit for the Year

The profit and total comprehensive income of the Group for the Year was approximately HK$28.5 million, representing an increase of approximately HK$22.1 million or 345.3% as compared to approximately HK$6.4 million for the Previous Year. Such increase was mainly due to the decrease in the operating expenses, the increases in other gains and losses, net, and the exchange differences arising from translation of foreign operations, as well as the increase in related business volume driven by successful AI R&D initiatives.

Liquidity and financial resources

Capital Structure

During the Year, the Group financed its operations through a combination of internally generated cash flows and bank borrowings. As at 31 March 2026, the Group's total bank borrowings amounted to approximately HK$97.8 million (31 March 2025: HK$22.5 million), were denominated in Hong Kong Dollars, and carried interest rate of 4.74% per annum.

The details of the share capital of the Company during the Year and the Previous Year are set out in note 26 on page 118 to the consolidated statements of the Group for the Year included in this report (the "**Financial Statements**").

Cash position

The Group recorded net current assets of approximately HK$168.6 million as at 31 March 2026, while the net current assets of the Group as at 31 March 2025 was approximately HK$148.9 million. As at 31 March 2026, the Group had cash and cash equivalents of approximately HK$68.1 million (31 March 2025: HK$160.9 million). Most of the cash and cash equivalents of the Group were denominated in HK$, United States Dollars ("**US$**") and Renminbi ("**RMB**").

Capital expenditure

During the Year, the Group's total capital expenditure amounted to approximately HK$0.5 million (the Previous Year: HK$7.0 million).

Gearing ratio

The net gearing ratio was 43.1% which is total interest-bearing bank loans divided by the total equity and multiplied by 100% as at 31 March 2026, and it was 10.11% as at 31 March 2025.

Performance guarantees

The Group's performance guarantees as at 31 March 2026 are set out in note 32 on page 125 to the Financial Statements.

Contingent liabilities

The Group had no contingent liabilities as at 31 March 2026 (as at 31 March 2025: Nil).

Pledge of assets

As at 31 March 2026, certain of the Group's bank deposits totaling HK$75.2 million (31 March 2025: HK$54.8 million) were pledged to secure bank loans, derivative financial instruments and performance guarantees which will be released upon the maturity of the bank loans, derivative financial instruments and completion of the contract works, respectively.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group has adopted a prudent treasury management for the purpose of maintaining a healthy liquidity position. To manage the liquidity risk, the Group finances its operation and business development by a combination of internally generated resources and banking facilities. All the borrowings were used by the subsidiaries of the Company. The Group closely monitors the liquidity position of the Group to ensure that the liquidity structure of the Group's assets, liabilities and other commitments is consistently able to meet its funding requirements from time to time.

Foreign exchange risk

The Group's transactions are mainly denominated and settled in HK$, US$ and RMB. Foreign exchange exposure of the Group to US$ will continue to be minimal as long as the policy of the Hong Kong Government to link HK$ to US$ remains in effect. During the Year, the Group has entered into the HK$/US$ net-settled structured foreign currency forward contracts with banks in Hong Kong in order to mitigate foreign exchange exposure as a result of purchases made from certain suppliers in its regular course of business. The fair value changes of the derivative financial instruments comprised realised gain (loss) and unrealised fair value gain (loss) on the HK$/US$ net-settled structured foreign currency forward contracts entered into by the Group.

As a portion of the Group's revenues and expenses is denominated in RMB, fluctuations in the RMB exchange rate against other currencies may affect the Group's financial results and cash flows.

HUMAN RESOURCES

As at 31 March 2026, the Group had a total of 270 employees (31 March 2025: 242 employees). For the Year, the total staff costs including Directors' emoluments was approximately HK$149.1 million (Previous Year: HK$182.1 million). The Group offers a competitive remuneration package to its employees, including mandatory provident funds in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and medical insurance coverage to employees who are retained after the probation period. The Group will review the performance of its employees and make reference to such performance reviews in its salary and/or promotional review in order to attract and retain talented employees.

In order to promote overall efficiency, employee loyalty and retention, employees of the Group are required to attend orientation sessions when they first join the Group and may attend other training courses held onsite or externally. The Group has also implemented (i) an educational subsidy programme to its employees to allow them to enrol in courses relating to IT services from external organisations; (ii) a university education subsidy programme for the children of its employees; and (iii) a medical check programme for its employees.

The Company adopted a share option scheme (the "**Share Option Scheme**") on 15 February 2017 and a share award scheme on 16 January 2024 (the "**Share Award Scheme**"). As such, share options or awards may be granted to eligible employees of the Group pursuant to the Share Option Scheme or the Share Award Scheme. On 3 January 2025, an aggregate of 29,998,000 shares of the Company (the "**Shares**"), representing approximately 10% of the issued Shares of the Company, were granted to ten awardees, including the Directors, senior management of the Company and its subsidiaries, under the Share Award Scheme. On 15 August 2025, under the Share Option Scheme, the Company granted an aggregate of 15,000,000 options (the "**Options**") to five eligible participants (the "**Grantees**") to subscribe for ordinary Shares with a par value of HK$0.01 each in the share capital of the Company, subject to acceptance of the options by the Grantees. After the grant of the Options, the number of Shares available for future grant with respect to the scheme mandate limit of the Share Option Scheme is 15,000,000.

For details of the Share Award Scheme and Share Option Scheme, please refer to the sections headed "Share Award Scheme" and "Share Option Scheme" of this report below.

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the Year to the Shareholders (Previous Year: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of the Shareholders to attend and vote at the annual general meeting of the Company ("**AGM**"), the register of members of the Company will be closed from Monday, 24 August 2026 to Thursday, 27 August 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for registration no later than 4:30 p.m. on Friday, 21 August 2026.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year and no future plans for material investments or capital assets as at 31 March 2026.

MATERIAL LITIGATION

As of the date of this report, no member of the Group was engaged in any litigation, arbitration or claim 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.

FUTURE OUTLOOK

During the Year, amid the threat of geopolitical tension and protectionist policies significantly affecting the global economic landscape, Hong Kong's economy was inevitably affected by this adverse environment. However, the growth of the economy in 2025 was recorded at 3.45% and according to the latest forecast made by the HKSAR Government, the growth of the economy for 2026 is projected to be between 2.5% and 3.5%. One of the key drivers attributable to this growth is the resilient global demand for AI-related electronic products.

The trend of accelerating the adoption of artificial intelligence technology and the increasing emphasis on technology localization in the world are expected to be irreversible. The Group, staying at the forefront of innovation, pioneered and deepened its AI-related research and industry deployment in the Chinese Mainland and Hong Kong last year and has gradually obtained the expected satisfactory outcomes.

Looking ahead, the Group will be fully committed to keeping client needs at the core and continuing to deepen its core business and AI-related business in the Guangdong – Hong Kong – Macao Greater Bay Area and Southeast Asia by leveraging its IT expertise and AI deployment to expand its technology portfolio. Meanwhile, the Group will keep on optimizing its resources and workflows and adopting cost control measures to enhance operational and cost effectiveness. The Group expects that all these measures will foster resilience and sustainable growth when navigating the complexities of a challenging and rapidly changing global economy and therefore enhance long-term shareholder value.

Profile of Directors and Senior Management

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

Wang Guangbo (George) *(Chairman and Executive Director)*

Mr. Wang, aged 47, was appointed as an executive Director and the vice chairman of the Board with effect from 6 July 2023. He was appointed as chairman of the Board and chairman of the nomination committee of the Company (the "**Nomination Committee**") with effect from 11 September 2023 and a member of the remuneration committee of the Company (the "**Remuneration Committee**") with effect from 28 November 2023. Mr. Wang has obtained an executive master's degree in business administration from the Business School of the National University of Singapore and he has been pursuing a doctor of business administration programme from Singapore Management University. Mr. Wang is the honorary life vice president of PolyU Foundation of the Hong Kong Polytechnic University. Mr. Wang has been in the field of IT marketing since 2002 and has over 20 years of experience in the IT industry.

NON-EXECUTIVE DIRECTOR

Wang Zhi (Zion)

Mr. Wang Zhi, aged 47, was appointed as a non-executive Director with effect from 26 February 2024. He completed his undergraduate double degree in mechanical design manufacturing and automation and economics at the Wuhan University in June 2001. He then obtained a master's degree in measuring and testing technologies and instruments and a doctoral degree in photogrammetry and remote sensing at the Wuhan University in September 2004 and June 2008 respectively. From September 2007 to August 2008, he attended the Leibniz Universität Hannover in Germany as a PhD researcher in the field of photogrammetry and remote sensing. He is currently a PhD holder from Wuhan University, a postdoctoral fellow at Beijing Normal University, a visiting scholar at the University of Hannover, Germany, and a professor at the Northeastern University in Shenyang, Liaoning, China.

From October 2008 to June 2013, Mr. Wang Zhi served as a researcher at the Beijing Normal University in the field of geography. Since June 2008, He has been a professor at the School of Resources and Civil Engineering of the Northeastern University. He is also currently serving part-time as a director of the China Association of Remote Sensing Application* (中國遙感應用協會), a part-time professor at the School of Environment and Spatial Informatics of the China University of Mining and Technology, a member of the editorial board of the Geography and Geo-Information Science* (《地理與地理信息科學》) and the liaison officer of the Earthquake and Fire Disaster Assessment Working Group of the International Intergovernmental Organization for the Coordination of Earth Observations (GEO).

Profile of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dai Bin (Eric)

Mr. Dai, aged 41, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee with effect from 28 November 2023. He graduated from the National University of Singapore in April 2021 with a Master of Business Administration degree. Mr. Dai has over 11 years of experience in sales and marketing, specializing in oral healthcare. From July 2013 to August 2017, he served as a district sales manager at Align Technology (Shanghai) Trading Co., Ltd. (愛齊(上海)商貿有限公司), a member of Align Technology, Inc., a global medical device company listed on the NASDAQ Global Select Market in the United States under the symbol ALGN. Since August 2017, he has served as the chairman of the board at Youchi Shanghai Co., Ltd. (優馳(上海)商貿有限公司), a company based in Shanghai, China, that focuses on the sales of oral devices and consumables, cardiac rehabilitation and medical quality management.

Xu Jianwen (Franky)

Mr. Xu, aged 45, was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 5 December 2023. He obtained a Bachelor's Degree in Laws in June 2005 from Sun Yat-Sen University and a Master's Degree of Common Law in November 2007 from the University of Hong Kong. He was awarded the Legal Professional Qualification Certificate in the People's Republic of China in February 2009.

Mr. Xu has extensive work experience in the financial industry. He has worked in several financial institutions, including China Merchants Securities (HK) Co., Limited, China Securities (International) Finance Holding Company Limited, Southwest Securities (HK) Financial Management Limited, Dongxing Securities (Hong Kong) Financial Holdings Limited and China Goldlink Capital Group Limited, at which he was principally involved in the areas of legal, compliance, risk control, and operational management. Since 1 February 2022, Mr. Xu has been an independent non-executive director of Beijing Gas Blue Sky Holdings Limited, a company whose shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 6828). From 11 May 2017 to 1 December 2021, Mr. Xu was a non-executive director of Sansheng Holdings (Group) Co. Ltd., a company whose shares are listed on the Stock Exchange (stock code: 2183).

Lan Jia

Ms. Lan, aged 56, was appointed as an independent non-executive Director and the chairlady of the Audit Committee with effect from 26 February 2024 and a member of the Nomination Committee with effect from 12 June 2025. She completed her undergraduate degree in accounting at the Shanghai University of Finance and Economics in July 1991 and obtained a master's degree in business administration at the National University of Singapore in June 2020. She obtained the qualification of a certified public accountant issued by the Ministry of Finance of the People's Republic of China in 2001.

Ms. Lan joined ADICON Holdings Limited (艾迪康控股有限公司) ("**ADICON**"), a company listed on the Main Board of the Stock Exchange (stock code: 9860), to serve as the vice president and compliance officer in October 2018, and has served as a consultant in investor relations since April 2026. Since July 2021, she has served as the senior vice president, chief executive officer and compliance officer at ADICON, where she is primarily responsible for overseeing the internal audit department, the administration and commerce department, the environmental, health and safety department, the legal and compliance department, and the office of the president. From March 2017 to October 2018, she was the vice president of Meinian Onehealth Healthcare Holdings Co., Ltd. (美年大健康產業控股股份有限公司) ("**Meinian Onehealth**"), a company listed on the Shenzhen Stock Exchange (stock code: 002044.SZ). She served as the chief financial officer of Meinian Onehealth from October 2015 to March 2017.

From April 2009 to January 2013, Ms. Lan was the person-in-charge of internal audit at Zhejiang Jingxing Paper Joint Stock Co., Ltd. (浙江景興紙業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002067.SZ). From May 2002 to June 2008, Ms. Lan served as the audit manager of Ernst & Young (安永大華會計師事務所有限責任公司). From November 1996 to April 2002, she was a senior auditor at Dahua Certified Public Accountants Co., Ltd.* (大華會計師事務所有限責任公司).

SENIOR MANAGEMENT

Fok Wai Hung

Mr. Fok, aged 48, was appointed as the chief financial officer (the "**Chief Financial Officer**") of the Company, authorised representative of the Group and company secretary (the "**Company Secretary**") of the Company with effect from 11 July 2025. Mr. Fok has over 20 years of experience in auditing, accounting, and financial management. Mr. Fok held various positions at Ocean Star Technology Group Limited ("**Ocean Star**") (formerly known as My Heart Bodibra Group Limited) (Stock Code: 8297), the shares of which are listed on GEM of the Stock Exchange, including company secretary from May 2016 to June 2018, compliance officer from December 2017 to February 2018, executive director and member of the nomination committee and the remuneration committee from December 2017 to December 2018, and group financial controller of Ocean Star from January 2017 to June 2024. Mr. Fok obtained a bachelor's degree in commerce from Hong Kong Shue Yan University in 2009. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Taxation Institute of Hong Kong.

Profile of Directors and Senior Management

Pang Kwok Wing

Mr. Pang, aged 53, is the managing director of Systems Integration Group of Microware Limited, a subsidiary of the Company, and is primarily responsible for sales management since 1 October 2025. Mr. Pang obtained the degree of bachelor of arts with Honours in business administration from the University of Hertfordshire, United Kingdom in 1996. Mr. Pang joined the Group in February 1998 and he has over 28 years of sales experience. From 1999 to 2022, Mr. Pang served as Senior Sales Manager and was responsible for a sales team for projects of the commercial sectors in Hong Kong. From 1 July 2022 to 30 September 2025, Mr. Pang was appointed as the Head of Sales of Systems Integration Group (Commercial Sector) and responsible for sales management.

Sze Kwok Wai Mark

Mr. Sze, aged 44, is the managing director of the technical services and outsourcing department of Microware Limited, a subsidiary of the Company. He joined the Group in 2002 and possesses over 20 years of experience in IT infrastructure and solution design. From 2022 to 2025, Mr. Sze served as the director of the technical services department of the Group. He is currently responsible for overseeing the department's overall operations and leading its professionals to deliver innovative and efficient IT infrastructure solutions.

Corporate Governance Report

CORPORATE CULTURE

A healthy corporate culture is vital to good corporate governance, which is crucial for achieving the sustainable, long-term success of the Group. In addition to promoting a strong culture of ethics and integrity, the Group strives to pursue service excellence and a people-oriented, inclusive environment. The Board believes that promoting a corporate culture based on these core values is essential to maximizing Shareholder value in the long run.

The Group recognizes the importance of interacting responsibly with all stakeholders and the communities in which we operate. To maintain high standards of business ethics across all activities, our Directors, management, and staff are required to act lawfully, ethically, and responsibly. These expected standards and norms are explicitly detailed in the Group's Staff Handbook, Anti-Corruption Policy, and Whistleblowing Policy. Regular training is conducted to continuously reinforce these principles.

Furthermore, the Group considers the provision of excellent service to our customers to be a top priority. Complying with all IT security requirements is critical to safeguarding our clients' data and information. This dedicated culture not only increases customer loyalty but also drives business growth and ensures the longevity of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving good corporate governance practices by emphasising its accountability, transparency, independence, responsibility and fairness. The Company's corporate governance practices are based on the principles (the "**Principles**") and code provisions (the "**Code Provisions**") in the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

Save for Code Provision C.2.1 of the CG Code as disclosed below, the Company has applied the Principles and complied with all the Code Provisions for the Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the securities dealing code for its Directors.

Specific enquiry had been made to all Directors and all the Directors have confirmed that they have fully complied with the required standards and provisions as set out in the Model Code during the Year. No incident of non-compliance was noted by the Company during the Year. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees who are likely to be in possession of unpublished inside information of the Group. No incident of non-compliance of the written guidelines by the employees was noted by the Company during the Year.

Corporate Governance Report

THE BOARD

Board Composition

The Board, which currently comprises five Directors, is responsible for governing the Company. The Board is responsible for performing the corporate governance functions of the Company in accordance with the CG Code, including determining the Company's corporate governance policies, and reviewing and monitoring the corporate governance practices of the Company. The Board is responsible for determining the overall corporate strategies and development of the Company to meet its business objectives. All substantial business decisions, as the Board considers appropriate, have to be escalated to the Board level with written resolutions. The Board should make decisions objectively in the best interests of the Company. There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board. The Board currently comprises one executive Director, one non-executive Director and three independent non-executive Directors:

Executive Directors
WANG Guangbo *(Chairman and Executive Director of the Group)*
HUANG Tianlei (resigned with effect from 11 August 2025)

Non-Executive Director
WANG Zhi

Independent Non-Executive Directors
DAI Bin
XU Jianwen
LAN Jia

All the Directors have given sufficient time and attention to the affairs of the Company. Each Director has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently. Details of the backgrounds and qualifications of the chairman of the Board and the other Directors are set out in the section headed "Profile of Directors and Senior Management" in this report.

Responsibilities of the Board and the management

The principal responsibility of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board is collectively responsible for the long-term success of the Company and delivery of sustainable value to the Shareholders. It sets strategies for the Company and approves capital and operating plans presented by management for the achievement of strategic objectives it has set. Implementation of the strategies set by the Board is delegated to the management which is led by the chief executive officer of the Group (the "**Chief Executive Officer**"). The management is responsible for the day-to-day management and operation of the Group and to provide the Board with updates in a timely manner, giving an assessment of the Company's performance and position to enable the Board to discharge its duties.

Regarding the Company's corporate governance, the Board as a whole is responsible for performing the following corporate governance duties including:

i. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

ii. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

iii. to review and monitor the training and continuous professional development of Directors and management;

iv. to review the Company's compliance with the CG Code and disclosure in its corporate governance report; and

v. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors.

The Board has delegated such duties to the Audit Committee.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Directors acknowledge their responsibility for preparing the Financial Statements.

Board Skills Matrix

The following skills matrix outlines the Board's core expertise relative to the Company's strategy, governance, and business. This alignment ensures the Board can effectively fulfill its duties, achieve strategic goals, and foster sustainable, balanced growth for the Group.

Directors' Skills and Experience	Executive Leadership & Corporate Strategy	IT industry Experience	Business Development & Marketing	Chinese Mainland Cross-Border Operations	Accounting, Finance, Auditing & Risk Controls	Law, Regulatory Compliance & HKEX Listing Rules
Mr. Wang Guangbo *(Chairman & ED)*	Y	Y	Y	Y		
Mr. Wang Zhi *(NED)*	Y	Y		Y		
Mr. Dai Bin *(INED)*	Y		Y	Y		
Ms. Lan Jia *(INED)*	Y			Y	Y	Y
Mr. Xu Jianwen *(INED)*	Y			Y	Y	Y
Board Coverage (%)	100%	40%	40%	100%	40%	40%

Detailed Definition of Competency Categories

Executive Leadership & Corporate Strategy

Extensive experience serving in top-tier executive roles within listed companies or large-scale enterprises. This involves a proven track record of defining corporate visions, steering commercial trajectories, managing large-scale operations, and driving structural business transformations across the regional technology market.

IT industry Experience

Deep technical literacy and commercial foresight within the regional information technology ecosystem. This encompasses extensive experience in deploying next-generation AI infrastructure, overseeing cloud computing integrations, managing large-scale system deployments, and commercializing enterprise-grade productivity software. This ensures the Board can rigorously evaluate emerging technical paradigms and steer Microware's long-term digital innovation roadmap.

Business Development & Marketing

Proven expertise in architecting regional market entry frameworks, driving high-value corporate partnerships, and building resilient B2B brand equity. This involves a sophisticated understanding of localized customer acquisition cycles, product positioning, and ecosystem collaboration across the Greater Bay Area and Southeast Asia. This capability ensures the Board can effectively maximize the commercial potential of Microware's proprietary tech products and scale regional sales pipelines.

Chinese Mainland Cross-Border Operations	In-depth knowledge of and practical experience with the Chinese Mainland business environment, corporate regulations, and localized commercial dynamics. This ensures the Board possesses the structural insights required to navigate cross-border data transfer protocols, manage joint-venture entities across the border, and scale Microware's high-performance computing initiatives into Chinese Mainland markets.
Accounting, Finance, Auditing & Risk Controls	Professional proficiency in financial accounting standards, rigorous internal controls, tax optimization, and external audit procedures. This capability ensures precise oversight of corporate financial report integrity, prevents internal fraud, manages budgetary boundaries, and ensures the absolute stability of the Group's cash flow.
Law, Regulatory Compliance & Listing Rules	Deep knowledge of the Hong Kong regulatory environment, including the Listing Rules, Securities and Futures Ordinance (SFO), and statutory corporate governance requirements. This ensures the board maintains impeccable corporate ethics, effectively manages inside information, handles geopolitical risk exposure, and upholds Transparency benchmarks with Shareholders.

Board Performance Review

In alignment with the Group's dedication to rigorous corporate governance, and with the active championship of the Chairman and full support of the Board, the Group acted swiftly to pioneer Board Performance Review this Year. This initiative fully reflects our proactivity in practicing high-level corporate governance, demonstrating our steadfast commitment to outstanding board leadership and robust accountability.

The Board recognises that conducting regular evaluation of its performance is essential to good corporate governance and Board effectiveness, so it is conducted annually. In 2026, an external consultant firm, OCF Corporate Advisory Limited, which is independent of the Group and the Directors, was engaged to evaluate the performance of the Board. The Nomination Committee supports and draws guidance from this annual evaluation.

Review Process

The evaluation required each Director to complete a questionnaire to provide individual ratings and comments across a range of areas. The purpose of the evaluation is to ensure that the Board and its committees continue to perform effectively in meeting the duties and responsibilities expected of them, and to develop action plans to improve performance. The external consultant conducted interviews with Directors and members of senior management and attended Board and committee meetings as an observer. The evaluation results and action plans were presented to the senior management and the Board members.

The scope of the evaluation covered multiple aspects, including Board composition, and expertise, information flow to Board members, Board processes and effectiveness, continuous development and training, and Board accountability and leadership. In addition, the composition, expertise, and effectiveness of each Board committee were assessed. The evaluation results were then analyzed and submitted to the Nomination Committee and the Board in aggregate form, without attributing specific comments or ratings to individual Board members, to maintain confidentiality, encourage a culture of trust, and enable open and frank discussions.

2026 Board Performance

Following the performance review for 2026, the Board concludes that its existing practices are effective, no significant areas of improvement have been identified. It is also satisfied that the Board committees are properly constituted and operate effectively. The Board further noted the Group's initiatives to strengthen overall performance in challenging and rapidly changing circumstances. The Board is satisfied that it has achieved its performance objectives and that each Director has contributed positively to the overall effectiveness of the Board and its committees.

2027 Action Plan

The 2027 action plan to enhance Board effectiveness focuses on developing and strengthening the long-term strategy to ensure clear priorities, measurable goals, and alignment across management and the Board. It also aims to enhance the information provided to the Board and to reconsider increasing the Board's size in the future to bring more diverse perspectives as the Company expands into new lines of business.

Directors' and Officers' Insurance

The Company has arranged for appropriate insurance coverage in respect of legal actions against the Directors.

Board meetings and Board practices

The Board is scheduled to meet at least four times a year to determine the overall strategic direction and objectives and approve the interim and annual results and other significant matters. Apart from regular board meetings, the Board will meet on other occasions when a board level decision on a particular matter is required. Each of the members of the Board has full access to relevant information at the meetings.

A total of 30 Board meetings and one general meeting were held during the Year. Details of the attendance of the Board meetings and the general meeting are as follows:

	Board Meeting	**The 2025 Annual General Meeting**
Mr. Wang Guangbo	30/30	1/1
Mr. Huang Tianlei (resigned with effect from 11 August 2025)	13/13	N/A
Mr. Wang Zhi	30/30	1/1
Mr. Dai Bin	30/30	1/1
Mr. Xu Jianwen	30/30	1/1
Ms. Lan Jia	30/30	1/1

Appointment and re-election of Directors

Under Code Provision B.2.2 of the CG Code, the non-executive Directors should be appointed for a specific term and subject to re-election. All Directors appointed to fill a casual vacancy should be subject to re-election by Shareholders at the first general meeting after appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

All the Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's articles of association (the "**Articles**").

Continuing professional development

According to Code Provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. As part of continuous professional development of the Directors, the Company provides in-house training and engages professional firms to provide training to Directors to develop and refresh their knowledge and skills and continuously update Directors on the latest developments regarding the Group's business, the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Internal briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. Every newly appointed Director has received comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The participation by individual Directors in the continuous professional development programme with appropriate emphasis on the roles, functions and duties of a director of a listed company by way of attending training sessions organised by professional firms and reading relevant materials during the Year is recorded in the table below:

Name of Directors	**Training on corporate governance regulatory development and other relevant topics**
Mr. Wang Guangbo *(Chairman)*	✓
Mr. Huang Tianlei (resigned with effect from 11 August 2025)	✓
Mr. Wang Zhi	✓
Mr. Dai Bin	✓
Mr. Xu Jianwen	✓
Ms. Lan Jia	✓

Independent non-executive Directors and Non-executive Director

The Company appointed three independent non-executive Directors and one non-executive Director who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of the Shareholders.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

Each of the non-executive Directors (including the independent non-executive Directors) has been appointed for a term of three years commencing from the date of their respective appointment as the Directors (i.e. 28 November 2023, 5 December 2023 and 26 February 2024) and are subject to retirement by rotation in accordance with the Articles.

Mechanism to Ensure Board Independence

The Company has in place mechanisms to ensure independent views and input are available to the Board. The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement. Each independent non-executive Director is required to provide an annual confirmation of his/her independence to the Company and the Nomination Committee is responsible to assess the independence and time commitment of each independent non-executive Director at least annually.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. To facilitate proper discharge of their duties, all the Directors are entitled to seek advice from the Company Secretary or, upon reasonable request, seek independent professional advice at the Company's expense. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the Year.

Chairman and Chief Executive Officer

The chairman of the Board is responsible for overseeing the strategic planning and leadership of the Group and ensuring that the entire Board members are properly briefed on issues at the Board meetings and receive adequate and reliable information on a timely basis. The Chief Executive Officer is responsible for the strategic development and maintaining the Company's relationship with companies outside of the Group. Senior management is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

Code Provision C.2.1 of the CG Code provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and Chief Executive Officer. Mr. Wang Guangbo, an executive Director and chairman of the Board will assume the duties and responsibilities of the Chief Executive Officer in the overall management, strategic planning and the day-to-day business operation of the Group. Given Mr. Wang's extensive experience and knowledge in the information technology industry, the Board believes that he will provide a broader perspective on strategic matters and enable efficient decision-making to meet the dynamic needs of the Group's business. Therefore, the Directors consider that the deviation from Code Provision C.2.1 of the CG Code is appropriate in such circumstance. Notwithstanding the deviation, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

BOARD COMMITTEES

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and promoting the success of the Company. The Board is delegated with the authority and responsibility for the management of the Group. In addition, the Board has also established various Board committees, including the Remuneration Committee, the Nomination Committee and the Audit Committee, and has delegated various responsibilities to them. The executive Directors and senior management of the Company, as delegated by the Board, are responsible for implementing the determined strategies and policies and the day-to-day management of the Group's business.

Remuneration Committee

The Remuneration Committee was established on 15 February 2017. The chairman of the committee is Mr. Dai Bin, an independent non-executive Director, and other members include Mr. Wang Guangbo, an executive Director and the chairman of the Board, and Mr. Xu Jianwen, an independent non-executive Director.

The primary objectives and duties of the Remuneration Committee were set out in its terms of reference adopted in compliance with the requirements under the CG Code, which include making recommendations to the Board on the remuneration policy, remuneration packages and employee benefits arrangements of the Directors and the senior management of the Company.

During the Year, seven Remuneration Committee meetings were held in total, among which two Remuneration Committee meeting were held to review and make recommendations to the Board on the remuneration policy and the remuneration packages of executive Directors and senior management as well as other related matters, and one Remuneration Committee meeting was held to review the Share Award Scheme during the Year. Details of the attendance of the Remuneration Committee meetings are as follows:

Name of Directors	Attendance of the Remuneration Committee meeting
Mr. Dai Bin *(Chairman of the Remuneration Committee)*	7/7
Mr. Wang Guangbo	7/7
Mr. Xu Jianwen	7/7

During the Year, the Remuneration Committee has considered and reviewed the terms of employment contracts of the executive Directors and appointment letters of the non-executive Director and the independent non-executive Directors and has assessed the performance of the Directors. The Remuneration Committee considers that the terms of service agreements of the executive Directors, the appointment letters of the non-executive Director and the independent non-executive Directors are fair and reasonable.

Details of the Directors' remuneration and five highest paid individuals for the Year are disclosed in note 9 to the Financial Statements.

During the Year, the remuneration of the senior management is listed below by band:

	Number of individuals
HK$1,000,001 to HK$1,500,000	–
HK$2,000,001 to HK$2,500,000	1
HK$2,500,001 to HK$3,000,000	1
HK$3,000,001 to HK$3,500,000	2
HK$4,000,001 to HK$4,500,000	–
HK$5,500,001 to HK$6,000,000	–
HK$8,500,001 to HK$9,000,000	–

Nomination Committee

The Nomination Committee was established on 15 February 2017. The chairman of the committee is Mr. Wang Guangbo, an executive Director and the chairman of the Board, and other members include Mr. Dai Bin, Mr. Xu Jianwen and Ms. Lan Jia, all being independent non-executive Directors.

The roles and functions of the Nomination Committee include making recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy. The Nomination Committee identifies individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. The Nomination Committee also reviews the structure, size and composition of the Board and assesses the independence of the independent non-executive Directors.

The Company has adopted a nomination policy (the "**Nomination Policy**") which sets out the nomination procedures and criteria for the Nomination Committee to select and recommend candidates to the Board for consideration of appointment as Directors or for recommendations to Shareholders for election as Directors at general meetings.

Pursuant to the Nomination Policy, prior to a meeting of the Nomination Committee called for considering candidates for directorship, the Nomination Committee will invite nominations of candidates from the Board members or put forward candidates. The Nomination Committee will consider the nominated candidates at such committee meeting according to the following criteria: reputation for integrity, accomplishment and experience, compliance with legal and regulatory requirements, commitment in respect of available time and relevant interest, and board diversity. A selected candidate will then be recommended by the Nomination Committee to the Board for consideration and approval.

A Shareholder may propose a person for election as a Director in a general meeting pursuant to procedures set out in the Articles.

In addition, the Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The Company seeks to achieve board diversity through the consideration of a number of factors in the Board members' selection process, including but not limited to gender, age, cultural and educational background, race, professional experience and industry experience. These factors will be considered in determining the optimum composition of the Board and all Board appointments will be based on merit, having due regard to the Group's business needs from time to time.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(i) the Company shall comply with the requirements on board composition set out in the Listing Rules from time to time;

(ii) the number of independent non-executive Directors shall be not less than three and one-third of the Board;

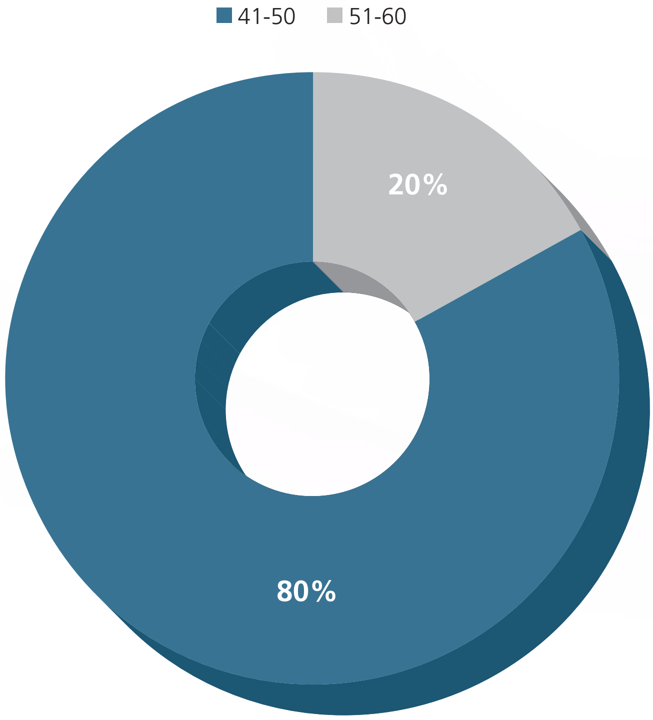
(iii) at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and

(iv) at least one Director should be the professional or have intensive experience of the industry in which the Group operates.

As at 31 March 2026, Board diversification in terms of gender and age group is set out below:

Gender

Age Group



The Board has reviewed, through the Nomination Committee, the structure, size, composition and diversity of the Board as well as the nomination and appointment procedure of Directors during the Year. The Board considers that the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. It paid particular attention to the cultural and educational background, professional and technical experience, and skills of the members of the Board and also reviewed the composition of executive Directors, non-executive Directors and independent non-executive Directors, so as to ensure appropriate diversity and independence within the Board. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

There was one female Director in the senior management during the Year. The Board aims to maintain at least the current level of female representation and will strive to achieve a balanced gender diversity based on stakeholders' expectations and best practices with the ultimate goal of increasing the proportion of female members over time as and when suitable candidates are identified. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female senior management and potential successors to the Board in the future. The Board will regularly review its policies and procedures for board diversity, taking into account relevant data and feedback from stakeholders, and will take appropriate action as needed to ensure that it is achieving its gender diversity goals.

As at 31 March 2026, diversity of the workforce (including senior management) in terms of gender is as follows: 90% are male employees and 10% are female employees.

During the Year, after the annual review of the implementation and effectiveness of the Board Diversity Policy, the Board is satisfied that the Board Diversity Policy has been properly implemented and is effective.

During the Year, two Nomination Committee meetings was held to, among others, (1) approve and recommend to the Board for the retirement and re-election of Directors; (2) assess the independence of each of the independent non-executive Directors; (3) review the effectiveness of the nomination policy; and (4) review the appropriateness of the current board diversity policy and the Board composition. Details of the attendance of the Nomination Committee meeting are as follows:

Name of Directors	**Attendance of the Nomination Committee meeting**
Mr. Wang Guangbo *(Chairman of the Nomination Committee)*	2/2
Mr. Dai Bin	2/2
Mr. Xu Jianwen	2/2
Ms. Lan Jia (appointed with effect from 12 June 2025)	1/1

Audit Committee

The Audit Committee was established on 15 February 2017. The chairlady of the committee is Ms. Lan Jia, an independent non-executive Director with the appropriate professional qualifications and other members include Mr. Xu Jianwen and Mr. Dai Bin, both being independent non-executive Directors.

The main responsibilities of the Audit Committee are to review the Group's financial information and the auditors' reports and monitor the integrity of the financial statements of the Group as well as overseeing the financial reporting process, risk management and internal control system of the Group and assisting the Board to fulfil its responsibility over the audit. Other responsibilities include making recommendations to the Board on the appointment, reappointment and removal of external auditor, approval of the remuneration and terms of the engagement of the external auditor, and any other matters arising from the above. The Audit Committee is also responsible for performing the Company's corporate governance functions and serves as a channel of communication between the Board and the external auditor.

During the Year, three Audit Committee meetings were held. Details of the attendance of the Audit Committee meetings are as follows:

Name of Directors	**Attendance of the Audit Committee meeting**
Ms. Lan Jia *(Chairlady of the Audit Committee)*	3/3
Mr. Dai Bin	3/3
Mr. Xu Jianwen	3/3

During the Year, the Audit Committee has reviewed the audit plan and approach of the external auditor, monitored the progress and results of the audit regularly and performed the Company's corporate governance functions as delegated by the Board. The Group's unaudited interim results for the six months ended 30 September 2025 and the audited annual results for the Previous Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been duly made. The Audit Committee has also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and internal audit function of the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's risk management and internal control systems to safeguard the Group's assets and the shareholders' interests and conduct a review on an annual basis.

The main features of the risk management and internal control systems of the Group include:

(i) the identification of potential risks;

(ii) the assessment and evaluation of risks;

(iii) the development and continuous updating of mitigation measures; and

(iv) the ongoing review of internal control procedures to ensure their effectiveness in respect of the Group's financial, operational, compliance controls and risk management functions.

Such risk management and internal control systems are designed for managing risk rather than eliminating the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

During the Year, there were no significant changes in the Company's assessment of risks (including ESG risks) and the risk management and internal control systems;

For the Year, the Group did not have an internal audit function. The Board currently takes the view that there is no immediate need to set up an internal audit function considering the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time.

For the Year, the Company has engaged an independent internal control consultant,OCF Corporate Advisory Limited, to carry out the internal audit function. The consultant has conducted an annual review of the Group's internal control systems including the areas of anti-fraud policy, whistleblowing policy, human resources, anti-corruption, conflict of interest, financial reporting, legal compliance and risk management with the aims of, among other matters, improving the Group's corporate governance and ensuring compliance with the applicable laws and regulations.

Key issues in relation to financial, risk management, operational and compliance controls have been examined during the Year and discussed with the management, on which findings and recommendations for improvement have been provided to the Audit Committee. It has been reported that there were no material deficiencies found. The Company will be carrying out these recommendations as appropriate, and ongoing reviews will be conducted in subsequent years.

During the Year, the Board has received confirmation from management on the effectiveness of the risk management systems and internal controls framework. The Board and its Audit Committee consider these to be effective and adequate and no significant control failings or weaknesses were identified for the Reporting Period or that were previously reported but remain unresolved.

Also, during the Year, the Board has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions, as well as those relating to the Group's ESG performance and reporting, and is satisfied with the results of the review.

Whistleblowing Policy

The Group has adopted a whistleblowing policy to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about the possible improprieties in any matter related to the Group.

Anti-Corruption Policy

The Group has adopted the anti-corruption Policy, which outlines the Group's zero-tolerance stance against bribery and corruption, setting out the responsibilities of all business units and employees of the Group, ensuring that they comply with the applicable anti-corruption laws, rules and regulations.

Inside Information Policy

The Company has established a disclosure policy for the handling and dissemination of inside information. Such policy is set out inside the staff manual and all staff are required to comply with such policy. Employees of the Company must be made aware of the disclosure policy and the importance of bringing any potential inside information promptly to the attention of their immediate supervisors. They are also prohibited from disclosing any confidential information to anyone outside the Company without having obtained the necessary approval. In addition, each level of personnel of the Group is granted a specific level of access to price sensitive and inside information. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. The Directors, senior management and employees are kept up-to-date on the latest regulatory updates.

AUDITOR'S REMUNERATION

The statement of the Company's auditors about their reporting responsibilities for the Financial Statements is set out in the "Independent Auditors' Report" on pages 53 to 57 of this report.

For the Year, the remuneration payable or paid to the Company's auditors (the "**Auditor**"), HLB Hodgson Impey Cheng Limited, is as follows:

	Year ended 31 March 2026 (HK$'000)
Auditor's remuneration	
– Audit services	1,800
– Non-audit services	–

COMPANY SECRETARY

Ms. Chan Wai Hing Gloria resigned as the Company Secretary and Mr. Fok Wai Hung has been appointed as the Company Secretary on 11 July 2025. Both of them have complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules during the Year.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting are as follows:

- Pursuant to the memorandum and articles of association of the Company (the "**Memorandum and Articles**"), any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition.

- Eligible Shareholder(s) who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong, at Unit 1701, 17/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, for the attention of the Company Secretary.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted at the EGM. The Requisition must be signed by the Eligible Shareholder(s) concerned.

- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within two months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition.

- If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Memorandum and Articles, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Putting enquiries by Shareholders to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Unit 1701, 17/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong by post or email to Mr. Fok Wai Hung at sfok@microware.com.hk, for the attention of the Company Secretary.

Procedures for Shareholders to put forward proposals at Shareholders' meeting

There is no provision allowing Shareholders to propose resolutions at the general meetings of the Company under the Memorandum and Articles. Shareholders who wish to propose resolutions may, however, convene an EGM to do so by following the procedures as set out in the section headed "Procedures for Shareholders to convene an extraordinary general meeting" in this report.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its Shareholders. Information of the Company is disseminated to the Shareholders in the following manner:

- Delivery of annual and interim results and reports to all Shareholders;
- Publication of announcements regarding the annual and interim results on the websites of the Stock Exchange and the Company, and issue of other announcements and Shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meetings of the Company are valuable forums for direct communications between the Board and Shareholders and it is also an effective communication channel between the Board and Shareholders, where Shareholders can raise questions directly to the Board in respect of the performance and future development of the Group.

The shareholders' communication policy encourages all forms of communication and welcomes feedback, questions, or concerns from Shareholders and aims to ensures that Shareholders are provided with timely access to the Company's information. At other times, Shareholders and investors can put forward their enquires in writing to the Company as set out above under the paragraph headed "Putting enquiries by Shareholders to the Board". The Company regularly reviews its shareholders' communication policy and has evaluated its implementation and effectiveness during the Year. In light of the above, the Company considered that its shareholders' communication policy implemented during the Year is effective.

CONSTITUTIONAL DOCUMENTS OF THE COMPANY

During the Year, the Company had not made any changes to the Memorandum and Articles. The Memorandum and Articles are available on the websites of the Company and the Stock Exchange.

DIVIDEND POLICY

Under the dividend policy adopted by the Company, dividends may be recommended, declared and paid to the Shareholders from time to time. In summary, the declaration of dividend is subject to the discretion of the Board, taking into consideration of, among others, the following factors: financial results, Shareholders' interests, general business conditions and strategies, capital requirements, taxation considerations, contractual, statutory and regulatory restrictions (if any) and any other factors that the Board may deem relevant.

DIRECTORS' REPORT

The Board is pleased to present to the Shareholders their report for the Year and the Financial Statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its major subsidiaries are set out in note 34 to the Financial Statements.

BUSINESS REVIEW

Discussion and analysis on the business of the Group for the Year are set out in the section headed "Management Discussion and Analysis" on pages 14 to 18 of this report.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the Group's financial position as at 31 March 2026 are set out in the Financial Statements on pages 58 to 59 of this report.

Under the dividend policy adopted by the Company, dividends may be recommended, declared and paid to the Shareholders from time to time. In summary, the declaration of dividend is subject to the discretion of the Board, taking into consideration of, among others, the following factors: financial results, Shareholders' interests, general business conditions and strategies, capital requirements, taxation considerations, contractual, statutory and regulatory restrictions (if any) and any other factors that the Board may deem relevant.

The Board resolved not to recommend the payment of a final dividend for the Year to the Shareholders (Previous Year: Nil).

FINANCIAL SUMMARY

A summary of the published results of the assets, equity and liabilities of the Group for the last five financial years is set out on page 142 of this report.

ENVIRONMENTAL POLICIES

The Directors believe that the IT infrastructure solutions industry in which the Group operates its business is not a major source of environmental pollution and the impact of its operations on the environment is minimal. The Group has taken measures to facilitate the environmental-friendliness of its workplace by encouraging, among other things, a recycle culture within the Group.

The Group has also dedicated its effort to review and monitor the Group's environmental, social and governance ("**ESG**") policies and practices to ensure compliance with the relevant legal and regulatory requirements as described in Appendix C2 to the Listing Rules. The Group is committed to engaging its key stakeholders and operating its business in a fair, responsible and transparent manner. Details of the Group's ESG performance for the Year can be found in the Company's Environmental, Social and Governance Report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, the Group complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group, including those in respect of its provision of IT infrastructure solutions services and IT managed services in Hong Kong, employment and labour practices and environmental protection. The Company also complied with the requirements under the Listing Rules, the SFO and the laws of the People's Republic of China and Cayman Islands during the Year. The Group conducts on-going review of the newly enacted laws and regulations affecting the operations of the Group, if any, and provides relevant trainings and guidance to the staff. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

SHARE CAPITAL

Movements in the share capital of the Company during the Year are set out in note 26 to the Financial Statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distributions to Shareholders as at 31 March 2026 comprised the share premium plus accumulated loss with an aggregate amount of approximately HK$43,532,000 (2025: HK$46,142,000).

RESERVES

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 60 of this report and the details of reserves attributable to equity shareholders of the Company are set out in note 33 to the Financial Statements.

MAJOR SUPPLIERS AND CUSTOMERS

The Group's five largest customers accounted for approximately 19.5% of the total revenue of the Group for the Year, while the largest customer accounted for approximately 9.3% of the total revenue of the Group for the Year.

The Group's five largest suppliers accounted for approximately 50.0% of the Group's total purchases during the Year, while the largest supplier accounted for approximately 13.0% of the total purchases of the Group for the Year.

At all time during the Year, none of the Directors or any of their close associates or any Shareholders who, to the best knowledge of the Directors, own more than 5% of the number of issued Shares had an interest in any of the five largest suppliers or five largest customers of the Group.

DIRECTORS

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

Executive Directors

WANG Guangbo *(Chairman and Executive Director of the Group)*
HUANG Tianlei (resigned with effect from 11 August 2025)

Non-executive Director

WANG Zhi

Independent non-executive Directors

DAI Bin
XU Jianwen
LAN Jia

In accordance with article 84 of the Articles, Mr. Wang Guangbo, Mr. Xu Jianwen and Ms. Lan Jia will retire by rotation and, being eligible, offer themselves for re- election as Directors at the AGM.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 19 to 22 of this report.

DIRECTORS' SERVICE CONTRACTS

A formal service agreement has been entered into with the executive Director, and letters of appointment have been entered into with the non-executive Director and the independent non-executive Directors, respectively, setting out the key terms and conditions of their respective appointments, which may be terminated by not less than three months' notice in writing served by either party on the other. The term of office of each Director is three years, subject to retirement by rotation and re-election in accordance with the Memorandum and Articles.

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

During the Year, no transactions, arrangements and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with Director had a material interest, whether directly or indirectly, subsisted at any time during the Year or as at the end of the Year.

CONTROLLING SHAREHOLDERS' INTEREST

Save as disclosed in this report, no contracts of significance between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries or any contracts of any significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries subsisted at any time during the Year or as at the end of the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2026, the interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been 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 were taken or deemed to have under such provisions of the SFO) or have been recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of Interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Wang Guangbo	Interest of controlled Corporation (Note 2)	168,587,400 (L)	56.19%
Mr. Wang Zhi (Note 3)	Beneficial Owner	1,500,000 (L)	0.50%
Mr. Dai Bin (Note 4)	Beneficial Owner	1,500,000 (L)	0.50%
Mr. Xu Jianwen (Note 4)	Beneficial Owner	1,500,000 (L)	0.50%
Ms. Lan Jia (Note 4)	Beneficial Owner	1,500,000 (L)	0.50%

Notes:

(1) The letter "L" denotes the person's long position in the Shares. As at 31 March 2026, the Company had 300,000,000 Shares in issue.

(2) Weiye Holdings Group Limited ("**Weiye Holdings**"), being a company incorporated in the British Virgin Islands with limited liability, is wholly and beneficially owned by Mr. Wang. As such, Mr. Wang is deemed, or taken to be interested in the 168,587,400 Shares held by Weiye Holdings by virtue of the SFO.

(3) On 3 January 2025, 1,500,000 awarded Shares were granted and vested to Mr. Wang Zhi under the Share Award Scheme. As at the date of this report, Mr. Wang Zhi is a non-executive Director.

(4) On 3 January 2025, 1,500,000 awarded Shares were granted and vested to each of Mr. Dai Bin, Mr. Xu Jianwen, and Ms. Lan Jia under the Share Award Scheme. As at the date of this report, Mr. Dai Bin, Mr. Xu Jianwen and Ms. Lan Jia are independent non-executive Directors.

Save as disclosed above, as at 31 March 2026, none of the Directors or chief executive of the Company had registered any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2026, so far as the Directors are aware, the interests or short positions in the Shares or underlying Shares held by the persons (not being a Director or chief executive of the Company) which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of Interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Weiye Holdings	Beneficial owner	168,587,400 (L)	56.19%
Han Shaoye	Beneficial owner	19,754,000 (L)	6.60%
Chen Jianyong	Beneficial owner	18,162,000(L)	6.05%

Note:

(1) The letter "L" denotes the person's long position in the Shares. As at 31 March 2026, the Company had 300,000,000 Shares in issue.

Save as disclosed above, as at 31 March 2026, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme, a summary of the principal terms of which is set out as follows:

1. Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the eligible participants of the Share Option Scheme had or may have made to the Group. The Share Option Scheme will provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following persons, namely the eligible participants of the Share Option Scheme, to subscribe for such number of new Shares as the Board may determine:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 30,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of this report.

As at 1 April 2025 and 31 March 2026, the aggregate number of options available for grant under the Share Option Scheme were 30,000,000 and 15,000,000, respectively. There was no service provider sublimit set under the Share Option Scheme.

4. Maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued, and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the eligible participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such eligible participant and his close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a connected person) abstaining from voting.

5. The period within which the options must be exercised under the Share Option Scheme

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date upon which the option is deemed to be granted and accepted.

6. The minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. The basis of determining the exercise price

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

8. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

The grantee shall pay HK$1.00 to the Company by way of consideration for the grant on or before the relevant acceptance date of the option.

9. The remaining life of the Share Option Scheme

The Share Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 10 years from its adoption date, i.e. 15 February 2017. As at the date of this report, the remaining life of the Share Option Scheme is approximately 7 months.

Movements in Share Option Scheme

On 15 August 2025 (the "**Date of Grant**"), under the Share Option Scheme, the Company granted an aggregate of 15,000,000 options (the "**Options**") to five eligible participants (the "**Grantees**") to subscribe for ordinary Shares with a par value of HK$0.01 each in the share capital of the Company. The Options are vested on the day falling three months from the Date of Grant and may be exercised by the Grantees at any time until the expiry of 10 years from the adoption date (i.e. 15 February 2017) of the Share Option Scheme with the exercise price of HK$1.67 per Share. For details, please refer to the Company's announcement dated 15 August 2025.

Details of the outstanding Options granted and summary of movements of the outstanding Options during the Year are as follows:

					Number of Options				
Name of Grantee	Date of Grant	Exercise period (Note 1)	Exercise price	Closing price on the Date of Grant	Outstanding as at 1 April 2025	Granted during the Year	Exercised during the Year	Lapsed/ cancelled during the Year	Outstanding as at 31 March 2026
Huang Tianlei	15 August 2025	15 November 2025 - 15 February 2027	HK$1.67	HK$1.67	–	3,000,000	–	–	3,000,000
Wang Guangtao	15 August 2025	15 November 2025 - 15 February 2027	HK$1.67	HK$1.67	–	3,000,000	–	–	3,000,000
Zhang Ting	15 August 2025	15 November 2025 - 15 February 2027	HK$1.67	HK$1.67	–	3,000,000	–	–	3,000,000
Zheng Hao	15 August 2025	15 November 2025 - 15 February 2027	HK$1.67	HK$1.67	–	3,000,000	–	–	3,000,000
Lu Junbo	15 August 2025	15 November 2025 - 15 February 2027	HK$1.67	HK$1.67	–	3,000,000	–	–	3,000,000
					–	15,000,000	–	–	15,000,000

Notes:

1. The vesting period of the Options is 3 months from the Date of Grant.
2. There are no performance targets attached to the grant of share options.
3. For details of the accounting standard and policy adopted in relation to and the basis of the measurement of fair value of Options, please see Note 28 to the financial statements in this report.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Year (i.e. 15,000,000 Shares) divided by the weighted average number of Shares of the relevant class in issue for the Year (i.e. 300,000,000) were approximately 5.0%.

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme on 16 January 2024 and amended on 23 December 2024 which involves existing Shares only, a summary of the principal terms of which is set out as follows:

1. Purpose of the Share Award Scheme

The Share Award Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the eligible participants of the Share Award Scheme had or may have made to the Group. The Share Award Scheme will provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) to motivate certain eligible participants to optimise their performance and efficiency for the benefit of the Group;

(ii) to recognise and reward certain eligible participants for their performance and contributions; and

(iii) to retain certain eligible participants for their continual contribution to the operation and development of the Group.

2. Participants of the Share Award Scheme

The eligible participants of the Share Award Scheme include any person, being an employee, Director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group.

3. Total number of Shares available for issue under the Share Award Scheme and percentage of issued Shares

The maximum number of Shares that may be awarded by the Board under the Share Award Scheme (excluding awarded Shares that have been (i) forfeited, cancelled or lapsed; or (ii) granted and vested in accordance with the Share Award Scheme) in aggregate shall be no more than 10 percent (10%) of the number of Shares issued as at the effective date of the Share Award Scheme (i.e. 30,000,000 Shares).

4. Vesting of awards under the Share Award Scheme

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine the vesting criteria and conditions or period for the award to be vested hereunder as it deems appropriate in its absolute discretion and shall inform the trustee of the Share Award Scheme (the "**Trustee**") and such selected participant the relevant vesting conditions of the award and the award shares.

5. Basis of determining the purchase price of the Shares to be awarded

The Board may, from time to time, cause to be paid an amount from the Company's funds to the Trustee for the purchase of the Shares on the market at the prevailing market price at a specified price range for the purpose of satisfying the awards granted by the Board to the selected participant(s) under the Share Award Scheme. The Board may also specify the period for which such Shares are to be acquired as necessary.

The Board may, at its sole discretion, determine the purchase price (if any) to the paid by a grantee under the Share Award Scheme with respect to the grant of the award.

6. Remaining life of the Share Award Scheme

The Share Award Scheme shall terminate on the earlier of: (i) the tenth (10th) anniversary date of the effective date of the Share Award Scheme, except in respect of any non-vested awarded shares granted prior to the expiration of the Share Award Scheme for the purpose of giving effect to the vesting of such awarded Shares; or (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the Share Award Scheme.

From the adoption date of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, the Trustee purchased a total of 29,998,000 Shares on the market at a total consideration of approximately HK$33.5 million with the highest and the lowest prices of HK$1.28 and HK$1.09, respectively.

On 3 January 2025, an aggregate of 29,998,000 Shares (the "**Awarded Shares**") , representing approximately 10% of the issued shares of the Company, were granted to ten awardees, including the Directors, senior management of the Company and its subsidiaries. The awardees were not required to pay any purchase price upon vesting of the Award Shares. The weighted average closing price of the Shares immediately before the date on which the Awarded Shares were vested during the year ended 31 March 2025 was HK$1.147.

Following the grant and vesting of shares to the awardees on 3 January 2025, the Trustee no longer holds any Shares.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The emoluments of the Directors are reviewed and approved by the Remuneration Committee, having regard to factors including salaries paid by comparable companies, time commitment, job duties and responsibilities in respect of the relevant positions. The Company has adopted the Share Option Scheme and the Share Award Scheme, details of which are set out in the paragraphs under the section headed "Share Option Scheme" and "Share Award Scheme", respectively in this report.

There were no arrangements under which a director has waived or has agreed to waive any emoluments.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CHARITABLE DONATIONS

During the Year, the Group made charitable donations amounting to HK$80,000.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme" above, no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares, were entered into by the Company during the Year or subsisted at the end of the Year.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving good corporate governance practices by emphasising its accountability, transparency, independence, responsibility and fairness. The Company's corporate governance practices are based on the Code Provisions in the CG Code.

The Company complied with the CG Code throughout the Year, except for Code Provision C.2.1 of the CG Code, details of which are set out below. Further details could be referred to the Corporate Governance Report of the Company set out in the Company's annual report for the Year.

The chairman of the Board (the "**Chairman**") is responsible for overseeing the strategic planning and leadership of the Group and for ensuring that the entire Board members are properly briefed on issues at Board meetings and receive adequate and reliable information on a timely basis. The Chief Executive Officer is responsible for the strategic development and maintaining the Company's relationship with companies outside of the Group. Senior management is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

Code Provision C.2.1 of the CG Code provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and Chief Executive Officer. Mr. Wang Guangbo, an executive Director and chairman of the Board will assume the duties and responsibilities of the Chief Executive Officer in the overall management, strategic planning and the day-to-day business operation of the Group. Given Mr. Wang's extensive experience and knowledge in the information technology industry, the Board believes that he will provide a broader perspective on strategic matters and enable efficient decision-making to meet the dynamic needs of the Group's business. Therefore, the Directors consider that the deviation from Code Provision C.2.1 of the CG Code is appropriate in such circumstance. Notwithstanding the deviation, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place. The Board will keep reviewing its current structure from time to time and will separate the role of the Chairman and the Chief Executive Officer if the Board considers appropriate and necessary.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors a confirmation of independence, and the Company considers that each of them is independent and has met the guidelines set out in Rule 3.13 of the Listing Rules.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN A COMPETING BUSINESS

As at 31 March 2026, the Directors were not aware of any business in which the Directors or the controlling Shareholders are interested that had competed or might compete with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules on the Stock Exchange, was held by the public at all times during the Year and as of the date of this report.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that its employees are valuable assets for the Group's continuous development. Thus, it offers competitive salary package to its employees including mandatory provident funds in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and medical insurance coverage to employees who are retained after the probation period. In order to promote overall efficiency, employee loyalty and retention, employees of the Group are required to attend orientation sessions when they first join the Group and may attend other training courses held onsite or externally.

The Company has also adopted the Share Option Scheme and the Share Award Scheme to recognise and motivate contributions of its employees. Further details regarding the Share Option Scheme and the Share Award Scheme are set out in the paragraphs headed "Share Option Scheme" and "Share Award Scheme" on pages 43 to 48 of this report.

The Group provides high quality IT infrastructure solutions to its customers from both private sector and public sector to fulfil their immediate and long-term needs. The Group also communicates with its customers regularly to maintain close relationship with them.

The Group strives to maintain fair and cooperative relationships with its suppliers.

RETIREMENT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees. Under the rules of the MPF Scheme, each of the employer and its employees make monthly contributions to the scheme at 5% of the employees' earnings. The monthly contributions of each of the employer and its employees are subject to a cap of HK$1,500 and thereafter contributions are voluntary. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Memorandum and Articles, every Director, auditor, secretary or other officers of the Company shall be entitled to be indemnified by the Company out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may sustain or incur by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has taken appropriate insurance coverage in respect of Directors' and officers' liability throughout the Year.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

MANAGEMENT CONTRACT

No contract concerning the management or administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

EVENT AFTER THE REPORTING PERIOD

There was no significant event affecting the Group that had occurred since the end of the Year and up to the date of this report.

On 6 July 2026, the Company and Astrum Capital Management Limited (the "**Placing Agent**") entered into a placing agreement (the "**Placing Agreement**"), pursuant to which the Company appointed the Placing Agent to place, on a best efforts basis and subject to the fulfillment of the condition precedent to the Placing Agreement, a maximum of 30,000,000 placing shares (the "**Placing Shares**") to not less than six independent placees at a price of HK$3.35 per Placing Share (the "**Placing**"). The Placing Shares were approved to issue and allot under the general mandate which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 29 August 2025. The placing price of HK$3.35 per Placing Share represents: (i) a discount of 3.2% to the closing price of HK$3.460 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 1.6% to the average closing price of HK$3.406 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

On 23 July 2026, the Company and Placing Agent entered into a supplemental placing agreement (the "**Supplemental Placing Agreement**"), pursuant to which the Placing Agent and the Company agreed to extend the long stop date for the completion of the Placing from 27 July 2026 to 17 August 2026 (or such later date as may be agreed between the Placing Agent and the Company). The placing price of HK$3.35 per Placing Share represents: (i) a premium of approximately 1.5% over the closing price of HK$3.300 per Share as quoted on the Stock Exchange on the date of the Supplemental Placing Agreement; and (ii) a premium of approximately 3.7% over the average closing price of HK$3.230 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Supplemental Placing Agreement. As at the date of this report, the Placing is yet to be completed. For details, please refer to the Company's announcements dated 6 July 2026 and 23 July 2026.

REVIEW OF THE ANNUAL RESULTS

The Audit Committee has reviewed the annual results for the Year with the Company's management and considered that such results have been prepared in accordance with the applicable accounting standards and requirements with sufficient disclosure. The Audit Committee has been established in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Lan Jia, Mr. Dai Bin, and Mr. Xu Jianwen. Ms. Lan Jia serves as the chairlady of the Audit Committee. The primary responsibilities of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the Group's policies and to perform other duties and responsibilities as assigned by the Board.

AUDITORS

Deloitte Touche Tohmatsu ("**Deloitte**") had been the external auditors of the Company for the three preceding years and they resigned as the Auditor with effect from 23 February 2026 and HLB Hodgson Cheng Limited ("**HLB Hodgson**") was appointed as the new Auditor of the Company to fill the casual vacancy following the resignation of Deloitte on 23 February 2026 and to hold office until the conclusion of the next annual general meeting of the Company. For further details, please refer to the announcement of the Company dated 23 February 2026.

Save as disclosed above, there has been no other changes of the Auditor in any of the preceding three years.

The consolidated financial statements for the year ended 31 March 2026 have been audited by HLB Hodgson, who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLB Hodgson as the independent Auditor will be proposed at the AGM.

On behalf of the Board

Wang Guangbo
Chairman

Independent Auditors' Report

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

TO THE SHAREHOLDERS OF MICROWARE GROUP LIMITED
美高域集團有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Microware Group Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 58 to 141, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also 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 judgment, 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.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matters
Revenue Recognition	
The Group's revenue is primarily derived from the sale of IT products and equipment, together with the provision of system implementation, maintenance, and other IT services to customers in Hong Kong and elsewhere. Revenue from IT infrastructure solution services was HK$1,157,915,000, representing a decrease of HK$190,392,000 or 14.12% year on year, while revenue from IT managed services was HK$143,134,000, representing an increase of HK$54,000 or 0.04% year on year. Revenue is recognized when the Group satisfies a performance obligation by transferring the control of promised goods to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for that goods. We focused on this area due to the significant volume of revenue transactions generated. In addition, given the significance of revenue to the consolidated financial statements and the presumed risk of fraud in revenue recognition under the auditing standards, there is an inherent risk that revenue may be recognised in the wrong accounting period or inappropriately manipulated to meet performance targets. Accordingly, we identified revenue recognition as a key audit matter.	Our procedures in relation to the revenue recognition included: • Understanding and evaluating the management's controls in respect of the Group's sales transactions from contract approval, recording of sales based on contract terms, and agreed with customer's records; • Testing of revenue recorded covering different customers, using sampling techniques, by examining the relevant sale invoices and goods delivery notes; • Testing the recognition of sales transactions to assess whether those sales transactions were recorded in appropriate accounting period in accordance with the Group's revenue recognition policy.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2025 were audited by another auditor who expressed an unmodified opinion on 8 July 2025.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment 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 auditors' 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 auditors' 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 audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

The engagement director on the audit resulting in this independent auditors' report is Shek Lui (practising certificate number: P05895).

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hong Kong
30 June 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Revenue	5	**1,301,049**	1,491,387
Cost of sales		**(1,128,613)**	(1,303,131)
Gross profit		**172,436**	188,256
Other income	6	**5,435**	5,537
Other gains and losses, net	6	**4,278**	(2,297)
Other expenses		**(80)**	(28)
Distribution and selling expenses		**(76,879)**	(81,381)
Administrative expenses		**(61,691)**	(80,652)
Research and development expenses		**(351)**	(4,708)
Share of results of an associate		**(469)**	–
Finance cost	8	**(5,836)**	(6,618)
Profit before taxation		**36,843**	18,109
Taxation	7	**(6,638)**	(9,952)
Profit for the year attributable to owners of the Company	8	**30,205**	8,157
Other comprehensive (expenses)/income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income (FVTOCI)		**(6,900)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**5,145**	(1,737)
Other comprehensive expenses for the year, net of income tax		**(1,755)**	(1,737)
Profit and total comprehensive income for the year attributable to owners of the Company		**28,450**	6,420
Earnings per share			
Basic and diluted (HK$)	11	**0.10**	0.03

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**14,395**	25,401
Intangible assets	13	**9,431**	619
Investment in an associate	14	**1,796**	–
Other financial assets	15	**49,728**	59,837
Finance lease receivables	16	**–**	5,951
Prepayments and deposits	20	**4,309**	5,164
Derivative financial instrument	18	**–**	43
Deferred tax assets	17	**467**	260
		80,126	97,275
CURRENT ASSETS			
Inventories	19	**86,598**	80,235
Finance lease receivables	16	**5,951**	13,561
Trade and other receivables, prepayments and deposits	20	**300,177**	311,103
Tax recoverable		**11,082**	–
Other financial assets	15	**13,481**	3,856
Pledged bank deposits	21	**75,193**	54,757
Time deposits	21	**5,780**	5,627
Cash and cash equivalents	21	**68,058**	160,920
		566,320	630,059
CURRENT LIABILITIES			
Trade and other payables and accruals	22	**203,072**	304,568
Contract liabilities	23	**87,659**	121,646
Tax liabilities		**4,765**	4,054
Lease liabilities	24	**16,881**	28,359
Bank borrowings	25(a)	**85,324**	22,509
		397,701	481,136
NET CURRENT ASSETS		**168,619**	148,923
TOTAL ASSETS LESS CURRENT LIABILITIES		**248,745**	246,198
NON-CURRENT LIABILITIES			
Derivative financial instrument	18	**1,206**	–
Contract liabilities	23	**4,214**	4,390
Lease liabilities	24	**4,064**	19,191
Bank borrowings	25(a)	**12,480**	–
		21,964	23,581
NET ASSETS		**226,781**	222,617
CAPITAL AND RESERVES			
Share capital	26	**3,000**	3,000
Reserves		**223,781**	219,617
Equity attributable to owners of the Company		**226,781**	222,617

The consolidated financial statements on pages 58 to 141 were approved and authorised for issue by the Board of Directors on 30 June 2026 and are signed on its behalf by:

Wang Guangbo
Director

Wang Zhi
Director

Consolidated Statement of Changes in Equity

For the Year ended 31 March 2026

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000 (note iv)	Treasury shares/ Share-based payment reserve HK$'000 (note ii and iii)	FVTOCI reserves HK$'000	Other reserves HK$'000 (note i)	Retained profits HK$'000	Total equity HK$'000
At 1 April 2024	3,000	75,297	–	(29,892)	–	69,866	63,036	181,307
Profit for the year	–	–	–	–	–	–	8,157	8,157
Other comprehensive expenses for the year	–	–	(1,737)	–	–	–	–	(1,737)
Profit and total comprehensive income for the year	–	–	(1,737)	–	–	–	8,157	6,420
Treasury shares repurchased (note 26)	–	–	–	(3,507)	–	–	–	(3,507)
Share awards vested (note 27)	–	–	–	33,399	–	–	4,998	38,397
At 31 March 2025	3,000	75,297	(1,737)	–	–	69,866	76,191	222,617
At 1 April 2025	**3,000**	**75,297**	**(1,737)**	**–**	**–**	**69,866**	**76,191**	**222,617**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**30,205**	**30,205**
Other comprehensive (expenses)/income for the year	**–**	**–**	**5,145**	**–**	**(6,900)**	**–**	**–**	**(1,755)**
Profit and total comprehensive income for the year	**–**	**–**	**5,145**	**–**	**(6,900)**	**–**	**30,205**	**28,450**
Dividend paid (note 10)	**–**	**(30,000)**	**–**	**–**	**–**	**–**	**–**	**(30,000)**
Recognition of share-based payment (note 28)	**–**	**–**	**–**	**5,714**	**–**	**–**	**–**	**5,714**
At 31 March 2026	**3,000**	**45,297**	**3,408**	**5,714**	**(6,900)**	**69,866**	**106,396**	**226,781**

Notes:

(i) The amount recorded in other reserves were resulted from the following transactions:

(a) the balance of HK$67,172,000 credited in other reserves represents the merger reserve arising from the completion of the group reorganisation on 31 March 2016;

(b) the balance of HK$13,474,000 credited in other reserves represents the shareholder's contribution arising from share-based payment arrangements attributable to owners of the Company;

(c) the balance of HK$10,780,000 debited in other reserves represents the changes in ownership of interests of subsidiaries held by non-controlling interests.

(ii) As at 1 April 2024, the balance mainly comprises of an aggregate of 27,258,000 ordinary shares of the Company were repurchased at an aggregate cost of HK$29,892,000 for the purpose of satisfying the share award scheme adopted with effect from 16 January 2024.

(iii) On 9 July 2024, an aggregate of 2,740,000 ordinary shares were repurchased at an aggregate cost of HK$3,507,000 for the purpose of satisfying the share award scheme adopted with effect from 16 January 2024.

(iv) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e.HK$) are recognised directly in other comprehensive income and accumulated in the translation reserve. Exchange differences accumulated in the translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

Consolidated Statement of Cash Flows

For the Year ended 31 March 2026

	2026 **HK$'000**	2025 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**36,843**	18,109
Adjustments for:		
Interest income	**(1,978)**	(2,719)
Interest income from finance lease	**(577)**	(1,301)
Allowance/(reversal of allowance) for inventories	**90**	(113)
Fair value changes of derivative financial instruments	**1,248**	(910)
Fair value changes of financial assets at FVTPL	**(4,582)**	(8,322)
Depreciation	**13,484**	14,425
Amortisation of intangible assets	**1,423**	–
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	**(117)**	73
Interest expense	**5,836**	6,618
Recognition of share-based payments	**5,714**	38,397
Share of results of an associate	**469**	–
Loss on initial recognition of net investment of subleases	**–**	11,468
Operating cash flows before movements in working capital	**57,853**	75,725
(Increase)/decrease in inventories	**(6,453)**	31,358
Decrease/(increase) in trade and other receivables, prepayments and deposits	**12,224**	(129,290)
Increase in trade and other payables and accruals	**3,684**	193,782
(Decrease)/increase in contract liabilities	**(34,221)**	27,032
Cash generated from operations	**33,087**	198,607
Income tax paid	**(17,217)**	(9,695)
NET CASH FROM OPERATING ACTIVITIES	**15,870**	188,912
INVESTING ACTIVITIES		
Purchase of equity instruments at FVTOCI	**–**	(60,287)
Purchase of financial assets at FVTPL	**(14,000)**	(9,986)
Purchase of property, plant and equipment	**(467)**	(6,966)
Acquisition of investment in an associate	**(2,201)**	–
Loans to directors	**–**	(1,600)
Purchase of intangible assets	**(9,528)**	(624)
Placement of time deposits with original maturity over three months but less than one year	**–**	(243)
Cash outflow from derivative financial instruments	**(170,259)**	(163,168)
Cash inflow from derivative financial instruments	**171,266**	164,435
Proceeds on disposal of financial assets at FVTPL	**15,294**	14,452
Repayments from finance leases	**14,138**	12,959
Repayment from directors	**–**	7,400
Placement of pledged bank deposits	**(20,436)**	(24,900)
Withdrawal of pledged bank deposits	**–**	4,818
Bank interest received	**1,825**	2,719
NET CASH USED IN INVESTING ACTIVITIES	**(14,368)**	(60,991)

Consolidated Statement of Cash Flows

For the Year ended 31 March 2026

	2026 HK$'000	2025 HK$'000
FINANCING ACTIVITIES		
Repayments of borrowings	**(110,091)**	(182,621)
Repayment of lease liabilities	**(28,442)**	(26,057)
Interest paid	**(3,567)**	(3,646)
Purchase of treasury shares	**–**	(3,507)
Interest paid on lease liabilities	**(2,269)**	(2,972)
New bank borrowings raised	**80,000**	92,000
Dividends paid	**(30,000)**	–
NET CASH USED IN FINANCING ACTIVITIES	**(94,369)**	(126,803)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(92,867)**	1,118
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**160,920**	159,804
Effect of foreign exchange rate changes	**5**	(2)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**68,058**	160,920

1. GENERAL INFORMATION

Microware Group Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 20 January 2016. The addresses of the Company's registered office and the principal place of business are at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 1701, 17/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company's parent and ultimate parent is Weiye Holdings Group Limited (incorporated in the British Virgin Islands) and its ultimate controlling party is Mr. Wang Guangbo, who is an executive director of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 34. The Company and its subsidiaries (the "**Group**") is principally engaged in the provision of information technology ("**IT**") infrastructure solution services and IT managed services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**") which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to HKAS 21	Translation to Hyperinflationary presentation currency[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

The Directors anticipate that the application of the all new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

– has power over the investee;
– is exposed, or has rights, to variable returns from its involvement with the investee; and
– has the ability to use its power to affect its returns.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Basis of consolidation *(continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Except for granting of a licence that is distinct from other promised goods or services, Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Revenue from contracts with customers *(continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For granting of a licence that is distinct from other promised goods or services, the nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a licence as a performance obligation satisfied over time. Otherwise, the Group considers the grant of licence as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the licence is granted.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial instruments* ("**HKFRS 9**"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Revenue from contracts with customers *(continued)*

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Warranties

If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e. service-type warranties).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Revenue from contracts with customers *(continued)*

Investments in associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Intangible assets *(continued)*

Internally-generated intangible assets – research and development expenditure *(continued)*

- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Leases *(continued)*

The Group as a lessee *(continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property, plant and equipment", the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Leases *(continued)*

The Group as a lessee *(continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Leases *(continued)*

The Group as a lessor *(continued)*

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Employee benefits

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Share-based payments

Equity-settled share-based payment transactions

Share awards/Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

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

When share awards granted are vested, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with 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.

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Taxation *(continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position and consolidated statement of cash flow include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 21. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including cost to be incurred in marketing, selling and distributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Impairment on property, plant and equipment and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Impairment on property, plant and equipment and intangible assets *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so 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 (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial asset or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables and deposits, pledged bank deposits, finance lease receivables, time deposits and bank balance) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past event and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk *(continued)*

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, 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.

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets *(continued)*

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL *(continued)*

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables and accruals and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Allowance for inventories

Obsolete and slow-moving inventories were identified by management based on ageing analysis and conditions and marketability of inventories. Allowance was applied to inventories based on assessment of net realisable value by management by considering the latest selling prices, current market conditions and estimated costs necessary to make the sale. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which must incur to make the sale. Allowance will be provided if the net realisable value is estimated to be below the cost.

During the year ended 31 March 2026, allowance for inventories of HK$90,000 is charged (2025: allowance for inventories of HK$113,000 is credited) to profit or loss. The carrying amount of inventories is HK$86,598,000 (2025: HK$80,235,000) as at 31 March 2026. The carrying amount of allowance of inventories is HK$776,000 (2025: HK$686,000) as at 31 March 2026.

Estimated impairment of trade receivables

The management of the Group estimates the amount of lifetime ECL of trade receivables based on the grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and adjusted for forward-looking information. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit-impaired are assessed for ECL individually, if any.

As at 31 March 2026, the carrying amount of trade receivables is HK$187,857,000 (2025: HK$189,344,000). During the year ended 31 March 2026, reversal of impairment loss on trade receivables amounting to HK$117,000 (2025: an impairment loss on trade receivables amounting to HK$73,000) has been recognised.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 37 and 20 respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue and reconciliation to segment revenue

For the year ended 31 March 2026

Segments	Segment of IT infrastructure solution services business HK$'000	Segment of IT managed services business HK$'000	Total HK$'000
Types of goods or service			
Procurement of hardware and software	**1,038,832**	**–**	**1,038,832**
Procurement of semiconductor products	**26,669**	**–**	**26,669**
Provision of design of solutions	**75,592**	**16,792**	**92,384**
Provision of maintenance and/or support services to IT systems of the customers	**16,822**	**126,342**	**143,164**
Total	**1,157,915**	**143,134**	**1,301,049**
Timing of revenue recognition			
A point in time	**1,065,501**	**–**	**1,065,501**
Over time	**92,414**	**143,134**	**235,548**
Total	**1,157,915**	**143,134**	**1,301,049**

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue *(continued)*

(i) Disaggregation of revenue and reconciliation to segment revenue *(continued)*

Revenue from major customer types

The following is an analysis of the Group's revenue from its major customer types:

	Segment of IT infrastructure solution services business HK$'000	Segment of IT managed services business HK$'000	Total HK$'000
Public sector			
Hong Kong Government	425,774	44,062	469,836
Public bodies	143,821	3,896	147,717
Educational institutions and non-profit organisations	147,473	10,267	157,740
Sub-total	717,068	58,225	775,293
Private sector			
Banking and finance	156,038	34,561	190,599
IT	32,107	5,767	37,874
Telecommunications and media	13,908	3,902	17,810
Transportation	15,794	3,398	19,192
Others	223,000	37,281	260,281
Sub-total	440,847	84,909	525,756
	1,157,915	143,134	1,301,049

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue *(continued)*

(i) Disaggregation of revenue and reconciliation to segment revenue *(continued)*

Revenue from major customer types *(continued)*

For the year ended 31 March 2025

Segments	Segment of IT infrastructure solution services business HK$'000	Segment of IT managed services business HK$'000	Total HK$'000
Types of goods or service			
Procurement of hardware and software	1,281,072	–	1,281,072
Procurement of semiconductor products	43,310	–	43,310
Provision of design of solutions	18,571	15,404	33,975
Provision of maintenance and/or support services to IT systems of the customers	5,354	127,676	133,030
Total	1,348,307	143,080	1,491,387
Timing of revenue recognition			
A point in time	1,324,382	–	1,324,382
Over time	23,925	143,080	167,005
Total	1,348,307	143,080	1,491,387

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue *(continued)*

(i) Disaggregation of revenue and reconciliation to segment revenue *(continued)*

Revenue from major customer types *(continued)*

The following is an analysis of the Group's revenue from its major customer types:

	Segment of IT infrastructure solution services business HK$'000	Segment of IT managed services business HK$'000	Total HK$'000
Public sector			
Hong Kong Government	465,117	31,864	496,981
Public bodies	317,670	4,032	321,702
Educational institutions and non-profit organisations	146,885	7,489	154,374
Sub-total	929,672	43,385	973,057
Private sector			
Banking and finance	139,458	53,514	192,972
IT	26,940	5,223	32,163
Telecommunications and media	19,537	3,973	23,510
Transportation	21,915	3,981	25,896
Others	210,785	33,004	243,789
Sub-total	418,635	99,695	518,330
	1,348,307	143,080	1,491,387

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue *(continued)*

(ii) Performance obligations for contracts with customers

The Group recognises revenue under HKFRS 15 mainly from the (i) procurement of hardware and software; (ii) procurement of semiconductor products; (iii) provision of design of solutions; and (iv) provision of maintenance and/or support services to IT systems of the customers.

For revenue from procurement of hardware and software, revenue is recognised when the customer obtains the control of the related products, being when the products are handed over to the customers and the titles of products are passed to the customers.

For stand-alone procurement of hardware and software, control transfers at the point in time when the customer takes undisputed delivery of the goods.

When the hardware and software are sold together with design of solutions, the Group determines the prices for each of the procurement of hardware and software and design of solutions on a stand-alone selling price basis at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer.

For revenue from the sales of software license, it is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the application software.

Contracts that bundle software licenses with technical support and training contain two distinct performance obligations: delivering the software and providing after-sale services. Revenue from the license is recognized when control of the software transfers, while service revenue is amortized over the service period.

For revenue from procurement of semiconductor products, revenue is recognised when the customer obtains the control of the related products, being when the products are handed over to the customers and the titles of products are passed to the customers.

For revenue from provision of design of solutions, revenue is recognised over time using the output method when the assets of the customers are enhanced, being the time when the Group carries out implementation work of the solutions provided.

For revenue from provision of maintenance and/or support services to IT systems of the customers, revenue is recognised over time using the output method when the customers simultaneously receives and consumes the benefits provided by the Group's performance, being the time when the Group carries out the maintenance and support services.

Details of contract liabilities are set out in the note 23.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue *(continued)*

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2026 and the expected timing of recognising revenue are as follows:

	Provision of maintenance and/or support services to IT systems of the customers HK$'000
Within one year	**72,304**
More than one year but not more than two years	**8,819**
More than two years but not more than five years	**1,831**
More than five years	**6**
	82,960

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2025 and the expected timing of recognising revenue are as follows:

	Provision of maintenance and/or support services to IT systems of the customers HK$'000
Within one year	72,301
More than one year but not more than two years	3,509
More than two years but not more than five years	870
More than five years	113
	76,793

All procurement of hardware and software and provision of design of solutions services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment information

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company who are also the chief operating decision makers (the "**CODM**") that are used to make strategic decisions. Information reported to the CODM is based on the business lines operating by the Group. No operating segments have been aggregated to form the following reportable segments.

Details of the Group's operating and reportable segments are as follows:

(1) IT infrastructure solution services business refers to the procurement of semiconductor products, procurement of hardware and software by the Group and such procurement together with provision of design of solutions; and

(2) IT managed services business refers to the provision of design of solutions, provision of maintenance and/or support services to IT systems of the customers.

An analysis of the Group's operating and reportable segment revenue and segment results is set out as below:

For the year ended 31 March 2026

	Segment of IT infrastructure solution services business HK$'000	Segment of IT managed services business HK$'000	Total HK$'000
Segment revenue	1,157,915	143,134	1,301,049
Segment results	89,600	12,708	102,308
Other income			5,435
Other gains and losses, net			4,278
Other expenses			(80)
Certain distribution and selling expenses			(6,751)
Administrative expenses			(61,691)
Research and development expenses			(351)
Share of results of an associate			(469)
Finance cost			(5,836)
Profit before taxation			36,843

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment information *(continued)*

For the year ended 31 March 2025

	Segment of IT infrastructure solution services business HK$'000	Segment of IT managed services business HK$'000	Total HK$'000
Segment revenue	1,348,307	143,080	1,491,387
Segment results	101,292	10,845	112,137
Other income			5,537
Other gains and losses, net			(2,297)
Other expenses			(28)
Certain distribution and selling expenses			(5,262)
Administrative expenses			(80,652)
Research and development expenses			(4,708)
Finance cost			(6,618)
Profit before taxation			18,109

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by each segment without allocation of other income, other gains and losses, net, other expenses, certain distribution and selling expenses, research and development expenses, administrative expenses and finance cost.

No analysis of the Group's assets and liabilities by reportable segments is disclosed as it is not regularly provided to the CODM for review.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Other segment information

	Segment of IT infrastructure solution services business HK$'000	Segment of IT managed services business HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment results:				
For the year ended 31 March 2026				
Depreciation	**2,991**	**2,176**	**8,317**	**13,484**
Allowance for inventories	**90**	**–**	**–**	**90**
Reversal of impairment loss under ECL model, net of reversal	**(117)**	**–**	**–**	**(117)**
For the year ended 31 March 2025				
Depreciation	5,655	2,001	6,769	14,425
Reversal of allowance for inventories	(113)	–	–	(113)
Impairment loss under ECL model, net of reversal	73	–	–	73

Geographical information

Approximately 98% (2025: approximately 99%) of the Group's revenue were derived from external customers in the Hong Kong. The remaining of the Group's revenue were mainly derived from external customers in the People's Republic of China (the "**PRC**").

Information about major customers

None (2025: one) individual customer was accounted for over 10% of the Group's total revenue during the year.

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2026 **HK$'000**	2025 HK$'000
Other income		
Interest income	**1,978**	2,719
Interest income from finance lease	**577**	1,301
Government grants	**2,367**	–
Others	**513**	1,517
	5,435	5,537
Other gains and losses, net		
Loss on initial recognition of net investment of subleases	**–**	(11,468)
Fair value changes of derivative financial instruments	**(1,248)**	910
Fair value changes of financial assets at FVTPL	**4,582**	8,322
Net foreign exchange gain	**834**	12
Impairment loss under ECL model, net of reversal	**117**	(73)
Others	**(7)**	–
	4,278	(2,297)

7. TAXATION

	2026 **HK$'000**	2025 HK$'000
Hong Kong Profits Tax:		
Current tax	**6,776**	10,140
The PRC Enterprise Income Tax	**69**	4
Deferred tax (note 17)	**(207)**	(192)
	6,638	9,952

Hong Kong

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime (i.e. other subsidiaries of the Group) will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the year ended 31 March 2026 and 2025.

7. TAXATION *(continued)*

The PRC

The Group's subsidiaries in the PRC are subject to corporate income tax at the rate of 25% for the Group's financial year ended 31 March 2026.

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

	2026 **HK$'000**	2025 HK$'000
Profit before taxation	**36,843**	18,109
Taxation at Hong Kong Profits Tax rate of 16.5%	**6,079**	2,988
Tax effect of income not taxable for tax purposes	**(1,101)**	(409)
Tax effect of expenses not deductible for tax purposes	**1,113**	6,107
Tax effect of tax losses not recognised	**1,802**	2,304
Tax effect of tax exemption and incentive granted	**(1,672)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**498**	(752)
Tax effect of two-tiered tax rates	**(165)**	(165)
Others	**84**	(121)
Taxation for the year	**6,638**	9,952

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2026 HK$'000	2025 HK$'000
Staff costs:		
Directors' remuneration (note 9)	**7,380**	29,655
Equity-settled share-based payments (excluding directors)	**5,714**	15,357
Other staff costs	**131,174**	133,401
Retirement benefits scheme contributions (excluding directors)	**4,837**	3,682
	149,105	182,095
Auditor's remuneration		
– Audit services	**1,800**	3,200
– Non-audit services	**–**	735
Cost of inventories recognised as an expense (note a)	**1,013,663**	1,175,660
Depreciation of property, plant and equipment	**13,484**	14,425
Interest expenses on lease liabilities	**2,269**	2,972
Interest expenses on bank borrowings	**3,567**	3,646

note:

(a) During the year ended 31 March 2026, allowance for inventories of HK$90,000 is charged (2025: reversal of allowance for inventories of HK$113,000 is credited) to profit or loss.

9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

The emoluments paid or payable to the directors and chief executive of Company by the Group during the year were as follows:

	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus note (i) HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payments HK$'000	Total HK$'000
For the year ended 31 March 2026						
Executive directors						
Mr. Wang	138	3,156	1,400	201	–	4,895
Mr. Huang Tianlei (note ii)	49	1,457	–	27	–	1,533
Non-executive director						
Mr. Wang Zhi (note iv)	138	–	–	–	–	138
Independent non-executive directors						
Mr. Dai Bin (note v)	138	–	–	–	–	138
Mr. Xu Jianwen (note vi)	538	–	–	–	–	538
Ms. Lan Jia (note viii)	138	–	–	–	–	138
	1,139	4,613	1,400	228	–	7,380

9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

Directors' and chief executive's emoluments *(continued)*

	Fees	Salaries and other allowances	Discretionary bonus note (i)	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2025						
Executive directors						
Mr. Wang	138	2,772	1,000	138	15,360	19,408
Mr. Huang Tianlei (note ii)	138	732	–	18	–	888
Mr. Zhang Ting (note iii)	72	952	–	42	–	1,066
Non-executive director						
Mr. Wang Zhi (note iv)	140	–	–	–	1,920	2,060
Independent non-executive directors						
Mr. Dai Bin (note v)	138	–	–	–	1,920	2,058
Mr. Xu Jianwen (note vi)	138	–	–	–	1,920	2,058
Mr. Lu Junbo (note vii)	59	–	–	–	–	59
Ms. Lan Jia (note viii)	138	–	–	–	1,920	2,058
	961	4,456	1,000	198	23,040	29,655

9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

Directors' and chief executive's emoluments *(continued)*

Notes:

(i) Discretionary bonus was determined by reference to their duties and responsibilities of the relevant individual within the Group and the Group's performance.

(ii) Mr. Huang Tianlei was appointed as executive director of the Group on 26 September 2023. He resigned as executive director on 11 August 2025.

(iii) Mr. Zhang Ting was appointed as executive director of the Group on 10 January 2024. He resigned as executive director of the Group on 10 October 2024.

(iv) Mr. Wang Zhi was appointed as a non-executive director of the Group on 26 February 2024.

(v) Mr. Dai Bin was appointed as an independent non-executive director of the Group on 28 November 2023.

(vi) Mr. Xu Jianwen was appointed as an independent non-executive director of the Group on 5 December 2023.

(vii) Mr. Lu Junbo was appointed as an independent non-executive director of the Group on 6 July 2023. He resigned as independent non-executive director of the Group on 5 September 2024.

(viii) Ms. Lan Jia was appointed as an independent non-executive director of the Group on 26 February 2024.

The executive directors' emoluments stated above were for their services in connection with the management of the affairs of the Company and its subsidiaries undertaking. The non-executive director's emoluments shown above were for his services as the director of the Company and its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During both years, no remuneration was paid by the Company to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. The directors of the Company have not waived any remuneration during the year.

9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

Employees' emoluments

The five highest paid individuals of the Group include one (2025: one) directors of the Company for the year ended 31 March 2026, whose emoluments are included in the disclosures above. The emoluments of the remaining four (2025: four) individuals for the year ended 31 March 2026, are as follows:

	2026 **HK$'000**	2025 HK$'000
Salaries, commissions and other benefits	**6,753**	6,419
Discretionary bonus	**4,214**	3,582
Equity-settled share based payments	**–**	11,520
Retirement benefits scheme contributions	**133**	144
	11,100	21,665

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2026 **No. of employees**	2025 No. of employees
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**2**	1
HK$4,000,001 to HK$4,500,000	**–**	1
HK$5,500,001 to HK$6,000,000	**–**	1
HK$8,500,001 to HK$9,000,000	**–**	1

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. DIVIDENDS

	2026 **HK$'000**	2025 HK$'000
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2025 Special dividend – HK$0.10 per share	**30,000**	–

The Board decided not to declare a dividend for the year ended 31 March 2026.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2026 **HK$'000**	2025 HK$'000
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**30,205**	8,157

	2026 **'000**	2025 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**300,000**	270,746

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the treasury shares repurchased during the year ended 31 March 2025.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for the year ended 31 March 2026. No diluted earnings per share for the year ended 31 March 2025 were presented as there were no potential ordinary shares in issue for the year 2025.

12. PROPERTY, PLANT AND EQUIPMENT

	Leased properties HK$'000	Leased equipment HK$'000	Leased vehicles HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST							
At 1 April 2024	9,794	8,707	–	5,556	17,946	–	42,003
Additions	21,413	42,638	–	3,803	1,902	1,261	71,017
Sublease of leased assets	–	(42,638)	–	–	–	–	(42,638)
Disposal/early termination	–	–	–	–	(515)	–	(515)
Eliminated upon leases expired	(7,934)	(8,707)	–	–	–	–	(16,641)
Exchange adjustment	(24)	–	–	(11)	(6)	(10)	(51)
At 31 March 2025	**23,249**	**–**	**–**	**9,348**	**19,327**	**1,251**	**53,175**
Additions	**72**	**–**	**1,614**	**–**	**467**	**–**	**2,153**
Disposal/early termination	**–**	**–**	**–**	**–**	**(1,231)**	**–**	**(1,231)**
Exchange adjustment	**172**	**–**	**47**	**76**	**39**	**73**	**407**
At 31 March 2026	**23,493**	**–**	**1,661**	**9,424**	**18,602**	**1,324**	**54,504**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 31 March 2024	1,861	7,362	–	5,331	15,963	–	30,517
Provided for the year	10,597	1,345	–	574	1,681	228	14,425
Eliminated on disposal/early termination	–	–	–	–	(515)	–	(515)
Eliminated upon leases expired	(7,934)	(8,707)	–	–	–	–	(16,641)
Exchange adjustment	(8)	–	–	(2)	–	(2)	(12)
At 31 March 2025	**4,516**	**–**	**–**	**5,903**	**17,129**	**226**	**27,774**
Provided for the year	**11,035**	**–**	**45**	**999**	**1,097**	**308**	**13,484**
Eliminated on disposal/early termination	**–**	**–**	**–**	**–**	**(1,229)**	**–**	**(1,229)**
Exchange adjustment	**83**	**–**	**1**	**(3)**	**–**	**(1)**	**80**
At 31 March 2026	**15,634**	**–**	**46**	**6,899**	**16,997**	**533**	**40,109**
CARRYING VALUE							
At 31 March 2026	**7,859**	**–**	**1,615**	**2,525**	**1,605**	**791**	**14,395**
At 31 March 2025	**18,733**	**–**	**–**	**3,445**	**2,198**	**1,025**	**25,401**

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leased properties	Over the shorter of its estimated useful life and the lease term
Leased equipment	Over the shorter of its estimated useful life and the lease term
Leased vehicles	Over the shorter of its estimated useful life and the lease term
Leasehold improvements	Over the shorter of lease term or 20%
Furniture, fixtures and office equipment	20%-331/3%
Motor vehicles	331/3%

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Right-of-use assets (included in the leased properties and leased equipment)

	Leased properties HK$'000	Leased equipment HK$'000	Leased Vehicle HK$'000	Total HK$'000
As at 31 March 2026				
Carrying amount	**7,859**	**–**	**1,615**	**9,474**
As at 31 March 2025				
Carrying amount	18,733	–	–	18,733
For the year ended 31 March 2026				
Depreciation charge	**11,035**	**–**	**45**	**11,080**
For the year ended 31 March 2025				
Depreciation charge	10,597	1,345	–	11,942

	2026 HK$'000	2025 HK$'000
Total cash outflow for leases	**30,711**	29,029
Additions of right-of-use assets (note)	**1,686**	64,051

Note: Amount includes right-of-use assets resulting from new leases entered. In addition to that, the Group leased equipment, vehicles and warehouse from independent third parties. Lease contracts are entered into for fixed term of one to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Restrictions or covenants on leases

In addition, lease liabilities of HK$20,945,000 are recognised with related right-of-use assets of HK$9,474,000 as at 31 March 2026 (2025: lease liabilities of HK$19,726,000 are recognised with related right-of-use assets of HK$18,733,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

13. INTANGIBLE ASSETS

	Software Copyrights HK$'000	Other intangible assets HK$'000	Total HK$'000
Cost			
1 April 2025	–	619	619
Addition	9,528	–	9,528
Exchange adjustment	632	38	670
As at 31 March 2026	**10,160**	**657**	**10,817**
Accumulated amortisation			
1 April 2025	–	–	–
Charge for the year	1,222	201	1,423
Exchange adjustment	(35)	(2)	(37)
As at 31 March 2026	**1,187**	**199**	**1,386**
Carrying value			
As at 31 March 2026	**8,973**	**458**	**9,431**
As at 31 March 2025	–	619	619

Amortisation of approximately HK$1,423,000 is included in the "Cost of Sales" in the consolidated statement of profit or loss.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Software copyrights:	1 – 3 years
Other intangible assets:	5 years, or based on contractual life

14. INVESTMENT IN AN ASSOCIATE

	2026 HK$'000	2025 HK$'000
Investment in associates under equity method	**1,796**	–

Aggregate information of associates that are not individually material

	2026 HK$'000	2025 HK$'000
The Group's share of loss	**469**	–
The Group's share of comprehensive loss	**469**	–
Aggregate carrying amount of the Group's interest in associate	**1,796**	–

15. OTHER FINANCIAL ASSETS

	2026 HK$'000	2025 HK$'000
Non-current assets		
Equity securities designated at FVTOCI (a)	**49,728**	53,500
Financial asset measured at FVTPL		
– Unlisted investment (b)	**–**	6,337
	49,728	59,837
Current assets		
Financial asset measured at FVTPL		
– Unlisted investments (b)	**13,481**	–
– Listed equity securities	**–**	3,856
	13,481	3,856

15. OTHER FINANCIAL ASSETS *(continued)*

Notes:

(a) The above unlisted equity investments included the Group's 0.23%(2025: 0.24%) equity interest in Chongqing Terminus Smart Technology Inc., Co., Ltd, a joint stock company established in the PRC with limited liability, amounting to RMB43,908,000 (equivalent to approximately HK$49,728,000) (2025: RMB50,000,000,equivalent to approximately HK$53,500,000)

The directors of the Group have elected to designate the investments as at FVTOCI as they believe that the investments are not held for trading and not expected to be sold in the foreseeable future.

(b) The Group's 18.91% (2025:11.02%) equity interest in an unlisted fund of HK$13,481,000 (2025: HK$6,337,000). The Group invested as a limited partner in the unlisted fund with stated objective is to achieve maximum capital appreciation through investments in Hong Kong IPOs, private placements, listed securities and private equity.

16. FINANCE LEASE RECEIVABLES

The Group entered into finance lease arrangements as a lessor for equipment. The term of the finance leases entered into is 2 years. The interest rate inherent in the leases are fixed at the contract date over the lease term.

	Undiscounted minimum lease payments 2026 HK$'000	Undiscounted minimum lease payments 2025 HK$'000
Finance lease receivables comprise:		
Within one year	**5,958**	14,138
Within a period of more than one year but not more than two years	**–**	5,958
	5,958	20,096
Gross investment in the lease	**5,958**	20,096
Less: unearned finance income	**(7)**	(584)
Present value of minimum lease payment receivable	**5,951**	19,512
Analysed as:		
Current	**5,951**	13,561
Non-current	**–**	5,951
	5,951	19,512

As at 31 March 2026 and 31 March 2025, the interest rate implicit in the above finance leases was approximately 6.76% per annum.

17. DEFERRED TAX ASSETS

The following are the major deferred tax assets arising from difference between tax and accounting depreciation recognised by the Group and movement thereon during the year.

	HK$'000
At 1 April 2024	68
Credit to profit or loss	192
At 31 March 2025	260
Credit to profit or loss	207
At 31 March 2026	**467**

As at 31 March 2026, the Group had estimated unused tax losses of HK$32,113,000 (2025: HK$22,478,000) to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

18. DERIVATIVE FINANCIAL INSTRUMENT

The Group entered into HK$ to United States dollars ("**US$**") net-settled structured foreign currency forward contracts with banks in Hong Kong in order to manage the Group's currency risk.

The Group is required to transact with the bank monthly during contract period for designated notional amount under the respective contract. If the spot rate for conversion of US$ for HK$ as prevailing in the international foreign exchange market ("**spot rate**") on fixing date is higher than or at the strike price, the Group will buy notional amount 1 at the strike price from the banks. If the spot rate on fixing date is lower than the strike price, the Group will buy notional amount 2 at the strike price from the banks.

	Notional amount 1	Notional amount 2	Contract date	Strike price	Beginning fixing date	Target value (note i)	Ending fixing date (note i)
As at 31 March 2025:							
Contract A	US$500,000	US$1,000,000	30 July 2024	7.748	30 October 2024	HK$120,000	28 July 2026
Contract B	US$500,000	US$1,000,000	4 September 2024	7.746	23 October 2024	HK$125,000	24 August 2026
Contract C	US$300,000	US$600,000	24 February 2025	7.729	26 June 2025	HK$90,000	27 May 2027
Contract D	US$600,000	US$1,200,000	29 May 2024	7.749	29 August 2024	HK$150,000	29 July 2026
As at 31 March 2026:							
Contract E	USD500,000	USD1,000,000	15 October 2025	7.738	15 October 2025	(note iii)	12 October 2027
Contract F	USD500,000	USD1,000,000	6 January 2026	7.740	26 February 2026	HK$150,000	28 December 2027
Contract G	USD500,000	USD1,000,000	25 February 2026	7.735	22 May 2026	HK$200,000	22 February 2028
Contract H	USD500,000	USD1,000,000	26 February 2026	7.720	26 June 2026	HK$200,000	29 May 2028
Contract I	USD300,000	USD600,000	6 January 2026	7.730	13 July 2026	HK$90,000	13 June 2028
Contract J	USD300,000	USD600,000	6 January 2026	7.730	16 April 2026	HK$90,000	16 March 2028

Notes:

(i) The contracts mature at the earlier of (1) target redemption event when target value is hit; or (2) ending fixing date.

(ii) The contracts are secured with pledged bank deposits amounted to HK$15,592,000 (2025: HK$15,230,000).

(iii) For Contract E, the target redemption is triggered when the condition for a favourable fixing is met on five fixing dates, rather than by reference to an accumulated HKD target value.

The above contracts are measured at fair value at the end of the reporting period.

19. INVENTORIES

	2026 HK$'000	2025 HK$'000
Finished goods	**86,598**	80,235

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2026 HK$'000	2025 HK$'000
Trade receivables from contracts with customers	**187,893**	189,497
Less: Allowance for credit losses	**(36)**	(153)
	187,857	189,344
Rental and utilities deposits	**2,211**	1,756
Prepayments for costs of maintenance services	**37,464**	32,669
Prepayment for procurement of semiconductor products (note)	**–**	45,113
Prepayment to suppliers	**64,713**	39,312
Others	**12,241**	8,073
Total trade and other receivables, deposits and prepayments	**304,486**	316,267
Analysed as:		
Current	**300,177**	311,103
Non-current (including prepayments for costs of maintenance services, rental and utilities deposits)	**4,309**	5,164
	304,486	316,267

As at 1 April 2024, trade receivables from contracts with customers amounted to HK$159,301,000.

Before accepting any new customer, the Group performs a credit review to assess the potential customer's credit quality and defines credit limits by customer. Limits and credit rating to customers are reviewed on a regular basis. The Group generally allows credit period of 7 to 90 days to its customers, and may grant an extended credit term for certain customers.

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(continued)*

The following is an ageing analysis of trade receivables from third parties net of allowance for impairment losses presented based on the invoice date at the end of the reporting period:

	2026 **HK$'000**	2025 HK$'000
0 to 30 days	**120,681**	105,169
31 to 60 days	**16,120**	30,193
61 to 90 days	**13,676**	11,140
91 to 120 days	**5,765**	24,467
121 to 180 days	**20,167**	11,062
Over 180 days	**11,448**	7,313
	187,857	189,344

As at 31 March 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$53,738,000 (2025: HK$90,511,000) which are past due as at the reporting date. Out of the past due balances, HK$15,851,000 (2025: HK$18,108,000) has been past due 90 days or more and is not considered as in default as these debtors have a good business relationship with the Group and recurring overdue records of these debtors with satisfactory settlement history.

Detail of impairment assessment of trade and other receivables and deposits are set out in note 37.

Note: As at 31 March 2025, included in balances of HK$32,113,000 related to the deposit paid to suppliers for the procurement of semiconductor products, which the orders were subsequently cancelled and the amounts were fully refunded by suppliers. For the remaining balance of HK$13,000,000, semiconductor products have been subsequently delivered by the suppliers.

21. PLEDGED BANK DEPOSITS/TIME DEPOSITS/CASH AND CASH EQUIVALENTS

	2026 **HK$'000**	2025 HK$'000
Cash on hand	**58**	25
Bank balances	**68,000**	160,895
Cash and cash equivalents	**68,058**	160,920
Time deposits	**5,780**	5,627
Pledged bank deposits	**75,193**	54,757

Cash and cash equivalents include short term bank deposits held by the Group for the purpose of meeting the Group's short term cash commitments, which carry interest at a market rate of 0.01% (2025: 0.25%) per annum.

Time deposits include bank deposits with original maturity over three months but less than one year, which carry a fixed interest rate of 2.20% (2025: 3.54%) per annum.

Pledged bank deposits carry fixed interest rate of 1.75% to 2.60% (2025: 2.03% to 3.68%) per annum and mainly represent deposits of HK$15,592,000 (2025: HK$15,230,000) pledged to secure derivative financial instruments as disclosed in note 18, HK$45,639,000 (2025: 20,000,000) pledged to secure bank borrowings as disclosed in note 25(a) and performance guarantees of HK$13,962,000 (2025: HK$20,295,000) as disclosed in note 32 as at 31 March 2026 which will be released upon the maturity of the derivative financial instruments and completion of the contract works, respectively.

Details of impairment assessment of pledged bank deposits, time deposits and bank balances are set out in note 37.

22. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an analysis of trade and other payables and accruals:

	2026 HK$'000	2025 HK$'000
Trade payables	**155,794**	248,769
Accrued staff costs	**21,068**	25,082
Accrued purchases	**6,893**	11,760
Others	**19,317**	18,957
	203,072	304,568

The following is an ageing analysis of trade payables presented based on the invoice date:

	2026 HK$'000	2025 HK$'000
0 to 30 days	**65,672**	134,430
31 to 60 days	**54,827**	74,310
61 to 90 days	**27,601**	38,637
Over 90 days	**7,694**	1,392
	155,794	248,769

23. CONTRACT LIABILITIES

	2026 **HK$'000**	2025 HK$'000
Current	**87,659**	121,646
Non-current	**4,214**	4,390
	91,873	126,036

As at 1 April 2024, contract liabilities amounted to HK$99,020,000.

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

During the year ended 31 March 2026, the Group has recognised revenue of HK$121,646,000 (2025: HK$95,099,000) that was included in the contract liabilities balance at the beginning of the year.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Procurement of hardware and software, design of solution/maintenance and/or support services

The Group typically receives 20% – 30% of the contract value as deposits and advance payments for the procurement of hardware and software, design of solution/maintenance and/or support services when the purchase order is entered into, while the amount of deposits may be varied depending on the business relationship with the customers. The deposits and advance payments result in contract liabilities being recognised until the customer obtains control of hardware and software, or until revenue recognised on the relevant contract exceeds the amounts of deposit and advance payments.

The significant decrease (2025: increase) in contract liabilities in the current year was mainly due to the decrease (2025: increase) in sales order from customers resulting an decrease in contract liabilities.

24. LEASE LIABILITIES

	2026 HK$'000	2025 HK$'000
Lease liabilities payable:		
Within one year	**16,881**	28,359
Within a period of more than one year but not more than two years	**3,528**	16,224
Within a period of more than two years but not more than five years	**536**	2,967
	20,945	47,550
Less: Amount due for settlement within 12 months shown under current liabilities	**(16,881)**	(28,359)
Amount due for settlement after 12 months shown under non-current liabilities	**4,064**	19,191

25(a). BANK BORROWINGS

The following is an analysis of bank borrowings:

	2026 HK$'000	2025 HK$'000
Secured borrowings included bank loans:		
Bank loans under supplier finance arrangement	**56,803**	22,509
Revolving loans	**41,001**	–
	97,804	22,509
The bank loans are repayable as follows:		
Within one year	**85,324**	22,509
More than one year	**12,480**	–
	97,804	22,509

As at 31 March 2026, the Group's bank loans carried annual interests ranging from HIBOR plus 1.3% to HIBOR plus 2% (2025: HIBOR plus 1.75%).

	2026	2025
Effective interest rates		
Variable-rate borrowings	**4.74%**	5.92%

25(a). BANK BORROWINGS *(continued)*

Bank loans under supplier finance arrangements

The Group has entered into certain supplier finance arrangements and revolving loans with banks. Under these arrangements, the Group arrange the banks to pay suppliers the amounts owed by the Group at the original due dates or settle the amounts due by suppliers in advance of the original due dates at a discount offered by the suppliers. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks 90 days after settlement by the banks with interest ranges from HIBOR plus 1.3% to HIBOR plus 2% per annum. These arrangements have extended the payment terms, which may be extend beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.

25(b). INFORMATION OF SUPPLIER FINANCE ARRANGEMENTS

	31/03/2026 HK$'000	31/03/2025 HK$'000	01/04/2024 HK$'000
Carrying amount of the financial liabilities that are subjected to supplier finance arrangements			
Presented as part of "Bank borrowings" (note 25(a))	**56,803**	22,509	–
– Of which suppliers have already received payment from the finance provider	**56,803**	22,509	N/A

	31/03/2026 Days	31/03/2025 Days	01/04/2024 Days
Range of repayment due dates			
For liabilities presented as part of "Bank borrowings" (note 25(a))			
– Liabilities that are part of supplier finance arrangements	**90**	90	N/A
– Comparable trade payables that are not part of supplier finance arrangements	**–**	–	N/A

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. During the year, borrowings under supplier finance arrangement of HK$105,386,000 (2025: HK$102,130,000) represent the payments to the suppliers by the relevant banks directly.

26. SHARE CAPITAL

The share capital as at 31 March 2025 and 2026 represented the share capital of the Company with the details as follows:

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2024, 31 March 2025 and 2026	**5,000,000,000**	**50,000**
Issued and fully paid:		
At 1 April 2024, 31 March 2025 and 2026	**300,000,000**	**3,000**

There was no movement in the Company's share capital for both years.

During the year, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

2025

Month of repurchases	No. of ordinary shares of HK$0.01 each	Price paid per share Highest	Lowest	Aggregate consideration paid (including expenses)
		HK$	HK$	HK$'000
July 2024	2,740,000	1.28	1.28	3,507

The repurchased ordinary shares are not cancelled and are deemed as treasury shares to satisfy the share award scheme adopted by the Company on 16 January 2024.

As at 31 March 2025, nil treasury shares held by the Company.

27. EQUITY-SETTLED SHARE AWARD SCHEME OF THE COMPANY

The Company's share award scheme (the "**Scheme**") was adopted with effect from 16 January 2024 pursuant to a resolution passed on 10 January 2024 and amended on 23 December 2024. The Scheme will expire on 16 January 2034 and is administered by independent trustee (the "**Trustee**") appointed by the Group.

During the year ended 31 March 2025, 29,998,000 ordinary shares were granted under the Scheme. There are no vesting conditions for the share awards, and all share awards are fully vested immediately and settled by 29,998,000 treasury shares held by the Company. There is no amount payable on acceptance of the award or awarded shares.

As of 31 March 2026 and 31 March 2025, no ordinary shares remained outstanding under the Scheme.

The tables below set out details of share awards granted to various participants/categories of participants under the Schemes:

Grantees/category	Grant date	Outstanding at 1 April 2024	Granted during the year	Vested during the year	Outstanding at 31 March 2025
Directors					
– Mr. Wang	3 January 2025	–	12,000,000	(12,000,000)	–
– Mr. Xu Jianwen	3 January 2025	–	1,500,000	(1,500,000)	–
– Mr. Dai Bin	3 January 2025	–	1,500,000	(1,500,000)	–
– Ms. Lan Jia	3 January 2025	–	1,500,000	(1,500,000)	–
– Mr. Wang Zhi	3 January 2025	–	1,500,000	(1,500,000)	–
	Sub-total	–	18,000,000	(18,000,000)	–
Five highest paid individuals*					
– In aggregate	3 January 2025	–	9,000,000	(9,000,000)	–
Other Employee					
– In aggregate	3 January 2025	–	2,998,000	(2,998,000)	–
	Total	–	29,998,000	(29,998,000)	–

* Excluding the details of the share awards granted to the above one director who are one of the five individuals with the highest emoluments during the years ended 31 March 2025, the relevant details of which are reflected in Note 9.

Notes: There are no performance targets attached to any awarded shares.

The Group recognised a total expense of approximately HK$38,397,000 for the year ended 31 March 2025 in relation to share awards vested by the grantees. The fair value of the share awards granted during the year ended 31 March 2025 were determined using the closing price of the shares on which the share awards were granted.

27. EQUITY-SETTLED SHARE AWARD SCHEME OF THE COMPANY *(continued)*

Major terms of the Scheme

(a) Purpose of the Scheme

The purposes and objectives of the Scheme are (i) to provide any person or entity (without limiting to nonconnected employees) who has made, or will potentially make, significant contributions to the development of the Group the opportunity to acquire proprietary interests in the Company, (ii) to further align with the objectives of the Scheme and incentivize such person(s) or entity(ies) to contribute towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole, and (iii) to provide the Company with a flexible means of incentivizing, rewarding, remunerating, compensating and/or providing benefits to such person(s) or entity(ies).

(b) Durations of the Scheme

The Scheme shall be valid and effective from the effective date (i.e. 16 January 2024) until the 10th anniversary of the effective date (i.e. 16 January 2034) (the "**Effective Date**"), after which no award shall be granted but the provision of the Scheme will in all other respects remain in full force and effect until all awards that are granted on or before the 10th anniversary of the Effective Date are vested and transferred to the relevant selected participants.

(c) Eligible participants

Under the Scheme, the eligible participants could be any eligible person, being an employee, director (including executive directors, non-executive directors and independent non-executive directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group.

(d) Scheme Limit

The maximum number of awarded shares that may be awarded by the Board under the Scheme (excluding awarded shares that have been (i) forfeited, cancelled or lapsed or (ii) granted and vested in accordance with the Scheme) in aggregate shall be no more than 10% of the number of Shares issued as at the Effective Date (the "**Scheme Limit**").

(e) Vesting of Awards

Within a reasonable time period as agreed between the Trustee and the Board from time to time prior to the vesting date (i.e. the date(s) on which the entitlement of a selected participant to the awarded shares accrues in accordance with the conditions as imposed by the Board or deemed to have accrued in accordance with the scheme rules) (the "**Vesting Date**"), the Board shall send to the relevant selected participants a vesting notice.

The Board shall forward a copy of the vesting notice to the Trustee as soon as practicable after the vesting date, after which the Trustee shall transfer and release the relevant awarded shares to the relevant Selected Participant or sell the awarded shares and pay the proceeds arising from such sale to the Selected Participant pursuant to the instructions of the Board.

27. EQUITY-SETTLED SHARE AWARD SCHEME OF THE COMPANY *(continued)*

Major terms of the Scheme *(continued)*

(f) Restrictions

No grant of awarded shares may be made to any selected participant that are: (1) in any circumstances where the requisite approval from any applicable regulatory authorities (including but not limited to The Stock Exchange of Hong Kong Limited) has not been granted; (2) in any circumstances that any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such award or the share award scheme, unless the Board determines otherwise; (3) where such award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction; (4) where such grant of award would result in a breach of the Scheme Limit; and any such grant so made shall be null and void to the extent that it falls within the circumstances above.

(g) No assignment of the share award

An award under the share award scheme shall be personal to the relevant selected participant and shall not be assignable or transferable. No selected participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any award, or enter into any agreement to do so.

(h) Voting rights and entitlement

The Shares held by the Trustee upon trust shall not exceed 10% of the issued share capital of the Company from time to time. Neither the selected participant nor the Trustee may exercise any voting rights in respect of any awarded shares that have not yet vested. Subject to the scheme rules, the Board shall exercise any voting rights and other powers attached to any assets or investments in the trust.

(i) Alteration of the share award scheme

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant under the Scheme unless (i) the written consent of selected participants amounting to three-fourths in nominal value of all awarded shares held by the Trustee on that date is obtained or (ii) the sanction of a special resolution is passed at a meeting of the selected participants amounting to three-fourths in nominal value of all awarded shares held by the Trustee on that date.

(j) Termination

The Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the Effective Date, except in respect of any non-vested awarded shares granted prior to the expiration of the Scheme for the purpose of giving effect to the vesting of such awarded shares; or (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the Scheme.

28. EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY

The Company adopted the Share Option Scheme on 15 February 2017, which, unless otherwise terminated or amended, will remain in force for a period of 10 years from its adoption date.

At 31 March 2026, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 15,000,000, representing 5% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors of the Company, or any of their respective associates, in excess of 0.1% of the Company's share capital must be approved in advance by the Company's shareholders.

On 15 August 2025 (the "**Date of Grant**"), under the Share Option Scheme, the Company granted an aggregate of 15,000,000 options (the "**Options**") to five eligible participants (the "**Grantees**") to subscribe for ordinary Shares with a par value of HK$0.01 each in the share capital of the Company. The Options are vested on the day falling three months from the Date of Grant and may be exercised by the Grantees at any time until the expiry of 10 years from the adoption date (i.e. 15 February 2017) of the Share Option Scheme with the exercise price of HK$1.67 per Share. At 31 March 2026, the Options have been vested and up to the date of this report, the number of shares available for future grant with respect to the scheme mandate limit of the Share Option Scheme is 15,000,000.

The table below discloses movement of the Scheme:

	Number of share options
Outstanding as at 1 April 2025	–
Granted during the period	15,000,000
Lapsed during the period	–
Outstanding as at 31 March 2026	15,000,000
Exercisable at the end of the Year	15,000,000

During the year ended 31 March 2026, 15,000,000 share options were granted on 15 August 2025. The fair values of the options was HK$0.3809. The closing price of the Company's shares immediately before 15 August 2025, the date of grant, was approximately HK$1.65.

The following assumptions and inputs were used to calculate the fair values of share options:

	August 2025
Closing price	HK$1.67
Exercise price	HK$1.67
Exercise multiple	2.75x
Expected life	1.50 years
Expected volatility	47.29%
Expected dividend yield	0%
Risk-free interest rate	2.046%

28. EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY *(continued)*

The share options outstanding as at 31 March 2026 had a weighted average contractual life of 0.87 years.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The expected life of the share options is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Group's employees.

At the end of report period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to equity.

29. RETIREMENT BENEFITS SCHEME

Defined contribution scheme

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The retirement benefits scheme contributions arising from the MPF Scheme of HK$5,065,000 (2025: HK$3,880,000) charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the MPF Scheme by the Group.

30. RELATED PARTY TRANSACTIONS

The Group had entered into the following related party transactions:

	2026	2025
	HK$'000	HK$'000
Mr. Wang Guangbo – loan to director's (note)	**–**	1,600

Note: Amounts represented loans to directors which were unsecured, interest bearing and were repayable on 28 July 2024. The whole amount has been repaid by the directors during the year ended 31 March 2025.

Compensation of key management personnel

The remuneration of the Directors who are also the members of key management personnel was disclosed in note 9.

31. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS

The Group has entered into the International Swaps and Derivatives Association Master Netting Agreements ("**ISDA Agreements**") with certain banks. The following recognised financial assets are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts:

At 31 March 2026

	Gross/net amounts presented on consolidated statement of financial position	**Related amount not set off in consolidated statement of financial position**		
		Financial instrument	**Cash collateral received/ pledged**	**Net amount**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Recognised financial assets:				
– Bank balances	**15,591**	**(1,206)**	**–**	**14,385**
Recognised financial liabilities:				
– Derivative financial instruments	**(1,206)**	**–**	**1,206**	**–**

At 31 March 2025

	Gross/net amounts presented on consolidated statement of financial position	Related amount not set off in consolidated statement of financial position		
		Financial instrument	Cash collateral received/ pledged	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000
Recognised financial assets:				
– Bank balances	15,230	–	–	15,230
Recognised financial assets:				
– Derivative financial instruments	43	–	–	43

32. PERFORMANCE GUARANTEES

As at 31 March 2026, the performance guarantees of the Group of HK$13,962,000 (2025: HK$20,295,000) were given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance guarantees have been given, such customers may demand the bank to pay them the sum or sum stipulated in such demand. The Group will become liable to compensate the bank accordingly. The performance guarantee will be released upon completion of the contract works.

As at 31 March 2026 and 2025, the directors of the Company did not consider that it is probable that a claim will be made against the Group.

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2026 **HK$'000**	2025 HK$'000
Non-current asset		
Investment in subsidiaries	**140,355**	134,695
Current assets		
Other receivables, prepayment and deposits	**15,016**	406
Financial assets at FVTPL	**–**	3,856
Cash and cash equivalents	**279**	729
	15,295	4,991
Current liabilities		
Other payables and accruals	**920**	526
Amount due to a subsidiary	**108,198**	90,018
	109,118	90,544
Net current liabilities	**(93,823)**	(85,553)
Net assets	**46,532**	49,142
Capital and reserves		
Share capital (note 26)	**3,000**	3,000
Reserves (note i)	**43,532**	46,142
	46,532	49,142

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(continued)

Note i:

Reserves of the Company

	Share premium HK$'000	Treasury stock HK$'000	Share-based payment reserves HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2024	75,297	(29,892)	–	685	46,090
Loss and total comprehensive expense for the year	–	–	–	(34,838)	(34,838)
Treasury shares repurchased	–	(3,507)	–	–	(3,507)
Share awards vested	–	33,399	–	4,998	38,397
Balance at 31 March 2025 and 1 April 2025	75,297	–	–	(29,155)	46,142
Profit and total comprehensive income for the year	–	–	–	21,676	21,676
Share-based payment expenses	–	–	5,714	–	5,714
Dividend paid	(30,000)	–	–	–	(30,000)
Balance at 31 March 2026	45,297	–	5,714	(7,479)	43,532

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at the end of each reporting period are as follows:

Name of subsidiaries	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of ownership interest attributable to the Company 2026	2025	Principal activities
Microware Hong Kong Limited^	BVI	HK$1	**100%**	100%	Investment holding
Microware Limited	Hong Kong	US$6,000,000	**100%**	100%	Provision of IT infrastructure solutions services and provision of IT managed services
Cumulus Managed Services Limited	Hong Kong	HK$1	**100%**	100%	Provision of IT infrastructure solutions services
Microware Computer Systems Limited	Hong Kong	HK$10,000	**100%**	100%	Inactive
MED Link Solutions Limited (formerly known as "**ProAct IT Services Limited**")	Hong Kong	HK$100,000	**100%**	100%	Provision of IT managed services
Cyber Range Limited	Hong Kong	HK$10,000	**100%**	100%	Provision of IT infrastructure solutions services
Micromeet Limited	BVI	HK$50,000	**100%**	100%	Inactive
Microware Technology Limited	Hong Kong	HK$10,000	**100%**	100%	Provision of IT infrastructure
Microware (Shanghai) Technology Development Co. Ltd	The PRC	RMB5,000,000	**100%**	100%	Provision of IT infrastructure solutions services and provision of IT managed services
Shanghai Actuarial Creativity Technology Co. Ltd	The PRC	RMB16,000,000	**100%**	100%	Provision of IT infrastructure solutions services
Microware (Shanghai) Artificial Intelligence Technology Co. Ltd	The PRC	RMB60,000,000	**100%**	100%	Provision of IT infrastructure solutions services
Microware (Shenzhen) Information Technology Limited	The PRC	RMB250,000	**100%**	100%	Provision of IT infrastructure solutions services

^ Directly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior years.

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

36. COMPARATIVES FIGURES

Certain comparative figures have been reclassified to conform current year's presentation.

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2026 **HK$'000**	2025 HK$'000
Financial assets		
Financial assets at amortised cost	**354,992**	436,942
Derivative financial instruments	**–**	43
Equity instruments at FVTOCI	**49,728**	53,500
Financial assets at FVTPL	**13,481**	10,193
Financial liabilities		
Amortised cost	**321,821**	374,627
Derivative financial instruments	**1,206**	–

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, finance lease receivables, deposits, equity instruments at FVTOCI, financial assets at FVTPL, trade and other payables and accruals, bank borrowings, lease liabilities, derivative financial instruments, pledged bank deposits, time deposits as well as cash and cash equivalents. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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 in a timely and effective manner.

Market risks

Interest rate risk

The Group's fair value interest rate risk relates primarily to pledged bank deposits (note 21), time deposits (note 21) and lease liabilities (note 24). The Group's cash flow interest rate risk relates primarily to variable-rate bank balances (note 21) and bank borrowings (note 25(a)).

The Group has not used any interest rate hedging policy to mitigate its exposure associated with interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings, to the extent that they were not hedged by effective instruments, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points (2025: 50) increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

For bank borrowings at variable-rate of HK$97,804,000 (2025: HK$22,509,000), if interest rate had been 50 basis points (2025: 50) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2026 would decrease/increase by HK$201,000 (2025: HK$94,000).

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risks *(continued)*

Interest rate risk *(continued)*

Sensitivity analysis (continued)

The directors of the Company consider the Group's exposure to future cash flow interest rate risk is minimal for variable-rate bank balances taking into account the minimal fluctuation on market interest rate and carrying amounts as at 31 March 2026 and 2025. Accordingly, no sensitivity analysis on interest rate risk for variable-rate bank balances is presented.

Currency risk

The Group has foreign currency purchases, which exposes the Group to foreign currency risk. Certain bank balances, trade receivables and trade payables of the Group are denominated in foreign currencies. The carrying amounts of the Group's bank balances, trade receivables and trade payables denominated in foreign currencies at the end of each reporting period are as follows:

	Bank balances		**Trade receivables**		**Trade payables**	
	2026 HK$'000	2025 HK$'000	**2026 HK$'000**	2025 HK$'000	**2026 HK$'000**	2025 HK$'000
US$	**7,871**	4,100	**12,559**	10,577	**60,636**	119,547

The Group has entered into certain foreign exchange forward contract as set out in note 18 to mitigate foreign exchange exposure arising on the purchase to external parties. The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

No sensitivity analysis is provided on derivative financial instruments as the management of the Company considers that the effect of the foreign exchange rate fluctuations on the fair value of derivative financial instruments are considered as insignificant.

Sensitivity analysis

The change in exchange rate of HK$ against US$ has not been considered in the sensitivity analysis as HK$ is pegged to US$. In the opinion of the directors of the Company, the Group does not expect any significant movements between the exchange rate of US$ against HK$.

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 March 2026, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of performance guarantees provided by the Group is disclosed in note 32. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group assess the potential customer's credit quality customer at new customer acceptance. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivables based on the grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by sectors is mainly in Hong Kong Government, Commercials, Educational institution and non-profit organisations and Bank and finance which accounted for 14%, 9%, 8% and 11%, respectively of the total trade receivables as at 31 March 2026 (2025: Hong Kong Government, Commercials, Bank and finance and Educational institution and non-profit organisations which accounted for 39%, 25%, 11% and 9%, respectively). The Group has concentration of credit risk as 50% (2025: 25%) of the total trade receivables was due from the Group's five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

For trade receivables of HK187,893,000 (2025: HK189,497,000) (note 20), the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group assessed the ECL on trade receivables using the grouping with reference to past default experience for recurring customers and current past due exposure for new customers.

Based on the assessment of the management, an reversal of impairment loss on trade receivables amounting to HK$117,000 (2025: HK$73,000 has been recognised) during the year ended 31 March 2026.

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Finance lease receivables, other receivables and deposits

For finance lease receivables, other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of finance lease receivables, other receivables and deposits. The Group performs impairment assessment under 12m ECL model.

For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due HK$'000	Not past due/ no fixed repayment terms HK$'000	Total HK$'000
Financial assets at amortised cost			
Finance lease receivables, other receivables and deposits			
As at 31 March 2026	–	18,162	18,162
As at 31 March 2025	–	26,319	26,319

Based on the assessment of the management, the ECL on finance lease receivables, other receivables and deposits is insignificant.

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Pledged bank deposits, time deposits and bank balances

The Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and therefore the directors of the Company consider the risk of default is low. The Group uses 12m ECL to perform the assessment under ECL on balances individually based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies including Moody's, ranging from Aa3 to A3. As at 31 March 2026, the directors of the Company consider the credit risk is limited and thus the ECL on pledged bank deposits, time deposits and bank balances of HK$75,193,000 (2025: HK$54,757,000), HK$5,780,000 (2025: HK$5,627,000) and HK$68,000,000 (2025: HK$160,895,000) respectively (note 21) is insignificant.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL – not credit-impaired
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Pledged bank deposits, time deposits and bank balances *(continued)*

The tables below detail the credit risk exposures of the Group's trade receivables, finance lease receivables, other receivables and deposits, pledged bank deposits, time deposits and bank balances which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2026 Gross carrying amount HK$	2025 Gross carrying amount HK$
Trade receivables	20	N/A	(Note)	Lifetime ECL (Not credit-impaired)	**184,667**	189,497
Trade receivables	20	N/A	Low risk	Lifetime ECL (individual assessment)	**3,226**	–
Finance lease receivables	16	N/A	Low risk	12-month ECL	**5,951**	19,512
Other receivables and deposits	20	N/A	Low risk	12-month ECL	**12,211**	6,807
Pledged bank deposits	21	Aa3 to A1	N/A	12-month ECL	**75,193**	54,757
Time deposits	21	Aa3	N/A	12-month ECL	**5,780**	5,627
Bank balances	21	Aa3 to A3	N/A	12-month ECL	**68,000**	160,895

Note:

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The information about the credit risk exposure on the Group's trade receivables is set out below.

The Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's aging of outstanding balances of HK$184,667,000 as at 31 March 2026 (2025: HK$ 189,497,000). Reversal of impairment of HK$117,000 (2025: impairment of HK$73,000 is recognised) during the year.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The estimated loss rates on trade receivables are estimated based on historical observed default rates over the expected life of the debtors default rates, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Pledged bank deposits, time deposits and bank balances *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000
As at 31 March 2024	(80)
Impairment loss recognised	(73)
As at 31 March 2025	(153)
Impairment loss reversed	117
As at 31 March 2026	**(36)**

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As at 31 March 2026, the Group had available unutilised bank facilities of approximately HK$1,328,060,000 (2025: HK$1,412,518,000).

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate early settlement to the suppliers. Only a small portion of the Group's trade payables is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement results in significant liquidity risk of the Group. Details of the arrangements are set out in note 25(a) and note 25(b).

The following table details the Group's remaining contractual maturity for bank borrowings and lease liabilities. The table has been drawn up based on the undiscounted cash flows of bank borrowings and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity tables

	Weighted average effective interest rate per annum %	On demand or less than 1 year HK$'000	1 - 2 years HK$'000	2 - 5 years HK$'000	Over 5 years HK$'000	Total un-discounted cash flows HK$'000	Total carrying amounts HK$'000
As at 31 March 2026							
Trade and other payables and accruals	–	203,072	–	–	–	203,072	203,072
Lease liabilities	6.60	17,596	3,615	551	–	21,762	20,945
Bank borrowings	4.74	86,211	13,692	–	–	99,903	97,804
		306,879	**17,307**	**551**	–	**324,737**	**321,821**
As at 31 March 2025							
Trade and other payables and accruals	–	304,568	–	–	–	304,568	304,568
Lease liabilities	6.75	30,618	16,841	3,028	–	50,487	47,550
Bank borrowings	5.92	22,509	–	–	–	22,509	22,509
		357,695	16,841	3,028	–	377,564	374,627

37. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity tables *(continued)*

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual cash inflows and outflows on derivative instruments by using the forward rate published by independent researchers as at 31 March 2026 and 2025. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as the management of the Company considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	On demand or less than 2 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount of derivative forward contract assets/ (liabilities) HK$'000
As at 31 March 2026			
Derivative – gross settlement			
– Inflow	**20,136**	**20,136**	**–**
– Outflow	**(20,209)**	**(20,209)**	**–**
	(73)	**(73)**	**(1,206)**
As at 31 March 2025			
Derivative – gross settlement			
– Inflow	27,314	27,314	–
– Outflow	(27,099)	(27,099)	–
	215	215	43

37. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

37. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements of financial instruments *(continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(continued)*

Financial assets/liabilities	Fair value as at 31 March 2026	Fair value as at 31 March 2025	Fair value hierarchy	Valuation technique	Key input
Derivative financial instruments	**Liabilities – HK$1,206,000**	Asset – HK$43,000	Level 2	Discounted cash flow	Forward exchange rate and contracted exchange rate
Equity instruments at FVTOCI					
– Unlisted equity securities	**HK$49,728,000**	HK$53,500,000	Level 3 (2025: Level 2)	Market approach based on the most recent financing round completed and index return method (2025: Market approach and based on the most recent financing round completed)	2026: Median of returns on relevant market index, approximately -15%
Financial assets at FVTPL					
– Listed equity securities	**Nil**	HK$3,856,000	Level 1	Quoted bid price in an active market	NA
– Unlisted funds	**HK$13,481,000**	HK$6,337,000	Level 3	Adjusted net assets – the book value of assets and liabilities of the investee are adjusted to their fair value	An increase in the adjusted net assets, holding all variables constant would increased the carrying amount

There were no transfers between Level 1 and 2 during the year.

The Group owns 0.23% equity interest in a PRC Company that is classified as investment at FVTOCI and is measured at fair value at each reporting date. The fair value of the investment as at 31 March 2026 amounts to HK$ 49,728,000 (2025: HK$ 53,500,000). The fair value of the investment as at 31 March 2026 was measured using a valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy.

37. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements of financial instruments *(continued)*

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in Level 3 items for the year ended 31 March 2026:

	2026 **HK$'000**	2025 HK$'000
At 1 April	**6,337**	–
Purchased	**14,000**	6,337
Disposal	**(10,340)**	–
Transfer into level 3	**53,500**	–
Total gains in profit or loss	**3,484**	–
Total loss in other comprehensive income	**(6,900)**	–
Exchange adjustment	**3,128**	–
At 31 March	**63,209**	6,337

The components of the Level 3 instruments mainly include investments in unlisted companies classified as FVTPL or FVTOCI. As the fair value of unlisted equity securities, the fair value was estimated by the Company using the market approach based on the most recent financing round completed and then adjusting the transaction price by applying the index return of the investments subsequent to the transaction date. The model incorporates unobservable inputs which include the relevant industry index, therefore the Group classifies the fair value of these investments as Level 3.

Of the total gains or losses for the period included in profit or loss, HK$888,000 relates to FVTPL held at end of the current reporting period.

Included in other comprehensive income is an amount of HK$6,900,000 loss to equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of FVTOCI reserve.

A increase in the index tracking changes used in isolation would result in a increase in the fair value measurement of the equity instruments at FVTOCI, and vice versa. The management adjusted the sensitivity rate from -1% to +1% for the purpose of performing the sensitivity analysis. A 1% increase/decrease in the index tracking changes holding all other variables constant would increase /decrease the carrying amount of the equity instruments at FVTOCI by approximately HK$588,000.

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable inputs for unlisted funds, as the management considers that the exposure is insignificant to the Group.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities HK$'000 (note 24)	Dividends payable HK$'000	Bank borrowings HK$'000	Interest payable HK$'000	Total HK$'000
As at 31 March 2024	9,573	–	11,000	–	20,573
Financing cash flow	(29,029)	–	(90,621)	(3,646)	(123,296)
Finance cost	2,972	–	–	3,646	6,618
Exchange realignment	(17)	–	–	–	(17)
Other non-cash changes:					
Increase arising from supplier finance arrangements	–	–	102,130	–	102,130
New leases entered (note 12)	64,051	–	–	–	64,051
As at 31 March 2025	**47,550**	**–**	**22,509**	**–**	**70,059**
Financing cash flow	**(30,711)**	**(30,000)**	**(30,091)**	**(3,567)**	**(94,369)**
Finance cost	**2,269**	**–**	**–**	**3,567**	**5,836**
Exchange realignment	**151**	**–**	**–**	**–**	**151**
Other non-cash changes:					
Increase arising from supplier finance arrangements	**–**	**–**	**105,386**	**–**	**105,386**
Dividend declared (note 10)	**–**	**30,000**	**–**	**–**	**30,000**
New leases entered (note 12)	**1,686**	**–**	**–**	**–**	**1,686**
As at 31 March 2026	**20,945**	**–**	**97,804**	**–**	**118,749**

Financial Summary

RESULTS

	For the year ended 31 March				
	2022 HK$'000	2023 HK$'000	2024 HK$'000	2025 HK$'000	**2026** **HK$'000**
Revenue	1,148,967	1,166,848	1,234,334	1,491,387	**1,301,049**
Profit before taxation	38,325	38,735	43,757	18,109	**36,843**
Taxation	(6,349)	(5,559)	(7,529)	(9,952)	**(6,638)**
Profit for the year	31,976	33,176	36,228	8,157	**30,205**
Attributable to:					
Owners of the Company	31,970	33,179	36,228	8,157	**30,205**
Non-controlling interests	6	(3)	–	–	**–**
	31,976	33,176	36,228	8,157	**30,205**
Earnings per share					
Basic and diluted (HK$)	0.11	0.11	0.12	0.03	**0.10**

ASSETS AND LIABILITIES

	At 31 March				
	2022 HK$'000	2023 HK$'000	2024 HK$'000	2025 HK$'000	**2026** **HK$'000**
Total assets	543,220	516,831	516,939	727,334	**646,446**
Total liabilities	(332,424)	(304,360)	(335,632)	(504,717)	**(419,665)**
	210,796	212,471	181,307	222,617	**226,781**
Equity attributable to owners of the Company	211,758	212,471	181,307	222,617	**226,781**
Non-controlling interests	(962)	–	–	–	**–**
	210,796	212,471	181,307	222,617	**226,781**