

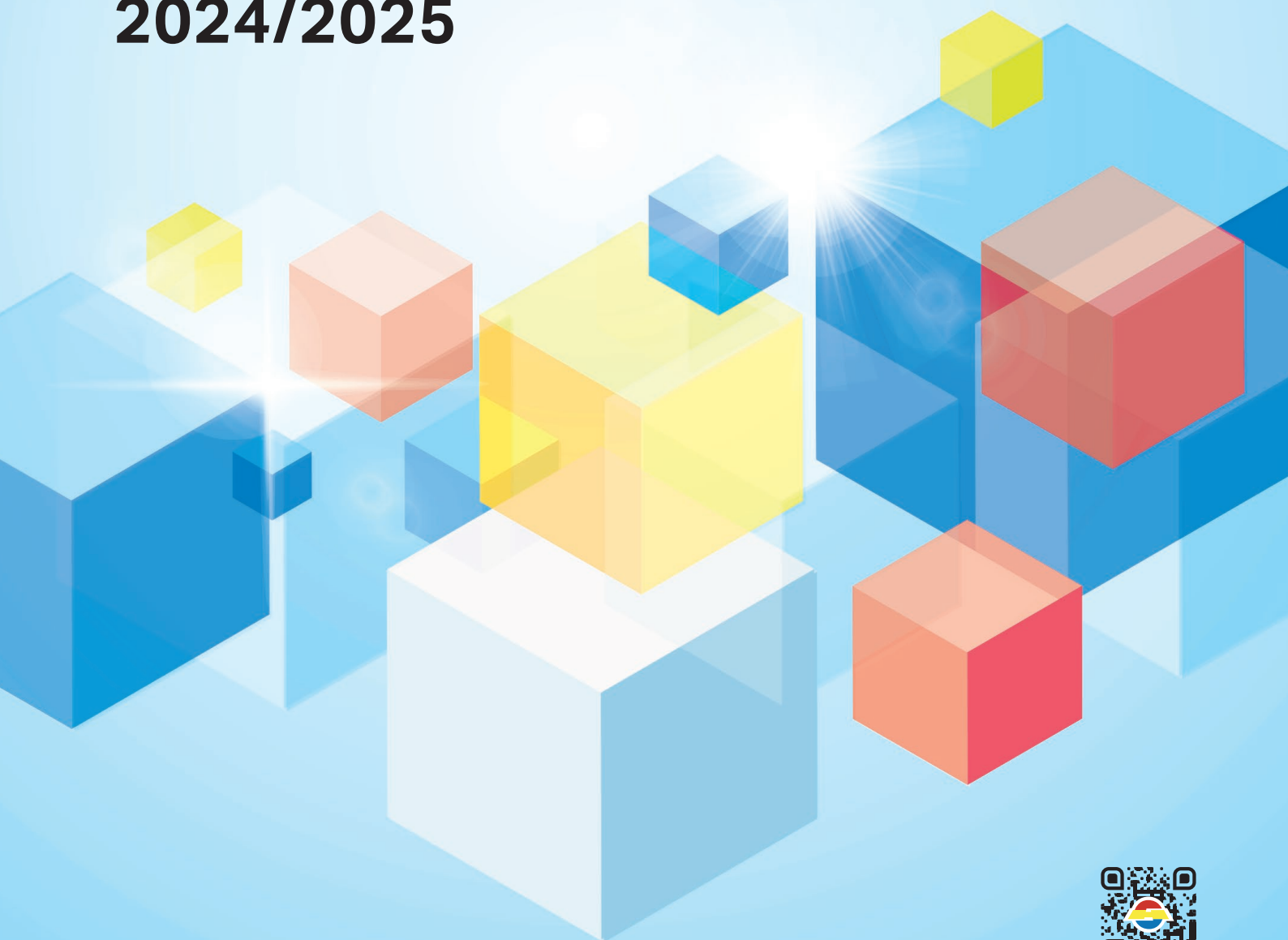


**Huasheng International Holding Limited**  
**華盛國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1323)**

**Annual Report**  
**2024/2025**



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# Corporate Information

## Executive Directors

Mr. Wong Jeffrey  
Mr. Kong Chi Keung

## Non-executive Director

Mr. Li Renjie (*Chairman*)

## Independent Non-executive Directors

Mr. Kwok Kam Tim  
Mr. Tso Ping Cheong, Brian  
Ms. Zhu Xiaojia

## Audit Committee Members

Mr. Kwok Kam Tim (*Chairman*)  
Mr. Tso Ping Cheong, Brian  
Ms. Zhu Xiaojia

## Remuneration Committee Members

Mr. Kwok Kam Tim (*Chairman*)  
Mr. Tso Ping Cheong, Brian  
Ms. Zhu Xiaojia

## Nomination Committee Members

Mr. Tso Ping Cheong, Brian (*Chairman*)  
Mr. Kwok Kam Tim  
Ms. Zhu Xiaojia

## Authorised Representatives

Mr. Wong Jeffrey  
Ms. Kwong Oi Man Patty

## Company Secretary

Ms. Kwong Oi Man Patty

## Listing Information

Main Board of  
The Stock Exchange of Hong Kong Limited  
Stock Code: 1323

## Company's Website

[www.huashengih.com](http://www.huashengih.com)

## Registered Office

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

## Principal Place of Business in Hong Kong

Suites 2301-03, 23/F.  
Far East Consortium Building  
No. 121 Des Voeux Road Central  
Hong Kong

## Principal Share Registrar and Transfer Office in Cayman Islands

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D  
P.O. Box 1586, Gardenia Court  
Camana Bay, Grand Cayman  
KY1-1100, Cayman Islands

## Branch Share Registrar and Transfer Office in Hong Kong

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

## Principal Banker

Bank of East Asia, Limited  
DBS Bank (Hong Kong) Limited

## Auditor

ZHONGHUI ANDA CPA Limited  
23/F, Tower 2, Enterprise Square Five  
38 Wang Chiu Road, Kowloon Bay  
Kowloon, Hong Kong

# Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Huasheng International Holding Limited (the "Company"), I am pleased to present to you the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2025 (the "Year").

During the Year, our Group operated within a dynamic and challenging environment. While the property market has once exhibited a little bit sign of recovery due to the measurement introduced by the Government of the People's Republic of China (the "PRC") such as relaxed mortgage restrictions and stimulus initiatives, uncertainties lingered with cautious investor sentiment in the real estate market. In addition, the pace of infrastructure development in the PRC remained uneven, despite targeted investments in key regions and thus the overall demand of concrete remained low. The global economic landscape continued to pose difficulties, with persistent inflation pressures and an interest rate environment that remained higher than historical norms. Geopolitical tensions further complicated international trade and supply chain dynamics, all these have impacted on our operational costs and market outlook.

During the Year, our concrete business experienced a weak demand for our ready-mixed commercial concrete. Revenue from the concrete business decreased by approximately HK\$175.2 million or 32.0% from approximately HK\$547.8 million for the previous year to approximately HK\$372.6 million for the Year amid real estate development and infrastructure investments slowdown since fewer new real estate projects were launched and the delay in construction progress for the existing infrastructure projects as a result of intense policy adjustments and market recalibration in the PRC. Moreover, our revenue was also affected by drop of average selling price of concrete products during the Year under an intensified market competition among the Hainan Province.

Despite the drop in the revenue generated from concrete business because of the property and infrastructure market slump in the PRC, our concrete business continued to provide a strong income stream for the Group. We are still confident that our concrete business could rebound along with the recent government support policy and measures.

Looking forward, we remain cautiously optimistic of our concrete business. The ongoing development of the Hainan Free Trade Port shall continue to gain momentum, bolstered by supportive government policies aimed at accelerating infrastructure growth. These developments have given our Group a chance to capitalise on emerging opportunities in the region. We will continue to review our existing businesses and streamline our resources to businesses or investments that could bring value to our Group in the future. We will continue to explore opportunities for potential investments in the market to diversify our business and financial risks. We will continue to evaluate our business portfolio, ensuring alignment with market trends and long-term profitability goals.

# Chairman's Statement

I wish to express my deepest gratitude to my fellow Directors, the management team, and all our dedicated staff for their relentless efforts and commitment throughout the Year. Their contributions have been pivotal in steering the Group through a challenging period. Together, we shall work towards a prosperous and resilient future for the Group.

**Li Renjie**

*Chairman*

30 June 2025

# Management Discussion and Analysis

## Business and Financial Review

The Group is principally engaged in production and sales of ready-mixed commercial concrete (“Concrete Business”) during the year ended 31 March 2025 (the “Year”). Besides, the Group was also engaged in provision of money lending services (“Money Lending Business”), which was disposed of and classified as discontinued operation during the Year. Details are disclosed in Note 12 to the consolidated financial statements of this report.

The Group recorded a net loss attributable to owners of the Company of approximately HK\$92.4 million for the Year as compared to approximately HK\$31.4 million for the year ended 31 March 2024 (the “Previous Year”).

## Continuing Operation

### Revenue

During the Year, the Group’s only business segment under continuing operation, namely Concrete Business, continued to experience a weak demand for its ready-mixed commercial concrete. Revenue from the Concrete Business decreased by approximately HK\$175.2 million or 32.0% from approximately HK\$547.8 million for the Previous Year to approximately HK\$372.6 million for the Year which was primarily due to shrinking demand for ready-mixed commercial concrete product and intensified market competition among the Hainan Province. Throughout the year 2024, continuous intense policy adjustments and market recalibration of the real estate market in the People’s Republic of China (the “PRC”), which led to decrease in real estate development and infrastructure investments. Fewer new real estate projects were launched, together with the slowdown in construction progress for the existing projects, all of such negatively affected the production and sale of our concrete products during the Year. Besides, the selling price of concrete products steadily dropped under the intensified market competition, which led to around 9% of drop in the average selling price of concrete products per cubic metric as compared with the same period of the Previous Year.

The following table sets out a breakdown of the Group’s revenue from continuing operation by geographical region based on the place of incorporation of the customer for the Year, with comparative figures for the Previous Year:

	Year ended 31 March	
	2025 HK\$'000	2024 HK\$'000
By geographical region:		
– the Mainland China, PRC	372,566	547,762

## Gross Profit and Gross Profit Margin

The gross profit from Concrete Business decreases significantly by approximately HK\$71.1 million or 52.2% from approximately HK\$136.3 million in the Previous Year to approximately HK\$65.2 million in the Year, which was primarily driven by the weakened demand of concrete products which in turn caused the drop in sales volume and the average selling prices of concrete products; and further narrowed down by the rise in cost of raw materials during the Year.

# Management Discussion and Analysis

## **Business and Financial Review** *(Continued)*

### **Continuing Operation** *(Continued)*

#### **Gross Profit and Gross Profit Margin** *(Continued)*

The Group's gross profit margin was decreased from the Previous Year of approximately 24.9% to approximately 17.5% in the Year. Significant drop in gross profit was primarily due to the decrease in average selling price of concrete products under the intensified market competition while raw materials costs rise during the Year which further reduced the gross profit margin of the Concrete Business for the Year.

#### **Other Income**

Other income from continuing operation mainly consists of rental income, interest income from convertible bonds receivables, commission income and litigation income. Other income decreased by approximately HK\$3.5 million from approximately HK\$9.2 million (restated) for the Previous Year to approximately HK\$5.7 million for the Year mainly due to a decrease in commission income by approximately HK\$4.3 million.

#### **Other Gains and Losses, Net**

Other gains and losses, net from continuing operation for the Year mainly comprise of impairment loss on trade, retention and other receivables of approximately HK\$21.6 million; impairment loss on promissory note receivable of approximately HK\$13.8 million; and loss on written off of property, plant and equipment of approximately HK\$4.4 million.

The Group resulted in a net other losses amounted to approximately HK\$42.8 million during the Year as compared to approximately HK\$25.2 million (restated) during the Previous Year. The increase in net other losses was primarily due to (i) an increase in trade, retention and other receivables of approximately HK\$7.9 million; (ii) loss on written off of property, plant and equipment and inventories in total of approximately HK\$6.6 million relating to the damage caused by typhoon in Hainan Province during the Year; and (iii) nil gain on discounting of bonds payable recognised in the Year while approximately HK\$6.1 million was recognised in the Previous Year.

#### **Selling and Distribution Expenses**

Selling and distribution expenses from continuing operation mainly consist of transportation expenses, staff cost for distribution unit and commissions paid to sales agents. Selling and distribution expenses decreased by approximately HK\$6.6 million or 12.6% for the Year as compared with the Previous Year primarily due to decrease in transportation expenses as a result of decrease in sales volume which outweighed by the increase in transportation services fee charged by our transportation services provider.

#### **Administrative Expenses**

Administrative expenses from continuing operation mainly consist of staff costs (including directors' remuneration), legal and professional fees, consultancy fees and depreciation charges for owned assets and right-of-use assets. Administrative expenses decreased by approximately 11.9% to approximately HK\$45.0 million for the Year. The decrease in administrative expenses primarily due to decrease in staff cost and headcounts as compared with the Previous Year.

# Management Discussion and Analysis

## **Business and Financial Review** *(Continued)*

### **Continuing Operation** *(Continued)*

#### **Finance Costs**

Finance costs from continuing operation mainly represent interest expenses on bonds payable, borrowings and lease liabilities. The finance costs increased by approximately HK\$3.1 million or 17.0% from approximately HK\$18.4 million (restated) for the Previous Year to approximately HK\$21.5 million for the Year due to (i) the corporate bond issued by the Group during March 2024 was recognised for full 12-month period effective interest during the Year; and (ii) an increase in interest on borrowings as a result from increase in average borrowing amount and rise in borrowing rate for Concrete Business during the Year.

#### **Loss before Income Tax**

The Group recorded a loss before income tax from continuing operation of approximately HK\$84.7 million for the Year as compared to approximately HK\$3.2 million (restated) for the Previous Year. The increase in loss before income tax during the Year mainly due to a significant decrease in gross profit by approximately HK\$71.1 million; (ii) an increase in impairment loss on trade, retention and other receivables by HK\$7.9 million and an one-off loss of approximately HK\$14.8 million from the disposal of 65% equity interest in Money Lending Business as compared with the Previous Year.

#### **Income Tax Credit/(Expense)**

As all of the Group's profit are derived from the Mainland China and Hong Kong, the Group is subject to income tax in the Mainland China and Hong Kong.

The Group recorded income tax credit from continuing operation of approximately HK\$6.1 million during the Year as compared to an income tax expense of approximately HK\$3.4 million (restated) for the Previous Year. There was no significant change in applicable tax rates of the Company's subsidiaries during the Year. The increase in income tax credit was primarily due to increase in provision for impairment loss on trade and retention receivable during the Year.

#### **Discontinued Operation**

The results of Money Lending Business was classified as discontinued operation upon the deconsolidation and presented as a single line item in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 March 2025 and 2024. Net loss from discontinued operation for the Year amounted to approximately HK\$13.7 million (2024: approximately HK\$24.9 million). Details of the results of the discontinued operation are set out in Notes 12 and 40 to the consolidated financial statements of this report.



# Management Discussion and Analysis

## **Business and Financial Review** *(Continued)*

### **Trade and Retention Receivables**

As at 31 March 2025, trade and retention receivables, net are derived from the Concrete Business amounted to approximately HK\$666.9 million, representing a slightly decrease by approximately HK\$36.1 million as compared with the Previous Year.

The expected credit loss (the “ECL”) provision of approximately HK\$19.6 million for trade and retention receivables was recognised during the Year. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience, the age of the balances, existence of disputes, the creditworthiness of counterparties and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. As at 31 March 2025, Directors are of the view that adequate expected credit loss provision have been made for the trade and retention receivable after considering that the net amounts of trade and retention receivables are still recoverable as there has not been a significant deterioration in credit quality of these customers and there are continuing subsequent settlements during the Year.

### **Prepayment, Deposit and Other Receivables**

Prepayments and deposits primarily consist of rental and utilities deposits, deposit for potential investments, advance payments to supplier and prepaid rent and other expenses. Prepayments and deposits decreased by approximately 34.2% from approximately HK\$124.1 million as of the Previous Year to approximately HK\$81.7 million as of 31 March 2025, primarily due to decrease in advance payments to suppliers through repayment or utilisation of materials.

Other receivables mainly represent the receivables for referring and reselling of raw materials to customers. The gross amount of other receivables decreased from approximately HK\$122.7 million as at 31 March 2024 to approximately HK\$106.5 million as at 31 March 2025 due to continuous settlement from customer during the Year. Management of the Group has engaged an independent professional valuer to perform ECL valuation in which taking into account forward-looking factors specific to the customer, the economic environment, historical settlement experience, latest negotiations with the customer for repayment schedule and as a result impairment loss on other receivables of approximately HK\$2.0 million was recognised in the consolidated financial statement during the Year. Approximately HK\$18.3 million had been further subsequently settled after the end of the Year up to the date of this report.

# Management Discussion and Analysis

## Business and Financial Review *(Continued)*

### Impairments

During the Year, the Group had the following impairments:

- (a) Impairment loss on trade, retention and other receivables of approximately HK\$21.6 million in which (i) approximately HK\$19.6 million were related to expected credit loss on trade and retention receivables from Concrete Business. Provision matrix was applied to calculate the expected credit loss. Provision rates were based on the Group's historical settlement experience and historical recoverability rate by groupings of various debtors that have similar loss patterns, taking into account forward-looking information; and (ii) approximately HK\$2.0 million were related to expected credit loss on other receivables which is under the assessment of the independent professional valuer.
- (b) Impairment loss on loan receivables of approximately HK\$6.6 million was recognised for overdue loans with credibility issue. The Group considered that the default risk of those borrowers was relatively high and thus impairment on loan receivables was considered necessary. The Group has adopted various measures in recovering the overdue loans including negotiation for sale of loan portfolio and conducting legal proceedings against the overdue borrowers in accordance with the prescribed internal procedures.
- (c) Impairment loss on promissory note receivable of approximately HK\$13.8 million was recognised for prolonged delay in repayment. The Group considered that the default risk of the debtor was high, even the Group has adopted various measures in recovering the outstanding receivable and further impairment on promissory note receivable was thus considered necessary.

### Total Comprehensive Loss for the Year Attributable to Owners of the Company

The total comprehensive loss for the year attributable to owners of the Company was approximately HK\$62.5 million for the Year as compared to approximately HK\$44.5 million for the Previous Year.

### Liquidity and Financial Resources

As at 31 March 2025, the Group had indebtedness comprising, bonds payable and borrowings amounted to approximately HK\$226.0 million (2024: approximately HK\$328.6 million).

As at 31 March 2025, the Group had cash and cash equivalents of approximately HK\$76.6 million (2024: approximately HK\$163.4 million) which were denominated in Hong Kong Dollar ("HK\$"), Renminbi ("RMB") and United States Dollar ("US\$").

As at 31 March 2025, the Group's current ratio, calculated based on current assets over current liabilities, was approximately 2.1 (2024: approximately 2.5), reflecting the abundance of financial resources. The Group's gearing ratio was approximately 29.6% (2024: approximately 34.2%), calculated based on the total debts of approximately HK\$266.0 million (2024: approximately HK\$328.6 million) over shareholders' equity of approximately HK\$897.9 million (2024: approximately HK\$960.4 million).

# Management Discussion and Analysis

## Business and Financial Review *(Continued)*

### Capital Structure

The capital structure of the Group as at 31 March 2025 are summarised as follows:

#### **(A) Share Capital**

As at 31 March 2025, the Company has 755,654,743 ordinary shares (2024: 755,654,743 ordinary shares) in issue with total shareholders' equity of the Group amounted to approximately HK\$897.9 million (2024: approximately HK\$960.4 million). There was no change in the share capital structure of the Company during the Year.

#### **(B) Bonds Payable**

On 10 March 2021, the Company issued a seven-year corporate bond with a principal amount of US\$20.0 million (equivalent to approximately HK\$154.8 million) to an independent third party at an issue price equal to the face value of the bond. The corporate bond is denominated in US\$ and is secured by equity interest of certain subsidiaries of the Company. The principal of the corporate bonds payable bears interest at 4.2% per annum and is payable semi-annually in arrears. The bond is secured by equity interest of certain subsidiaries of the Company as at 31 March 2025.

On 15 November 2021, a directly wholly-owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25.0 million to an independent third party at an issue price equal to the face value of the bond. The bond is denominated in HK\$. The principal of the unlisted bond payable bears interest at rates ranged from 8% to 10% per annum and is payable semi-annually in arrears. On 12 November 2024, a deed of amendment is entered into between the bond holder and the issuer in which the maturity date was extended for 2.5 years and interest rate under the extended period is charged at 8% per annum and interest is payable semi-annually in arrears.

On 25 March 2024, the Company issued a six-year corporate bond with a principal amount of HK\$63.0 million to an independent third party at an issue price equal to the face value of the bond. The corporate bond is denominated in HK\$. The principal of the corporate bonds payable bears interest at rates ranged from 3.5% to 10.5% per annum and is payable semi-annually in arrears. The bond is secured by equity interest of certain subsidiaries of the Company as at 31 March 2025.

Further details of the above bonds payable are set out in Note 30 to the consolidated financial statements of this report.

Details of other borrowings of the Group are set out in Note 29 to the consolidated financial statements of this report.

# Management Discussion and Analysis

## Business and Financial Review *(Continued)*

### Currency and Interest Rate Exposure

Most of the transactions of the Group are denominated in HK\$, RMB and US\$. The Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between RMB and US\$ to HK\$. It adopts a conservative treasury policy with most of the bank deposits being kept in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. During the Year, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and the Group's exposure to interest rate risk on bank balances is expected to be minimal.

### Charge on Assets

As at 31 March 2025 and 2024, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under two corporate bonds issued by the Company. Certain amount of assets is also pledged to secure the Group's bills payable and factoring loans. Further details are set out in Note 36 to the consolidated financial statements of this report.

### Contingent Liabilities

As at 31 March 2025, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (2024: Nil).

### Capital Commitment

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

### Employee Information and Remuneration Policy

As at 31 March 2025, the Group employed a total of 165 (2024: 172 (restated)) employees. During the Year, staff costs, including directors' emoluments under the continuing operation, amounted to approximately HK\$29.8 million (2024: HK\$33.8 million (restated)).

The Group firmly believes that staff is the most important resources and provides its staff with sound working conditions. The salaries and benefits of the Group's employees are maintained at a competitive level and the Group periodically review the performance of the employees for determining the level of salary adjustment and promotion of the employees. Discretionary year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. The Group also provides on-the-job training to its employees in addition to the statutory mandatory provident fund scheme, statutory retirement benefit and medical benefits.

The Company adopted the share option scheme on 26 February 2015 (the "Share Option Scheme"), where share options to subscribe for shares of the Company may be granted to the eligible participants as recognition of their contributions to the Group. The Share Option Scheme has expired on 26 February 2025. No new share option scheme was adopted during the Year. No share options were granted, vested, exercised, lapsed or cancelled by the Company under the Share Option Scheme during the Year and there were no outstanding share options under the Share Option Scheme as at 31 March 2025 (2024: Nil).

# Management Discussion and Analysis

## Fund Raising Activities

The Company had no equity fund-raising activities during the Year.

## Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

### (i) *Acquisition of the issued share capital of Wisdom Moon (BVI) Limited (“Wisdom Moon”)*

On 12 November 2024, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with the vendor who is an independent third party to the Group in respect of the acquisition of 0.452 Class A shares of Wisdom Moon, representing 4.52% of issued Class A shares, at a consideration of HK\$45.0 million (the “Acquisition”).

As the Group has already interested in 13.40% of the issued Class A shares of Wisdom Moon, upon the completion, the Group is indirectly interested in a total of 17.92% of the issued Class A shares of Wisdom Moon. Wisdom Moon is not accounted for as a subsidiary of the Group but recognised as an equity investment at fair value in the financial statements of the Group. Further details are set out in the Company’s announcements dated 12 November 2024 and 11 December 2024. The Acquisition was completed on 19 November 2024.

### (ii) *Disposal of 65% share capital in Chengxin Finance Limited (the “Chengxin Finance”)*

On 31 March 2025, Bright World Group Holdings Limited (being a direct wholly-owned subsidiary of the Company) as vendor (the “Vendor”), and Gd Easy Finance Limited (the “Purchaser”), an independent third party to the Group, as purchaser, entered into the sale and purchase agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire 65,000 ordinary shares of Chengxin Finance, representing 65% share capital in the Chengxin Finance, at a consideration of HK\$32.5 million.

The consideration of the disposal, being HK\$32.5 million, has been satisfied by the Purchaser at completion in the manner of (i) HK\$12 million being paid in cash; and (ii) the remaining balance of HK\$20.5 million being paid by issuing the promissory note I and note II with principal amount of HK\$12.5 million and HK\$8 million respectively.

Upon completion, the Chengxin Finance has ceased to be a subsidiary of the Company and its financial results would no longer be consolidated into those of the Company. The net proceeds from the disposal would be used for general working capital of the Group and to finance any future investment opportunities when they arise. Further details are set out in the Company’s announcement dated 31 March 2025.

Save as disclosed above, the Group has no other significant investment, material acquisitions and disposals of subsidiaries, associates and joint ventures noted during the Year.

## Future Plans for Material Investments or Capital Assets

Save as the acquisition of properties as disclosed in below paragraph headed “Events After the Reporting Period” in this Management Discussion and Analysis section, the Group does not have any firm intention or specific plans for material investments or capital assets as at the date of this report.

# Management Discussion and Analysis

## Events After the Reporting Period

### *Acquisition of Properties*

On 9 April 2025, the Group through several indirect wholly-owned subsidiaries of the Company, entered into purchase agreements with vendors who are independent third parties to the Group, to acquire four industrial building units (the “Property(ies)”) which are located in Hong Kong, at a total consideration of HK\$16,500,000 (the “Properties Acquisitions”). Three of the Properties are subjected to existing lease agreements which will expire on 31 December 2027 and the remaining Property was self-used by vendor and the Group agreed to sign a lease agreement with the vendor for lease of the Property and such lease will expire on 31 December 2027. Initial deposit equivalent to 10% of the consideration in the sum of HK\$1,650,000 was paid upon signing the purchase agreements and the remaining 90% of the consideration shall be paid at completion of the Properties Acquisitions.

The Board believes that the Properties Acquisitions would provide an opportunity for the Group to generate stable rental income and/or capital appreciation over time. The Properties Acquisitions were completed on June 2025. Further details are set out in the Company’s announcements dated 9 April 2025 and 22 April 2025.

Save as disclosed above, the Group did not have any other significant event requiring disclosure that has taken place subsequent to 31 March 2025 and up to the date of this report.

### **Prospects**

Looking forward, the Group will still face great challenges. Although national real estate policies continued to be optimized and regulations were progressively loosened in several core cities, the real estate and construction market has yet recovered from the bottom and remained at a relatively gloomy level, the demand for ready-mixed concrete products is expected remain sluggish in the coming years, together with the rising raw material costs and labour costs will continue to challenge the Group’s operations and financial performance in the near term.

In view of present economic uncertainties and difficulties, the Group will regularly review its existing business strategies and may make necessary adjustments so as to be flexibly prepared for encountering any challenges in the future. With an aim of optimising resource utilisation, the Group will strictly adhere to its cost control policy and will take necessary actions to reduce costs and drive efficiency to maintain profitability and competitiveness in the market. On the other hand, the Group will also proactively pursue all suitable investment opportunities to diversify the Group’s business portfolio, which will strengthen the Group’s overall performance and long term development.



# Profile of Directors and Senior Management

## Executive Directors

**Mr. Wong Jeffrey (“Mr. Wong”)**, aged 38, was appointed as an executive Director in September 2015. He was the Chief Operating Officer of the Company from September 2016 to March 2022. He joined the Group in July 2013 as the chairman assistant and was subsequently promoted to the project coordinator and the senior project officer of Bright Rising Enterprise Limited, a wholly-owned subsidiary of the Company, in July 2014 and January 2015 respectively.

Mr. Wong obtained a Bachelor degree of Applied Science (Laboratory Medicine) from the Royal Melbourne Institute of Technology University in Australia in 2008 and a Master degree of Business Administration (International) from the Deakin University in Australia in 2013. Mr. Wong is also a member of the Hong Kong Institute of Directors and a member of the Hong Kong Concrete Institute. Prior to joining the Group, Mr. Wong worked as medical scientist in various hospitals in Australia from February 2007 to June 2013.

**Mr. Kong Chi Keung (“Mr. Kong”)**, aged 54, has been appointed as the executive Director and the Chief Operating Officer of the Group with effect from 1 December 2023. Mr. Kong joined the Group since August 2012, primarily responsible for the business operation of the Group. Mr. Kong has over 20 years of experience in the fields of project management in construction industry in both Hong Kong and the People’s Republic of China. Mr. Kong holds a bachelor’s degree in business administration from the Hong Kong Baptist University. Mr. Kong has taken up the management role as a director of a number of subsidiaries of the Company.

## Non-executive Director

**Mr. Li Renjie (“Mr. Li”)**, aged 35, has been appointed as the non-executive Director and the Chairman of the Group with effect from 1 December 2023. Mr. Li studied in bachelor’s degree of Science in Informatics from the Indiana University Bloomington. Mr. Li has extensive experience in the information technology industry. He was the chief technology officer of Hangzhou Mache Technology Co., Ltd\* from May 2015 to February 2016; the chief technology officer of Hangzhou Hangdong Information Technology Co., Ltd\* from April 2016 to June 2017; the chief technology officer of Hangzhou Shushanfu Technology Co., Ltd\* from August 2017 to August 2018; the chief executive officer of Hangzhou Qierudian Technology Co., Ltd\* from August 2018 to June 2022 and is currently the chief executive officer of Jiaji Technology (Jinhua) Co., Ltd\*. Mr. Li is currently a director of a number of subsidiaries of the Company.

# The English translation of Chinese names or words above, where indicated, are indicated for information purpose only and should not be regarded as official English translation names of such Chinese names or words.

# Profile of Directors and Senior Management

## Independent Non-executive Directors

**Mr. Kwok Kam Tim (“Mr. Kwok”)**, aged 48, joined the Company in April 2012 as an independent non-executive Director. Mr. Kwok is currently the Chairman of each of the Audit Committee and the Remuneration Committee of the Company, and a member of the Nomination Committee of the Company. Mr. Kwok is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute. Mr. Kwok holds a Bachelor of Engineering degree from the Hong Kong University of Science and Technology, a Bachelor of Arts degree in Accountancy and a Master degree in Corporate Governance from the Hong Kong Polytechnic University. He had worked in an international accounting firm and has over 23 years of experience in accounting, auditing and financial management.

**Mr. Tso Ping Cheong, Brian (“Mr. Tso”)**, aged 45, joined the Company in February 2015 as an independent non-executive Director. Mr. Tso is currently the Chairman of the Nomination Committee of the Company, and a member of each of the Audit Committee and Remuneration Committee of the Company. He graduated from the Hong Kong Polytechnic University in Hong Kong, with a bachelor's degree of arts in accountancy in November 2003 and obtained a master degree of corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso has over 19 years of experience in accounting and financial management. From September 2003 to July 2007 and August 2007 to November 2008, Mr. Tso worked at Ernst & Young Hong Kong office and Ernst & Young Shenzhen office, a multinational accounting firm, respectively, with the last position as manager. Mr. Tso is currently a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Chartered Governance Institute and the Hong Kong Chartered Governance Institute.

Since January 2013, Mr. Tso has been the sole proprietor of Teton CPA Company, an accounting firm. Mr. Tso is currently an independent non-executive director of Shenglong Splendecor International Limited (stock code: 8481), a company listed on the GEM of the Stock Exchange. He is also an independent non-executive director of Maxicity Holdings Limited (stock code: 2295), a company listed on the Main Board of the Stock Exchange. Mr. Tso was an independent non-executive director of Guoen Holdings Limited (stock code: 8121) and EFT Solutions Holdings Limited (stock code: 8062), both companies listed on the GEM of the Stock Exchange, from May 2014 to May 2023 and from September 2019 to January 2024 respectively.



# Profile of Directors and Senior Management

## Independent Non-executive Directors *(Continued)*

**Ms. Zhu Xiaojia (“Ms. Zhu”)**, aged 39, has been appointed as the independent non-executive Director and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 1 April 2024. Ms. Zhu holds a degree of Logistics Management from the Jilin University of Finance and Economics. Ms. Zhu also obtained training certificate for the secretary to the board of directors issued by Shanghai Stock Exchange. Prior to joining the Group, Ms. Zhu has extensive experience in project management in motor industry and manufacturing industry in the People’s Republic of China.

## Senior Management

**Mr. Chan Kin Yip (“Mr. Chan”)**, aged 52, has joined the Company as the Chief Financial Officer since September 2015. Mr. Chan has taken up the management role as a director of a number of subsidiaries of the Company. Mr. Chan graduated from The Hong Kong Polytechnic University with a Bachelor of Arts Degree in Accountancy. He served as an internal control consultant of Evershine Group Holdings Limited (“Evershine”) (stock code: 8022) from September 2007 to March 2009 and was appointed as an executive director of Evershine from March 2009 to March 2012. He has extensive experience in the fields of audit, internal control and treasury and is a member of the Hong Kong Institute of Certified Public Accountants.

# Corporate Governance Report

Huasheng International Holding Limited (the “Company” together with its subsidiaries, the “Group”) and the board (the “Board”) of directors (the “Director(s)”) of the Company are devoted to achieve and promote a high standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing shareholder’s value and safeguarding interests of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles with emphasis on effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

## Corporate Governance Practices

Throughout the year ended 31 March 2025 (the “Year”) and up to the date of this report, the Company has complied with all the code provisions contained in Corporate Governance Code (the “CG Code”) as set out in the Appendix C1 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## Directors’ Securities Transactions

The Company had adopted a code of conduct regarding directors’ securities transactions with terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “Model Code”). The Company had made specific enquiries to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions throughout the Year.

## Board Responsibilities

The Chairman provides leadership and governance of the Board so as to create the conditions for overall Board’s and individual Director’s effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner.

The overall management of the Company’s business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company’s affairs and overseeing the achievement of strategic plans to enhance shareholders’ value. The Directors are expected to make decisions objectively in the interests of the Company and its shareholders as a whole.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the internal control and risk management systems;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or re-appointment of Board members, auditor and company secretary;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

# Corporate Governance Report

## **Board** *(Continued)*

### **Responsibilities** *(Continued)*

The Board is responsible for maintaining proper accounting records so as to monitor and disclose with reasonable accuracy of the financial position of the Group. The Board updates shareholders on the operations and financial position of the Group through interim and annual reports and results announcements as well as the publication of timely reports and announcements of inside information and other disclosure required as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to the shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board empowers the executive Directors and senior management team to implement the decisions of the Board under the leadership of the CEO and/or Chief Operating Officer (“COO”), with department heads responsible for different aspects of the business. Our CEO and/or COO is responsible for overall operational management and reports to the Board. In entrusting management and administrative functions to the management team, the Board provides clear instructions regarding the powers delegated to management, and requires the prior approvals of the Board before or making important decisions and commitments on behalf of the Company.

The Board is of the view that there is adequate balance of power. Responsibilities for the Company's daily business management are shared amongst executive Directors. Besides, all major decisions are made in consultation with members of the Board and appropriate committees of the Board.

### **Composition**

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company.

The latest List of Directors and their Role and Function has been published on the websites of the Company and the Stock Exchange. During the Year and as at the date of this annual report, the Board comprises two executive Directors namely Mr. Wong Jeffrey and Mr. Kong Chi Keung; one non-executive Director namely Mr. Li Renjie (Chairman); and three independent non-executive Directors, namely Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia. Biographical details of the Directors and their relationship (if any) are shown on pages 14 to 16 of this annual report and set out on the website of the Company.

The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors and with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise throughout the Year.

Save as disclosed in the biographies of the Directors as set out in the section headed “Profile of the Directors and Senior Management” of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

# Corporate Governance Report

## Insurance Cover

The Company has arranged appropriate insurance cover in respect of any legal action against its directors and officers. The extent of insurance cover is reviewed on an annual basis.

## Non-executive Directors

The Company has one non-executive Director, namely Mr. Li Renjie, and three independent non-executive Directors, namely Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia. The non-executive Directors advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his/her own senior level of experience and expertise to the constructive functioning of the Board.

The non-executive Director was appointed for a specific term of three years unless terminated by either party giving not less than one (1) month's written notice. All independent non-executive Directors were appointed for a specific term of two years unless terminated by either party giving not less than one (1) month's written notice. All Directors are subject to the retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles"), which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

Each of the independent non-executive Director has made written annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has assessed their independence and concluded that all the independent non-executive Directors are independent.

## Appointment, Re-Election and Removal of Directors

The Articles set out a formal procedure for the appointment of new Directors to the Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

## Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the financial position of the Group and of the financial performance and cashflows for that period. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors also warrant that the Group's consolidated financial statements will be published in a timely manner.

In preparing the consolidated financial statements for the Year, the Board has selected suitable accounting policies and applied them consistently, prepared the consolidated financial statements on a going concern, fair and reasonable basis. As at 31 March 2025, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

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

# Corporate Governance Report

## Induction and Continuous Professional Training

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Company provided continuous professional training and Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates from time to time. In addition, all Directors were requested to provide the Company with the records of the other training they received. All Directors are also encouraged to attend relevant training courses at the Company's expense. The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

During the Year, all Directors have participated in professional training relevant to the Group's business, the economy, market trends, corporate governance, rules and regulations, accounting, financial or other professional skills or directors' duties and responsibilities. Such professional development was completed either by way of attending briefings, conference, forum, courses and seminars. The Company has also arranged in-house briefings and provided reading materials to the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance the Directors' awareness on good corporate governance practices for the purpose of code provision C.1.4 of the CG Code. The Company has received from the Directors their training records for the Year.

## Meetings

The Board meets at least four times each year and as business need arises. The Company's memorandum of association and the Articles provide for participation at meetings through telephone and other electronic means. The Directors have full access to information on the Group at all times whenever deemed necessary by the Directors.

The Board held 6 meetings during the Year. The attendance of each Director at the Board, committees and general meetings are as follows:

Directors	Number of meetings attended/eligible to attend				
	Board Meetings	Audit Committee Meetings	Nomination Committee Meeting	Remuneration Committee Meeting	General Meeting
<i>Executive Directors:</i>					
Mr. Wong Jeffrey	6/6	N/A	N/A	N/A	1/1
Mr. Kong Chi Keung	6/6	N/A	N/A	N/A	1/1
<i>Non-executive Director:</i>					
Mr. Li Renjie ( <i>Chairman</i> )	6/6	N/A	N/A	N/A	1/1
<i>Independent Non-executive Directors:</i>					
Mr. Kwok Kam Tim	6/6	2/2	1/1	1/1	1/1
Mr. Tso Ping Cheong, Brian	6/6	2/2	1/1	1/1	1/1
Ms. Zhu Xiaojia	6/6	2/2	1/1	1/1	1/1

# Corporate Governance Report

## Meetings *(Continued)*

Reasonable notices have been given to all meetings of the Board. Directors are given all materials to enable the Board to make informed decision. Except for those circumstances permitted by the Articles, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration, will abstain from voting on the relevant resolution and such Director is not counted as quorum.

## Board Committees

The Board established the audit committee, remuneration committee and nomination committee (the “Committees”) on 17 December 2010 with clearly-defined written terms of reference. The main roles and responsibilities of the Committees, including all authorities delegated to them by the Board, are set out in the respective terms of reference. The independent views and recommendations of the Committees ensure proper control of the Group expected from a listed company. The chairman of each committee reports the outcome of the Committees’ meetings to the Board for further discussions and approvals, and execute the powers delegated to the Committees.

### 1. Audit Committee

The Board has established the audit committee of the Company (“Audit Committee”) with specific written terms of reference setting out the duties, responsibilities and authorities delegated by the Board. The major duties and responsibilities of the Audit Committee include (i) making recommendations to the Board on the re-appointment of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and developing and implementing policies in the engagement of the external auditors to supply non-audit services; (ii) monitoring the integrity of financial statements and reports of the Group and reviewing significant financial reporting judgements contained therein; and (iii) reviewing the effectiveness of the financial reporting, risk management and internal control systems of the Group.

The Audit Committee comprises all independent non-executive Directors and is chaired by an independent non-executive Director who is an accountant with related financial management expertise. The company secretary of the Company (the “Company Secretary”) acts as the secretary to the Audit Committee. As at 31 March 2025, the members of the Audit Committee were Mr. Kwok Kam Tim (Chairman), Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia.

During the Year, in order to meet their responsibilities, the Audit Committee held 2 meetings to review the annual report for the year ended 31 March 2024, the interim report for the six months ended 30 September 2024, the internal control and risk management matters of the Group, whistleblowing policy and re-appointment of auditor. Among the 2 meetings held during the Year, the Audit Committee met and discussed with the Company’s external auditors, ZHONGHUI ANDA CPA Limited, twice to review significant financial reporting judgements contained in the Group’s financial statements and regular reports and reviewed the auditors’ management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management’s response.



# Corporate Governance Report

## Board Committees *(Continued)*

### 1. Audit Committee *(Continued)*

To oversee the Group's risk management and internal control systems, the Audit Committee met with the representative of the external advisory firm who performed the internal audit function of the Group for the Year. Details of the report are included in the sub-section headed "Internal Control and Risk Management". In addition, the Audit Committee discussed the risk management and internal control systems with the management of the Group. The discussion included the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function. The Audit Committee was satisfied that the management has performed its duty to have effective systems for the Year.

The Group has adopted a whistleblowing policy with an aim to provide reporting channels and guidance on reporting possible improprieties by the employees and other parties who deal with the Group in matters of financial reporting or other matters, and reassurance to persons reporting his or her concerns under the whistleblowing policy of the protection that the Group will extend to them against unfair disciplinary action or victimization for any genuine reports made. The Audit Committee has reviewed the policy and was satisfied that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action for the Year.

The written terms of reference of Audit Committee are available on the websites of the Stock Exchange and the Company.

### ***Auditor's Remuneration***

During the Year, the remuneration paid/payable to the external auditors of the Company, ZHONGHUI ANDA CPA Limited, in respect of statutory audit was approximately HK\$1,250,000 (for the year ended 31 March 2024: approximately HK\$1,500,000) and non-audit services was approximately HK\$15,000 (for the year ended 31 March 2024: approximately HK\$15,000). Non-audit services represented the preparation of a report on agreement with the preliminary announcement of results of the Group for the Year.

The Audit Committee has developed and implemented a policy on engaging external auditors to supply non-audit services and was satisfied that the provisions of non-audit services of ZHONGHUI ANDA CPA Limited did not jeopardise its independence and objectively for the Year.

### ***Internal Control and Risk Management***

The Board is responsible for internal control and risk management systems of the Group and for reviewing its effectiveness. Internal control and risk management systems will be reviewed by the Board annually covering the same financial year/period. The internal control and risk management systems of the Group aim to manage, but not completely eliminate, the risks which hinder the achievement of business objectives, which only provides reasonable assurance, while cannot guarantee that material false statements and damages will be fully avoidable.

The Group has policy in place for handling and dissemination of inside information. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries. Further, control procedures have been implemented to ensure that the unauthorized access and use of inside information is strictly prohibited.

# Corporate Governance Report

## **Board Committees** *(Continued)*

### **1. Audit Committee** *(Continued)*

#### ***Internal Control and Risk Management*** *(Continued)*

The Group's risk management and internal control systems are featured with a defined management structure with defined authority for implementation in key business processes and office functions by the executive management. This covers all relevant financial, operational, compliance controls and risk management function within an established framework.

Individual internal assessment is conducted by all departments of the Group to identify potential risks that emerge within their business processes and office functions through daily operations, operating and financial data analysis, changes in operations, etc. Each identified risk should be assessed by the respective department which is responsible to formulate appropriate risk mitigating measures to monitor and manage such risk. All departments conduct internal control assessment on a regular basis to confirm that control policies are properly complied with and identify novel and impending risks and evaluate their potential impact on the Group. Appropriate mitigating measures are then designed and established to manage such risks. Results of the internal assessment, including any material internal control defects, are reported to the Audit Committee and the Board.

The Group has also engaged an external advisory firm to perform the internal audit function in assessing and reviewing the effectiveness and efficiency of the risk management and internal control systems of the Group's key entities and business processes during the Year. Specific area of focus is selected each year and business entities are being reviewed on a rotation basis.

For the Year, systems financial report and disclosure; taxation; cash and treasury management of ready-mixed commercial concrete business was covered. Areas of review includes, among other, accounting policies and procedures development, competencies and reporting relationship (including accounting and finance and treasury and tax function, financial approval and reporting structure, tax filling and record management, tax compliance, tax planning, procedures in handling tax disputes and tax provision calculation and recording, policies and procedures for treasury management, investment decision making process, managing investment and borrowing, physical cash management and policy on cash advance to directors and employee.) The assessment includes reviewing relevant policies and procedures and interviewing respective process owners and/or management personnel, identified the design, key controls, implementation and operating deficiencies. Qualitative analysis is performed to evaluate the significance and likelihood in occurrence of the risks. Recommendations are given according to the significance level of the identified risks. During the review, improvement measures will be discussed to enhance the overall efficiency on risk management and internal control systems. Recommendations will be properly followed up to ensure they are implemented within a reasonable period. No significant deficiency and weakness on the internal control and risk management systems have been identified for the Year. Result of the review has been reported to the Audit Committee, which was recommended to the Board.

Having considered (i) results of internal assessment; (ii) our compliance record; (iii) reports from the external advisory firm; and (iv) opinions from the Audit Committee, the Board considered the internal control and risk management systems of the Group were effective and adequate and concluded that there were no significant areas of concern which might affect shareholders' interests for the Year and up to the date of this report.



# Corporate Governance Report

## Board Committees *(Continued)*

### 2. Remuneration Committee

The remuneration committee of the Company (“Remuneration Committee”) is responsible for, among other functions, making recommendations to the Board on the policies and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; reviewing and approving the management’s remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time; and determining the specific remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, which includes any compensation payable for loss or termination of their office or appointment; to review and/approve matters relating to share schemes under Chapter 17 of the Listing Rules. No individual Director is involved in deciding his/her own remuneration.

The Remuneration Committee comprises all independent non-executive Directors. The Company Secretary acts as the secretary to the Remuneration Committee. As at 31 March 2025, the members of the Remuneration Committee were Mr. Kwok Kam Tim (Chairman), Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia.

The Remuneration Committee held 1 meeting during the Year, whereby the members of the Remuneration Committee reviewed and assessed performance of the executive Directors and recommended to the Board on the remuneration packages of the existing Directors and senior management with reference to the prevailing market conditions, the Company’s performance and their time, effort and expertise to be exercised on the Group’s affairs of the Company.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

### 3. Nomination Committee

The nomination committee of the Company (“Nomination Committee”) is responsible for reviewing the structure, size and composition (including but not limited to the skills, gender, knowledge and experience) of the Board with reference to the Board diversity policy on a regular basis and making recommendations to the Board regarding any proposed changes; identifying individuals qualified to become Board members with reference to the Board nomination policy and making recommendations to the Board on the selection of individuals nominated for directorships (in particular candidates who can add value to the management through their contributions in strategic business areas and whose appointment will lead to a strong Board); reviewing the Board diversity policy and nomination policy; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of the Directors and succession planning for the Directors in particular for the Chairman and CEO.

The Nomination Committee comprises all independent non-executive Directors. The Company Secretary acts as the secretary to the Nomination Committee. As at 31 March 2025, the members of the Nomination Committee were Mr. Tso Ping Cheong, Brian (Chairman), Mr. Kwok Kam Tim and Ms. Zhu Xiaojia.

# Corporate Governance Report

## Board Committees *(Continued)*

### 3. **Nomination Committee** *(Continued)*

The Nomination Committee held 1 meeting during the Year, whereby the members of the Nomination Committee discussed and made recommendation to the Board on the re-election of retiring Directors, reviewed the size, structure, composition and diversity of the Board, assessed the independence of independent non-executive Directors, discussed the combination of the roles of the Chairman and the CEO.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

#### **Board Nomination Policy**

The nomination policy provides guidance on nomination of Directors to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

In assessing the suitability of a proposed candidate, the Nomination Committee should take into account the candidate's reputation for integrity, commitment in respect of available time and relevant interest, qualification, skills, experience, independence and diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The above factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Candidates were identified, selected and proposed by the Nomination Committee and recommended to the Board for consideration. Proposed candidates will be asked to submit the necessary personal information together with their written consent to be appointed as a Director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary. All necessary information relevant for consideration of the suitability of the candidates will be provided to the Board prior to its meeting. Prior to the end of the Director's terms of appointment, his or her re-appointment will be assessed and considered by the Nomination Committee under the same criteria in the nomination policy. Recommendation from the Nomination Committee will then be submitted to the Board for consideration.

The Nomination Committee will review the Board nomination policy periodically to ensure its effectiveness. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

#### **Board Diversity Policy**

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance. The Company sees increasing diversity at the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, consideration has been made from a number of aspects, such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments of Board members will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

# Corporate Governance Report

## Board Committees *(Continued)*

### 3. **Nomination Committee** *(Continued)*

#### **Board Diversity Policy** *(Continued)*

Measurable objectives (including gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) have been set to implement the board diversity policy and such objectives will be reviewed from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Board currently comprises one female Director and five male Directors. Having regard to the composition of the Board and the measurable objectives, the Nomination Committee are of the view that the Company has achieved these objectives during the Year, as the Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of trading in natural resources, business administration, corporate management, finance, accounting, investment, auditing, internal control and corporate governance. Furthermore, the Directors range from 35 years old to 54 years old and the Directors length of service spread from 1 to 13 years.

As at 31 March 2025, among the Group's employees (including senior management), approximately 27.3% were female and 72.7% were male. The Group strives to achieve appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. Furthermore, the Group will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board. In striving to maintain gender diversity, similar considerations are used when recruiting and selecting key management and other personnel across the Group's operations. The Group is not aware of any mitigating factor or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Please refer to the Environmental, Social and Governance Report of the Company for details of the Group's gender ratio and related data.

The Nomination Committee will review the board diversity policy periodically and review the necessities to set measurable objectives to implement the board diversity policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertain. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

# Corporate Governance Report

## Company Secretary

Ms. Kwong Oi Man Patty (“Ms. Kwong”), delegated by an external service provider, had been appointed as the Company Secretary since September 2023. Ms. Kwong confirmed that she has complied with all the qualifications, experience, and professional training requirements of the Listing Rules. During the Year, Ms. Kwong has taken no less than 15 hours of relevant professional training. Ms. Kwong’s primary corporate contact was Mr. Kong Chi Keung, the executive Director of the Company.

The appointment and removal of the Company Secretary is subject to approval by the Board in physical meeting and accordance with the Articles.

## Corporate Governance Function

The Board is also responsible for performing the corporate governance duties with its written terms of reference as set out below:

- (a) to develop and review the Company’s policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Year, the Board has reviewed the policy of the corporate governance and the Corporate Governance Report of the Company.

## Shareholders’ Rights

### Procedures for Shareholders to convene an Extraordinary General Meeting

Pursuant to Article 58 of the 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 shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

# Corporate Governance Report

## **Shareholders' Rights** *(Continued)*

### **Procedures for Shareholders to convene an Extraordinary General Meeting** *(Continued)*

The requisition should be deposited at the Company's Principal Place of Business in Hong Kong as stated in the section "Corporate Information" on page 2 of this annual report with attention to the Board or the Company Secretary.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition and provide their full name, contact details and identification in order to give effect thereto.

### **Procedures for Shareholders to put forward proposals at Shareholders' meetings**

Shareholders who wish to move a resolution may by means of requisition convene an extraordinary general meeting following the procedures set out above.

## **Enquiries to the Board**

Enquiries to the Board can be addressed by post following the procedures set out above or email at [general@huashengih.com](mailto:general@huashengih.com) with attention to the Company Secretary.

## **Investor Relations**

### **Shareholders' Communication Policy**

The Group reports to the shareholders at least twice a year through interim and annual results, which are announced as early as possible to keep shareholders informed of the Group's performance. General meetings of the Company provide a forum for communication between the shareholders and the Board. All shareholders are encouraged to attend the annual general meetings to discuss the progress of the Group's business. The chairman of each of the Committees are available to answer questions at the general meetings. Separate resolutions are proposed at the general meetings on each substantial issue, including re-election of Directors. Notices of general meetings are circulated to all shareholders in accordance with the requirements of the Listing Rules and the Articles. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

All shareholders' communications are also available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.huashengih.com](http://www.huashengih.com)). Our website offers communication channel among the Company, the shareholders and potential investors. Apart from disclosure of all necessary information to the shareholders in compliance with the Listing Rules, news update on the Company's business development and operation are available on the Company's website.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

# Corporate Governance Report

## **Investor Relations** *(Continued)*

### **Dividend Policy**

Pursuant to code provision F.1.1 of the CG Code, the Company has adopted a dividend policy. In considering the payment of dividends, there shall be a balance between maintaining sufficient capital to grow the Group's business and rewarding the shareholders.

The Board shall also take into account, among other things, when considering the declaration and payment of dividends: (i) the Group's overall results of operation, financial position, capital requirement, cash flows and future prospects; (ii) the amount of distributable reserves of the Company; and (iii) other factors that the Board deems relevant. The declaration and payment of dividends by the Company is subject to restrictions under all applicable laws and regulations and the articles of association of the Company.

The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the policy at any time.

### **Constitutional Documents**

During the Year, there was no change to the Company's constitutional documents.

# Report of the Directors

The directors (the “Director(s)” or collectively, the “Board”) of the Company are pleased to present the annual report and the audited consolidated financial statements of the Huasheng International Holding Limited (the “Company”) and its subsidiaries (together, as the “Group”) for the year ended 31 March 2025 (the “Year”).

## Principal Activities

The principal activity of the Company is investment holding. The principal activity of the Group is production and sales of ready-mixed commercial concrete during the Year. Details of the principal activities of the Company’s principal subsidiaries are set out in Note 33 to the consolidated financial statements contained herein which forms an integral part of this Report of the Directors.

## Results and Dividends

The Group’s financial performance for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 45 which forms an integral part of this Report of the Directors.

The Directors do not recommend for the payment of a final dividend for the Year (2024: Nil).

## Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 130 of this annual report which forms an integral part of this Report of the Directors. This summary does not form part of the audited consolidated financial statements.

## Business Review and Performance

A review of the business of the Group and a discussion and analysis of the Group’s performance during the Year and a discussion on the Group’s future business development and outlook are provided in the section “Management Discussion and Analysis” on pages 5 to 13 of this annual report and it forms part of this Report of the Directors.

# Report of the Directors

## Relationships With Employees, Suppliers and Customers

The Group dedicates to provide a healthy, safe and comfortable working environment for all employees. The Group has formulated comprehensive training programs and various career development paths.

The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfill their immediate and long-term goals. To maintain its market competitiveness within the industry, the Group aims at delivering constantly high standards of quality in the products and services to its customers.

## Environmental, Social and Governance

Environmental conservation remains a key focus for the Group. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group complies with environmental legislation and promotes awareness towards environmental protection to the employees by, for example, encouraging staff to consume electricity and paper according to actual needs, so as to reduce energy consumption and minimise unnecessary waste.

The Company's compliance with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix C2 of the Rules (the "Listing Rules") governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the Year will be set out in a separate Environmental, Social and Governance Report to be published on the websites of the Company and the Stock Exchange on the same day of publication of this annual report.

## Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to the Listing Rules, the Companies Ordinance and other applicable laws, rules and regulations in particular, those have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

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



# Report of the Directors

## Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. Apart from those risks and uncertainties discussed in the section "Management Discussion and Analysis" on page 11 of this annual report which forms an integral part of this Report of the Directors, certain key risks and uncertainties are identified by the Group and listed as follows:

### (i) Raw Material Risks

The Group's business is dependent on the supply and cost of raw materials and any disruption in the supply or fluctuation in the prices of such raw materials could materially and adversely affect the Group's business, results of operations, financial position and prospects.

### (ii) Credit Risks

Relating to customers exposure to bad debts which usually intensifies in a time of weak economic performance. To minimise credit risks, the management of the Group has appointed dedicated staff members to handle procedures for determining credit limits, credit approval and other monitoring procedures, to ensure follow-up with all receivables in a timely manner. In addition, the Group reviews the collectability of receivables at the end of a reporting period, to ensure that sufficient impairment losses are provided for in respect of uncollectible monies.

### (iii) Business and Financial Risks

The profitability and financial position may be materially and adversely affected if any of our major customers ceased their business relationship with the Group. The business and financial position may be materially and adversely affected if there is a global economic downturn in the geographic locations where the Group operates.

### (iv) Operational Risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that it may not always be cost effective to do so.

Details of financial risk management objectives and policies are set out in Note 38(b) to the consolidated financial statements of this annual report which forms an integral part of this Report of the Directors. Details of internal control and risk management are set out in the Corporate Governance Report under the paragraphs headed "Internal Control and Risk Management" on pages 22 to 23 of this annual report which forms an integral part of this Report of the Directors. There may be other risks and uncertainties in addition to those known to the Group or which may not be material now but could turn out to be material in the future.

# Report of the Directors

## Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the Year are set out in Note 15 to the consolidated financial statements contained herein which forms an integral part of this Report of the Directors.

## Share Capital and Shares Issued

Details of the movements in the Company's share capital and shares issued during the Year are set out in Note 32 to the consolidated financial statements contained herein which forms an integral part of this Report of the Directors.

## Equity-linked Agreements

Save as disclosed in the paragraph headed "Share Option Scheme" in this Report of the Directors, 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.

## Share Option Scheme

The Company has adopted a share option scheme on 26 February 2015 (the "Share Option Scheme") for the purpose of providing incentives and rewards to those at the sole determination of the Board, have contributed or will contribute to the Company or its subsidiaries, such as (a) any full-time or part-time employee of the Company and/or any subsidiary of the Company; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company; and (c) any consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary of the Company.

The Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such option can be exercised and/or any other terms as the Board may determine in its absolute discretion. There is no general requirement on the minimum period for which an option must be held.

# Report of the Directors

## Share Option Scheme *(Continued)*

The life of the Share Option Scheme is 10 years from the date of adoption (26 February 2015), after which no further options will be granted but the provisions of the Share Option Scheme shall remain in force with respect to options granted.

The subscription price shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of: (a) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the offer date; (b) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and (c) the nominal value of a share.

The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group which provide for the grant of options to acquire or subscribe for shares must not exceed such number of shares as shall represent 30% of the shares of the Company in issue from time to time. No option shall be granted under the Share Option Scheme if this will result in such limit being exceeded.

Subject to the aforesaid limit, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Group must not, in aggregate, exceed 10% of the shares of the Company in issue as at the adoption date of the Share Option Scheme unless shareholders' approval in general meeting is obtained to renew the scheme mandate limit, which shall not exceed 10% of the shares of the Company in issue at the date of such approval. Any further grant of options is subject to shareholders' advanced approval in a general meeting (the "Scheme Mandate Limit"). The existing Scheme Mandate Limit was approved by the shareholder in the annual general meeting of the Company on 13 August 2021. As at 1 April 2024 and 31 March 2025, the total number of shares available for issue under the Share Option Scheme is 34,998,098 and 0 respectively, which represents 4.63% and 0% respectively of the number of issued shares of the Company as at the date of this annual report. There was no service provider sublimit set under the Share Option Scheme.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the shares of the Company in issue. Where any further grant of options to an eligible participant would result in excess of such limit, such further grant shall be subject to the approval of the shareholders at a general meeting with such eligible participant and his associates abstaining from voting.

Pursuant to the Share Option Scheme, HK\$1.00 per offer of grant is payable by the grantee to the Company on acceptance of the option offer as consideration for the grant. The option must be accepted within 10 days from the date on which an offer of option is made to a grantee. There is no minimum vesting period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board, however no options shall be exercised 10 years after they have been granted.

# Report of the Directors

## Share Option Scheme *(Continued)*

Any grant of options to a connected person or any of its associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee). Where options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue, such grant of options must be subject to the approval of the shareholders taken on a poll at a general meeting.

There was no outstanding option at the beginning of the financial year and no option was granted, vested, exercised, cancelled or lapsed under the Share Option Scheme during the Year. The Share Option Scheme was due to expire on 26 February 2025 and no new share option scheme was adopted during the Year.

Further details of the Share Option Scheme is set out in Note 34 to the consolidated financial statements of this annual report.

## Distributable Reserves

Details of the movements in reserves of the Group during the Year are set out in the Consolidated Statement of Changes in Equity on pages 48 to 49 of this annual report. Details of the distributable reserves of the Company as at 31 March 2025 are set out in Note 41 to the consolidated financial statements contained herein which form part of this Report of the Directors.

## Donation

The Group did not make any charitable donation during the Year (2024: HK\$Nil).

## Directors

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

### *Executive Directors*

Mr. Wong Jeffrey  
Mr. Kong Chi Keung

### *Non-executive Director*

Mr. Li Renjie (*Chairman*)

### *Independent Non-executive Directors*

Mr. Kwok Kam Tim  
Mr. Tso Ping Cheong, Brian  
Ms. Zhu Xiaojia

Pursuant to Article 83(3) of the articles of association of the Company (the “Article”), any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his or her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

# Report of the Directors

## Directors *(Continued)*

In accordance with Article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and being eligible, offer themselves for re-election at each annual general meeting, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The Directors' biographical details are set out on pages 14 to 16 of this annual report, which forms an integral part of this Report of the Directors.

Each of the independent non-executive Director has made written annual confirmation in respect of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee is of the view that all independent non-executive Directors are independent.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting ("AGM") 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).

Mr. Wong Jeffrey has entered into a letter of appointment as an executive Director with effect from 1 September 2016 and to be continued thereafter until terminated by either party giving not less than one (1) month's written notice.

Mr. Kong Chi Keung has entered into a letter of appointment as an executive Director with effect from 1 December 2023 for a term of three (3) years unless terminated by either party giving not less than one (1) month's written notice.

Mr. Li Renjie has entered into a letter of appointment with the Company to act as the non-executive Director with effect from 1 December 2023 for a term of three (3) years unless terminated by either party giving not less than one (1) month's written notice.

Mr. Kwok Kam Tim and Mr. Tso Ping Cheong, Brian have each entered into a letter of appointment with effect from 1 January 2024 for a term of two (2) years and renewable automatically after expiry of the then current term unless terminated by either party giving not less than one (1) month's written notice.

Ms. Zhu Xiaojia has entered into a letter of appointment with effect from 1 April 2024 for a term of two (2) years unless terminated by either party giving not less than one (1) month's written notice.

# Report of the Directors

## Permitted Indemnity Provision

Pursuant to Article 164(1) of the Articles, every Director shall be entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto, and no Director shall be liable for any loss, misfortune or damage which may happen to or be incurred by the Company in the execution of the duties of his or her office or in relation thereto.

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by Section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

## Management Contracts

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

## Directors' Interests in Competing Business

As far as the Directors are aware of, none of the Directors or their close associates has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the Year.

## Directors' Interest and Controlling Shareholders' Interest in Transactions, Arrangements and Contracts of Significance

To the best knowledge of the Company and with the information available to the Company, there was (i) no transactions, arrangements and contracts of significance in relation to the Group's businesses to which the Company or its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director or his or her connected entities had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the Year; and (ii) no contract of significance (including those for the provision of service) between the Company, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries, save as disclosed under the paragraph headed "Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" in the section headed "Management Discussion and Analysis" on page 12 of this annual report.

## Interests of Directors and Chief Executive

As at 31 March 2025, none of the Directors and chief executives of the Company had registered interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code").

# Report of the Directors

## Interests of Substantial Shareholders

As at 31 March 2025, the following persons (not being a Director or chief executives of the Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long Position in the Shares

Name	Nature of interest	Total number of shares held	Approximate percentage of interest in the Company (Note 2)
Lam Kwok Hung Raymond	Beneficial owner	55,000,000	7.28%
Tang Hon Kwong	Beneficial owner	50,693,800	6.71%
Capital Wealth Global Limited (Note 1)	Beneficial owner	160,058,100	21.18%
Chang Chia-Hsiang (Note 1)	Interest of corporation controlled	160,058,100	21.18%

Notes:

1. Capital Wealth Global Limited is wholly owned by Mr. Chang Chia-Hsiang. Accordingly, Chang Chia-Hsiang is deemed to be interested in the shares held by Capital Wealth Global Limited.
2. The percentage represents the number of shares interested divided by the number of issued shares of the Company as at 31 March 2025 (i.e. 755,654,743 shares).

Save as disclosed herein, the Company has not been notified of any other person (other than the Directors or chief executives of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2025.

## Arrangement to Purchase Shares or Debenture

Save as disclosed under the subsection "Share Option Scheme" above, at no time during the Year and up to the date of this annual report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## Connected Transactions

During the Year, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules, which are required to comply with any of the reporting, announcement, annual review or independent shareholders' approval requirements under the Listing Rules.



# Report of the Directors

## Related Party Transactions

The related party transactions of the Group are disclosed in Note 35 to the consolidated financial statements contained herein which form part of this Report of the Directors. These related party transactions did not fall under the definition of connected transaction or continuing connected transaction pursuant to Chapter 14A of the Listing Rules.

## Emolument Policy

A general description of the emolument policy of the Group are set out under in the sub-heading “Employee Information and Remuneration Policy” in the section “Management Discussion and Analysis” on page 11 of this annual report and it forms part of this Report of the Directors.

The emoluments of the Directors will be reviewed and recommended by the remuneration committee of the Company for the Board’s approval having regard to the Company’s performance and the time, effort and expertise to be exercised on the Group’s affairs by the individual Director. Details of the Directors’ and employees’ emoluments are set out in Note 11 to the consolidated financial statements contained herein which forms an integral part of this Report of the Directors.

## Retirement Benefit Plans

As at the date of this annual report, other than operating a Hong Kong Mandatory Provident Fund Scheme and the People’s Republic of China state-managed retirement benefit scheme, the Group has not operated any other retirement benefit schemes for the Group’s employees. Particulars of the retirement benefit plans are set out in Note 3 to the consolidated financial statements under the sub-heading “Pension obligations” which forms an integral part of this Report of the Directors.

## Purchase, Sales or Redemption of Listed Securities

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

## Pre-Emptive Rights

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

## Tax Relief

The Directors are not aware of any tax relief available to the shareholders by reason of their holding of the Company’s securities.

## Sufficiency of Public Float

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

## Major Suppliers and Customers

In the Year, the Group’s largest supplier accounted for 46.2% (2024: 45.1%) of the Group’s total purchases from continuing operation. The Group’s five largest suppliers accounted for 83.4% (2024: 86.0%) of the Group’s total purchases from continuing operation.

In the Year, the Group’s sales to its five largest customers accounted for 22.0% (2024: 22.9%) of the Group’s total sales from continuing operation. The Group’s largest customer accounted for 6.0% (2024: 6.7%) of the Group’s total sales from continuing operation.



# Report of the Directors

## Major Suppliers and Customers *(Continued)*

None of the Directors or any of their close associates (as defined under the Listing Rules) or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares of the Company) has a beneficial interest in the Group's five largest customers or five largest suppliers.

## Closure of Register of Members

For the purpose of determining members who are entitled to attend and vote at the forthcoming annual general meeting (the "AGM") to be held on Friday, 15 August 2025, the register of members of the Company will be closed from Tuesday, 12 August 2025 to Friday, 15 August 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 11 August 2025.

## Review of Financial Statements by Audit Committee

The audit committee of the Company has reviewed the management accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters, including review of the audited consolidated financial statements of the Group for the Year.

## Corporate Governance

The Company has published its corporate governance report, which is set out on pages 17 to 29 of this annual report which forms an integral part of this Report of the Directors.

## Auditor

There were no changes in auditors in any of the preceding three years.

The consolidated financial statements of the Group for the Year were audited by ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") who will retire and, being eligible, offer themselves for re-appointment upon conclusion of the AGM.

A resolution for the appointment of ZHONGHUI ANDA as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Wong Jeffrey**

*Executive Director*

Hong Kong, 30 June 2025

# Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
Huasheng International Holding Limited  
華盛國際控股有限公司  
(Incorporated in the Cayman Islands with limited liability)

## Opinion

We have audited the consolidated financial statements of Huasheng International Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 129, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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 Hong Kong Companies Ordinance.

## Basis for Opinion

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

## Key Audit Matters

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

# Independent Auditor's Report

## Impairment of other intangible assets and goodwill

Refer to Notes 17, 18 and 19 to the consolidated financial statements.

The Group tested the amount of other intangible assets and goodwill for impairment. This impairment test is significant to our audit because the balances of other intangible assets and goodwill of approximately HK\$21,447,000 and HK\$125,821,000, respectively, as at 31 March 2025 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions including revenue growth, profit margins, terminal growth rates and discount rates;
- Checking input data to supporting evidence;
- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgements and assumptions applied in the valuation model; and
- Checking arithmetical accuracy of the valuation model.

We consider that the Group's impairment test for other intangible assets and goodwill are supported by the available evidence.

## Trade, retention and other receivables and prepayments

Refer to Note 25 to the consolidated financial statements.

The Group tested the amount of trade, retention and other receivables and prepayments for impairment. This impairment test is significant to our audit because the balance of trade, retention and other receivables and prepayments of approximately HK\$856,786,000 as at 31 March 2025 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers and other debtors;
- Assessing the Group's relationship and transaction history with the customers and other debtors;
- Evaluating the Group's impairment assessment;
- Assessing ageing of the debts;
- Assessing creditworthiness of the customers and other debtors;

# Independent Auditor's Report

## **Trade, retention and other receivables and prepayments** *(Continued)*

- Checking subsequent settlements from the customers and other debtors; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade, retention and other receivables and prepayments is supported by the available evidence.

## **Equity investment at fair value through other comprehensive income**

Refer to Note 21 to the consolidated financial statements.

The Group measured its equity investment at fair value through other comprehensive income at fair value with the changes in fair value recognised in the consolidated other comprehensive income. This fair value measurement is significant to our audit because the balance of equity investment at fair value through other comprehensive income of approximately HK\$201,600,000 as at 31 March 2025 and the fair value gains of approximately HK\$38,546,000 for the year then ended are material to the consolidated financial statements. In addition, the Group's fair value measurement involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the competence, independence and integrity of the external valuer engaged by the client;
- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;
- Checking key assumptions and input data in the valuation model to supporting evidence;
- Checking arithmetical accuracy of the valuation model; and
- Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's fair value measurement of the equity investment at fair value through other comprehensive income is supported by the available evidence.

## **Other Information**

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

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

# Independent Auditor's Report

## Other Information (Continued)

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 for the Consolidated Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-setting/standards/our-views/auditre>

This description forms part of our auditor's report.

## ZHONGHUI ANDA CPA Limited

*Certified Public Accountants*

### Sze Lin Tang

*Audit Engagement Director*

Practising Certificate Number P03614

Hong Kong, 30 June 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000 (restated)
<b>Continuing operation</b>			
Revenue	5	372,566	547,762
Cost of sales		(307,367)	(411,449)
Gross profit		65,199	136,313
Other income	6	5,739	9,213
Other gains and losses, net	7	42,798	(25,193)
Selling and distribution expenses		(46,129)	(52,756)
Administrative expenses		(44,998)	(51,083)
Finance costs	8	(21,473)	(18,357)
Share of results of associates		(259)	(1,290)
Loss before income tax from continuing operation		(84,719)	(3,153)
Income tax credit (expense)	9	6,055	(3,414)
Loss for the year from continuing operation	10	(78,664)	(6,567)
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	12	(13,716)	(24,874)
Loss for the year attributable to the owners of the Company		(92,380)	(31,441)
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		(8,370)	(13,412)
– Share of other comprehensive loss of associates		(341)	(750)
		(8,711)	(14,162)
Item that will not be reclassified to profit or loss:			
– Fair value changes on equity investment at fair value through other comprehensive income (“FVTOCI”)		38,546	1,072
Other comprehensive income (loss) for the year, net of income tax		29,835	(13,090)
Total comprehensive loss for the year attributable to the owners of the Company		(62,545)	(44,531)
			(restated)
<b>Loss per share attributable to owners of the Company</b>	14		
From continuing and discontinued operations			
Basic and diluted (HK cents)		(12.22)	(6.21)
From continuing operation			
Basic and diluted (HK cents)		(10.40)	(1.30)
From discontinued operation			
Basic and diluted (HK cents)		(1.82)	(4.91)

# Consolidated Statement of Financial Position

At 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	33,662	34,159
Right-of-use assets	16(a)	3,124	6,747
Other intangible assets	17	21,447	33,702
Goodwill	18	125,821	125,821
Interests in associates	20	70,112	53,632
Equity investment at fair value through other comprehensive income	21	201,600	118,054
Convertible bonds receivables	22	40,321	–
Retention receivables	25	60,599	83,050
Deferred tax assets	31	8,819	9,559
		<b>565,505</b>	464,724
<b>CURRENT ASSETS</b>			
Inventories	23	6,661	8,002
Loan receivables	24	–	97,418
Trade, retention and other receivables and prepayments	25	796,187	888,725
Promissory note receivables	26	20,500	13,750
Bank balances and cash	27	76,556	163,360
		<b>899,904</b>	1,171,255
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	28	335,396	331,929
Lease liabilities	16(b)	3,180	7,338
Borrowings	29	56,844	94,865
Bonds payable	30	25,740	25,918
Tax payable		–	754
		<b>421,160</b>	460,804
<b>NET CURRENT ASSETS</b>		<b>478,744</b>	710,451
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,044,249</b>	1,175,175



# Consolidated Statement of Financial Position

At 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(b)	–	2,434
Borrowings	29	36,671	58,252
Bonds payable	30	106,774	149,590
Deferred tax liabilities	31	2,952	4,502
		<b>146,397</b>	214,778
<b>NET ASSETS</b>			
		<b>897,852</b>	960,397
<b>CAPITAL AND RESERVES</b>			
Share capital	32	75,565	75,565
Reserves		822,287	884,832
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		<b>897,852</b>	960,397

The consolidated financial statements on pages 45 to 129 were approved and authorised for issue by the Board of Directors on 30 June 2025 and are signed on its behalf by:

\_\_\_\_\_  
**Mr. Kong Chi Keung**  
*DIRECTOR*

\_\_\_\_\_  
**Mr. Wong Jeffrey**  
*DIRECTOR*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

## Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000
At 1 April 2023	41,981	1,741,887
Loss for the year	-	-
Other comprehensive (loss) income, net of income tax:		
– Exchange differences arising on translation of foreign operations	-	-
– Share of other comprehensive loss of associates	-	-
– Fair value changes on equity investment at FVTOCI	-	-
Total comprehensive (loss) income for the year	-	-
Issue shares pursuant to placing agreement (Note 32)	8,396	5,038
Issue shares pursuant to rights issue (Note 32)	25,188	3,778
Transaction cost attributable to issue of rights issue shares (Note 32)	-	(1,505)
Transaction cost attributable to issue of placing shares (Note 32)	-	(269)
Transactions with owners	33,584	7,042
At 31 March 2024	75,565	1,748,929
Loss for the year	-	-
Other comprehensive (loss) income, net of income tax:		
– Exchange differences arising on translation of foreign operations	-	-
– Share of other comprehensive loss of associates	-	-
– Fair value changes on equity investment at FVTOCI	-	-
Total comprehensive (loss) income for the year	-	-
At 31 March 2025	75,565	1,748,929

### Notes:

- (i) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on The Stock Exchange of Hong Kong Limited.
- (ii) The other reserves represent the difference between the fair value of interest-free advance to an ex-shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK\$6,000,000.

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

Attributable to owners of the Company					
Special reserve HK\$'000 (Note (i))	Exchange reserve HK\$'000	Other reserves HK\$'000 (Note (ii))	Fair value through other comprehensive income reserves HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
678	2,709	(6,000)	259	(817,212)	964,302
-	-	-	-	(31,441)	(31,441)
-	(13,412)	-	-	-	(13,412)
-	(750)	-	-	-	(750)
-	-	-	1,072	-	1,072
-	(14,162)	-	1,072	(31,441)	(44,531)
-	-	-	-	-	13,434
-	-	-	-	-	28,966
-	-	-	-	-	(1,505)
-	-	-	-	-	(269)
-	-	-	-	-	40,626
678	(11,453)	(6,000)	1,331	(848,653)	960,397
-	-	-	-	(92,380)	(92,380)
-	(8,370)	-	-	-	(8,370)
-	(341)	-	-	-	(341)
-	-	-	38,546	-	38,546
-	(8,711)	-	38,546	(92,380)	(62,545)
678	(20,164)	(6,000)	39,877	(941,033)	897,852

# Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000 (restated)
<b>OPERATING ACTIVITIES</b>		
Loss before income tax		
– from continuing operation	(84,719)	(3,153)
– from discontinued operation	(13,716)	(23,700)
	(98,435)	(26,853)
Adjustments for:		
Amortisation of other intangible assets	12,255	12,255
Bank interest income	(102)	(226)
Convertible bonds receivables interest income	(956)	(630)
Depreciation of property, plant and equipment	7,102	8,019
Depreciation of right-of-use assets	4,808	6,566
Fair value loss on convertible bonds receivables	635	2,489
Gain on modification of lease	(167)	–
Gain on discounting of bonds payable	–	(6,054)
Impairment loss on loan receivables	6,644	18,107
Impairment loss on goodwill	–	19,714
Impairment loss on promissory note receivable	13,750	13,750
Interest expenses on borrowings	10,590	9,998
Interest expenses on bonds payable	10,565	7,971
Interest expenses on lease liabilities	368	372
Interest expenses on promissory notes	–	60
Loss on disposal of a subsidiary	14,820	–
Loss on disposal of property, plant and equipment	13	849
Loss on written off of property, plant and equipment	4,420	–
Loss on written off of inventories	2,197	–
Loss on early redemption of promissory notes	–	111
Loss on early redemption of bonds payable	316	823
Impairment loss on trade, retention and other receivables	21,624	13,738
Share of results of associates	259	1,290
Written-off of trade receivables	–	49
Operating cash flows before changes in working capital	10,706	82,398
(Increase) decrease in inventories	(988)	832
Decrease in loan receivables	31,082	49,303
Decrease in trade, retention and other receivables, prepayments	80,808	77,091
(Increase) decrease in trade and other payables and accruals	9,273	(104,051)
Cash generated from operating activities	130,881	105,573
Income tax paid	(1,810)	(8,453)
Lease interests paid	(368)	(372)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>128,703</b>	<b>96,748</b>

# Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000 (restated)
<b>INVESTING ACTIVITIES</b>		
Net cash inflow on disposal of a subsidiary	11,946	–
Purchase of property, plant and equipment	(11,819)	(6,049)
Purchase of equity investment at FVTOCI	(45,000)	–
Subscription of convertible bonds receivables	(40,000)	–
Proceeds from disposal of property, plant and equipment	4	121
Receipt from convertible bonds receivables	–	15,606
(Increase) decrease in restricted cash	(4,805)	(3)
Interest received	102	226
<b>NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES</b>	<b>(89,572)</b>	9,901
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	17,472	97,997
Proceeds from placing of shares, net	–	13,165
Proceeds from issue of rights issue shares, net	–	27,461
Proceeds from bonds payable	–	63,000
Repayment of promissory notes	–	(7,850)
Repayment of borrowings	(78,625)	(122,646)
Repayment of bonds payable	(46,076)	(63,000)
Principal portion of lease payments	(7,751)	(6,948)
Interest paid	(14,322)	(12,794)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(129,302)</b>	(11,615)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(90,171)</b>	95,034
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>110,827</b>	15,092
Effect of foreign exchange rate changes	(475)	701
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash</b>	<b>20,181</b>	110,827
<b>Analysis of cash and cash equivalents</b>		
Bank balances and cash	76,556	148,360
Non-pledged time deposits with maturity of less than three months when acquired	–	15,000
Restricted cash	(56,375)	(52,533)
	<b>20,181</b>	110,827

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 1. General Information

Huasheng International Holding Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 January 2011. The registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The principal activity of the Group is production and sales of ready-mixed commercial concrete (“Concrete Business”). The Group was also engaged in provision of money lending services (“Money Lending Business”), which was disposed of and classified as discontinued operation during the year ended 31 March 2025. Further details of which is set out in Notes 12 and 40.

## 2. Adoption of Amendments to HKFRS Accounting Standards

### 2.1 Amendments to HKFRS Accounting Standards that is effective for annual period beginning or after 1 April 2024

In the current year, the Group has adopted all amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2024. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations. The application of these amendments to HKFRS Accounting Standards 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.

Amendments to HKAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
Amendments to HKAS 1	Presentation of Financial Statements: Non-current Liabilities with Covenants (the “2022 Amendments”)
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
HK Interpretation 5 (Revised)	Presentation of Financial Statements: Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 2. Adoption of Amendments to HKFRS Accounting Standards (Continued)

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

The Group has not applied the following new and amendments to HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and amendments to HKFRS Accounting Standards, if applicable, when they become effective.

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referring Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>1</sup>
HKFRS 18	Presentation and Disclosures in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>

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

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

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

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

Except as described below, the directors of the Company (the “Director(s)”) anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

#### **HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”)**

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements” (“HKAS 1”). This new HKFRS 18, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

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



# Notes to the Consolidated Financial Statements

*For the year ended 31 March 2025*

## 3. Material Accounting Policies

### Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable HKFRS, HKAS and Interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for equity investment at fair value through other comprehensive income (“FVTOCI”), and convertible bonds receivables which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company’s functional currency, and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the management of the Group to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 4 to the consolidated financial statements.

Set out below is a summary of material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes elsewhere in the consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The consolidated financial statements are for the group consisting of Huasheng International Holding Limited and its subsidiaries.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Basis of consolidation

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

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

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

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated exchange reserve.

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

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

# Notes to the Consolidated Financial Statements

*For the year ended 31 March 2025*

## **3. Material Accounting Policies (Continued)**

### **Business combinations and goodwill**

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of "impairment of non-financial assets" as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash generating units (the "CGU") that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued) Associates

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Interests in associates are accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Revenue recognition

#### Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; 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.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

#### Other income

Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial assets.

Rental income is recognised on a straight-line basis over the lease term.

Commission income is recognised on the date when the customer benefits from the Group's procurement services. The Group has certain contracts with customers to acquire commodity products from certain suppliers. Under these contracts, the Group determines that it does not have control of the commodity products before they are transferred to the customer and is, in substance, providing procurement services to its customers. The Group is acting as an agent and recognises income at the net amount that is retained for these arrangements.

#### Government grants and subsidies

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Property, plant and equipment

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

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

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

Plant and machinery	10 years
Motor vehicles	5 years
Leasehold improvement	Over the term of the leases, or 10 years whichever is the shorter
Furniture, fixtures and equipment	5 years

The estimated useful lives, residual values 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.

Construction in progress, which mainly represents construction on plant and machinery, is stated at cost less any identified impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. No depreciation is provided on construction in progress. Construction in progress is reclassified to the appropriate category of property, plant and equipment when the construction is completed and the asset is ready for use.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for purpose of meeting short-term cash commitments. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### Leases

#### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Groups assess whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### Group as a lessee

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

#### (a) Right-of-use assets

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Leases (Continued)

#### Group as a lessee (Continued)

##### (b) Lease liabilities

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

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

##### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

#### Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or finance leases.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative standalone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is recognised in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Leases (Continued)

#### Group as a lessor (Continued)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

### Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances in financial statements

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

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

#### (iii) Translation on consolidation

The results and financial position of all the Group's entities that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Foreign currency translation (Continued)

#### (iii) Translation on consolidation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

### Short term employee benefits

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

### Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all qualified employees. Contributions to the schemes by the Group and employees are calculated at a rate specified in the rules. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

### Hong Kong

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. Employers’ monthly contributions are calculated at 5% of the employee’s monthly salaries or up to a maximum of HK\$1,500 (the “mandatory contributions”). Employees are entitled to 100% of the employer’s mandatory contributions upon their retirement at the age of 65, death or total incapacity.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Pension obligations (Continued)

#### The People's Republic of China (the "PRC")

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the municipal government of the PRC where a group entity operates. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contribution.

### Share-based payments

The Group operates a share option scheme for remuneration of its employees (including the Directors).

All services received in exchange for the grant of any share options are measured at their fair value. These are indirectly determined by reference to the fair value of share options granted. Their value is appraised at the grant date and excludes the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets).

All services received is ultimately recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the share options granted vest immediately unless the expense qualifies for recognition as asset, with a corresponding increase in "share option reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. 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 share option reserve.

Where a grant of share options is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and 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 option reserve will be transferred to retained profits/accumulated losses.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 differences between the carrying amounts of assets and liabilities in the 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Other intangible assets

Other intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, other intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives, as follows:

Customer Network	7-10 years
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Other intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from being indefinite to finite is accounted for on a prospective basis (see the accounting policy in respect of impairment losses on non-financial assets below).

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

### Financial instruments

#### Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Financial instruments (Continued)

#### Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit and loss ("FVTPL"). Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost;
- Financial assets at FVTPL; and
- Financial assets at FVTOCI.

#### (i) Financial assets at amortised cost

Financial assets (including trade, loan and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit loss ("ECL").

#### (ii) Financial assets at FVTPL

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at FVTPL include derivative financial asset and investments at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### (iii) Financial assets at FVTOCI

Financial assets are classified under this category if they meet the following conditions are subsequently measured at FVTOCI:

- the financial assets is held within a business model whose objective is achieved by both selling and collecting 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.

Financial assets at FVTOCI included equity investments at FVTOCI.

Equity investments 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 will not be reclassified to profit or loss on disposal of the equity investment and will be 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 dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other income" line item in profit or loss.

#### Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including loan receivables, trade, retention and other receivables and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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. Assessments 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 both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and retention receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Financial instruments (Continued)

#### Impairment of financial assets (Continued)

##### (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.

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Financial instruments (Continued)

#### Impairment of financial assets (Continued)

##### (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:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- 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;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Written-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 and retention 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) Measure and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Financial instruments (Continued)

#### Impairment of financial assets (Continued)

##### (v) Measure and recognition of ECL (Continued)

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on:

- Nature, size and industry of debtors;
- Past-due status; and
- Nature of financial instruments (i.e. the Group's loan receivables, trade and retention receivables and other receivables are each assessed as a separate group).

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of loan receivables, trade and retention receivables where the corresponding adjustment is recognised through a loss allowance account.

#### Financial liabilities and equity instruments

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Financial instruments (Continued)

#### Financial liabilities and equity instruments (Continued)

##### Trade and other payables

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

##### Borrowings

Borrowing is recognised initially at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

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

##### Promissory notes and Bonds payable

Promissory notes and bonds payable are recognised initially at fair value, net of directly attributable transaction costs. After initial recognition, promissory notes are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

##### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

# Notes to the Consolidated Financial Statements

*For the year ended 31 March 2025*

## **3. Material Accounting Policies (Continued)**

### **Impairment of non-financial assets**

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Segment reporting**

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent; or of a parent of the Company;
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a parent of the Company.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 3. Material Accounting Policies (Continued)

### Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

### Events after the reporting period

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

## 4. Critical Judgements and Estimate

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

### (a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates and assumptions are recognised prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. Critical Judgements and Estimate *(Continued)*

### (a) Key sources of estimation uncertainty *(Continued)*

#### (i) *Impairment of goodwill and other intangible assets*

Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the CGU to which goodwill and other intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill and other intangible assets at 31 March 2025 was approximately HK\$125,821,000 and approximately HK\$21,447,000, respectively. Details of the impairment loss calculation are provided in Note 19.

#### (ii) *Useful lives of other intangible assets*

The estimated useful lives of the assets reflect the Directors' estimate of the periods over which the other intangible assets are expected to generate net cash flows for the Group based on certain assumptions including attrition of customers base. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore amortisation expenses and impairment losses in the future years. Details of the other intangible assets are set out in Note 17.

#### (iii) *Estimated impairment of trade, retention and other receivables*

The Group follows the guidance of HKFRS 9 to estimate the amount of loss allowance for ECL on trade, retention and other receivables. The Group uses provision matrix to calculate ECL for trade and retention receivables. The provision rates are based on the Group's historical settlement experience and historical recoverability rate as groupings of various debtors that have similar loss patterns. The provision matrix is based on the provision rates, taking into account forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade and retention receivables with significant balances and credit impaired, and other receivables are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL of the Group's trade, retention and other receivables are disclosed in Note 25.

#### (iv) *Fair value of financial instruments*

The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by an independent professional valuer. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates and the relevant parameters of the valuation models be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 4. Critical Judgements and Estimate (Continued)

### (a) Key sources of estimation uncertainty (Continued)

#### (v) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

#### (vi) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

### (b) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

## 5. Revenue and Segment Information

Information reported to the Directors, being the chief operating decision makers (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

On 31 March 2025, the Group completed the disposal of 65% equity interests in Chengxin Finance Limited which carried out the whole Group's Money Lending Business. During the year ended 31 March 2025, the results of the Money Lending Business segment was presented as discontinued operation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". As such, the financial performance of the Money Lending Business segment was no longer presented separately.

The CODM regard the Group's Concrete Business as a single operating segment and review consolidated financial statements accordingly. As the Group has only one operating segment qualified as reporting segment under HKFRS 8 "Operating Segments", no separate segmental analysis is presented in the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 5. Revenue and Segment Information (Continued)

### Revenue

Disaggregation of revenue from contracts with customers from continuing operation:

	2025 HK\$'000	2024 HK\$'000 (restated)
<b>Continuing operation</b>		
Revenue from contracts with customers:		
Sales of goods from Concrete Business	372,566	547,762

During the years ended 31 March 2025 and 2024, the revenue from contracts with customers is recognised at a point of time and based on the location of operation is generated in the People's Republic of China (the "PRC") – Mainland China.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Information about geographical areas

In determining the Group's information about geographical areas, revenue from continuing operation is analysed based on the locations of the customers.

For the years ended 31 March 2025 and 2024, the Group's revenue from continuing operation generated from external customers by geographical market, irrespective of the origin of the goods, was solely from the operation in the PRC – Mainland China.

As at 31 March 2025, approximately HK\$233,858,000 (2024: HK\$246,746,000) and HK\$20,308,000 (2024: HK\$7,315,000) of the non-current non-financial assets are located in the Mainland China and Hong Kong, respectively.

### Information about major customers

During the years ended 31 March 2025 and 2024, none of the Group's single customer attributed to more than 10% of the total revenue of the Group from continuing operation.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 6. Other Income

	2025 HK\$'000	2024 HK\$'000 (restated)
<b>Continuing operation</b>		
Bank interest income	102	225
Rental income	438	732
Interest income from convertible bonds receivables	956	630
Litigation income (Note 1)	2,150	383
Government grants/subsidies (Note 2)	2,013	2,540
Commission income	–	4,306
Sundry income	80	397
	<b>5,739</b>	<b>9,213</b>

Notes:

- There were litigation claims initiated by the Group against certain trade debtors to demand for immediate repayment of the unsettled trade and retention receivables. Pursuant to the respective judgements of the courts, approximately HK\$2,150,000 (2024: HK\$383,000) in aggregate amount of interests, penalties and recharges of corresponding legal costs received from those trade debtors during the year ended 31 March 2025.
- There are no unfulfilled conditions or contingencies relating to the grants/subsidies.

## 7. Other Gains and Losses, Net

	2025 HK\$'000	2024 HK\$'000 (restated)
<b>Continuing operation</b>		
Exchange differences	(10)	562
Loss on disposals of property, plant and equipment	(13)	(849)
Loss on written off of property, plant and equipment (Note)	(4,420)	–
Loss on written off of inventories (Note)	(2,197)	–
Loss on early redemption of promissory notes	–	(111)
Loss on early redemption of bonds payable	(316)	(823)
Fair value loss on convertible bonds receivables	(635)	(2,489)
Gain on discounting of bonds payable	–	6,054
Impairment loss on trade, retention and other receivables	(21,624)	(13,738)
Impairment loss on promissory note receivable	(13,750)	(13,750)
Written-off of trade receivables	–	(49)
Gain on modification of lease	167	–
	<b>(42,798)</b>	<b>(25,193)</b>

Note:

During the year ended 31 March 2025, a warehouse of the Group located in the Mainland China was damaged by a typhoon, rendering one of the Group's warehouses and a portion of inventories stored therein unusable. As a result, the Group has written off the carrying amount of those property, plant and equipment of approximately HK\$4,420,000 and inventories of approximately HK\$2,197,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 8. Finance Costs

	2025 HK\$'000	2024 HK\$'000 (restated)
<b>Continuing operation</b>		
Effective interest on bonds payable	10,565	7,971
Interest on borrowings	10,590	9,998
Interest on promissory notes	–	60
Interest on lease liabilities	318	328
	<b>21,473</b>	18,357

## 9. Income Tax Credit (Expense)

	2025 HK\$'000	2024 HK\$'000 (restated)
<b>Continuing operation</b>		
Current tax:		
– Hong Kong Profits Tax	–	(59)
– PRC Enterprise Income Tax (“PRC EIT”)	–	(8,601)
	–	(8,660)
Over provision in respect of prior years:		
– PRC EIT	1,002	1,204
Deferred taxation:		
– Current year	5,053	4,042
Income tax credit (expense)	<b>6,055</b>	(3,414)

### (i) Hong Kong

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits arising in Hong Kong for the year. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of qualifying corporations are taxed at 8.25% (2024: 8.25%), and the profits above HK\$2,000,000 (2024: HK\$2,000,000) are taxed at 16.5% (2024: 16.5%).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 9. Income Tax Credit (Expense) (Continued)

### (ii) Mainland China

PRC EIT is calculated at 25% (2024: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for subsidiaries of the Company which were recognised as a high and new technology enterprise ("HNTE") and in accordance with relevant laws and regulations in the PRC, the subsidiaries are entitled to the preferential tax rate of 15% (2024: 15%) corporate income tax rate for HNTE during the year.

### (iii) Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax.

Income tax credit (expense) for the year can be reconciled to the loss before income tax from continuing operation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000 (restated)
Loss before income tax from continuing operation	(84,719)	(3,153)
Tax at statutory tax rates	7,553	(6,243)
Tax effect on share of results of associates	–	(167)
Tax effect of expenses not deductible for tax purpose	(3,526)	(1,616)
Tax effect of income not taxable for tax purpose	1,716	4,727
Tax effect on temporary differences not recognised	(59)	(58)
Tax effect of tax losses not recognised	(631)	(1,261)
Over provision in respect of prior years	1,002	1,204
Income tax credit (expense) for the year from continuing operation	6,055	(3,414)



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 9. Income Tax Credit (Expense) (Continued)

Pursuant to the PRC EIT Law, 10% withholding income tax is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to non-PRC tax resident investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable.

Save as the Group's unrecognised tax losses as set out in Note 31, there was no other significant unprovided deferred taxation for both years at the end of respective reporting periods.

## 10. Loss for the Year

	2025 HK\$'000	2024 HK\$'000 (restated)
<b>Continuing operation</b>		
The Group's loss for the year has been arrived at after charging:		
Directors' remuneration (Note 11)	1,883	4,316
Other staff costs	24,485	25,497
Retirement benefit scheme contributions (Note a)	3,425	3,962
Total staff costs	29,793	33,775
Auditor's remuneration		
– Audit services	1,250	1,500
– Non-audit services	15	15
Cost of inventories sold (Note b)	305,881	408,821
Depreciation of property, plant and equipment	7,102	7,494
Depreciation of right-of-use assets	4,246	5,761
Amortisation of other intangible assets	12,255	12,255

Notes:

- (a) No forfeited contributions available for offset against existing contributions during the year (2024: Nil).
- (b) Cost of inventories sold included approximately HK\$16,240,000 (2024: HK\$17,875,000) relating to staff costs and depreciation expenses, which these amounts are also included in the respective total amounts disclosed separately above for each of these types of expenses.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 11. Directors' and Employees' Emoluments

### Directors

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b),(c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

#### Year ended 31 March 2025

	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>				
Mr. Kong Chi Keung (Note (i))	130	612	18	760
Mr. Wong Jeffrey	195	–	10	205
Mr. Chan Kin Lung (Note (v))	–	–	–	–
<i>Non-executive director:</i>				
Mr. Li Renjie (Note (ii))	360	–	–	360
<i>Independent non-executive directors:</i>				
Mr. Kwok Kam Tim	216	–	–	216
Mr. Tso Ping Cheong, Brian	198	–	–	198
Ms. Zhu Xiaojia (Note (iii))	144	–	–	144
Mr. Li Kwok Tai, James (Note (vi))	–	–	–	–
	1,243	612	28	1,883

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 11. Directors' and Employees' Emoluments (Continued)

### Directors (Continued)

Year ended 31 March 2024

	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>				
Mr. Wong Wai Sing (Note (iv))	2,534	–	12	2,546
Mr. Chan Kin Lung (Note (v))	120	540	18	678
Mr. Kong Chi Keung (Note (i))	50	153	6	209
Mr. Wong Jeffrey	195	–	10	205
<i>Non-executive director:</i>				
Mr. Li Renjie (Note (ii))	120	–	–	120
<i>Independent non-executive directors:</i>				
Mr. Kwok Kam Tim	216	–	–	216
Mr. Li Kwok Tai, James (Note (vi))	144	–	–	144
Mr. Tso Ping Cheong, Brian	198	–	–	198
Ms. Zhu Xiaojia (Note (iii))	–	–	–	–
	3,577	693	46	4,316

Notes:

- (i) Mr. Kong Chi Keung was appointed as an executive director with effect from 1 December 2023.
- (ii) Mr. Li Renjie was appointed as a non-executive director and the chairman of the Company with effect from 1 December 2023.
- (iii) Ms. Zhu Xiaojia was appointed as an independent non-executive director with effect from 1 April 2024. There are no emoluments paid or payable to Ms. Zhu Xiaojia during the year ended 31 March 2024.
- (iv) Mr. Wong Wai Sing was resigned as an executive director, chief executive officer and the chairman of the Company with effect from 30 November 2023.
- (v) Mr. Chan Kin Lung was resigned as an executive director with effect from 1 April 2024.
- (vi) Mr. Li Kwok Tai, James was resigned as an independent non-executive director with effect from 1 April 2024.

Fees, salaries, allowances and benefits in kind paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 11. Directors' and Employees' Emoluments (Continued) Employees

Of the five individuals with the highest emoluments in the Group, one (2024: two) were Directors and whose emoluments are set out in the above details of the Directors' emoluments. The emoluments of the remaining four (2024: three) non-director individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other allowances	3,757	3,278
Retirement benefit scheme contributions	72	54
	3,829	3,332

The emolument paid or payable to the remaining four (2024: three) non-director individuals were within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil to HK\$1,000,000	3	1
HK\$1,000,001 to HK\$1,500,000	–	2
HK\$1,500,001 to HK\$2,000,000	1	–

During both years, no emolument was paid by the Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. During both years, no arrangement under which Directors waived or agreed to waive any emoluments.

### Senior Management

The emoluments paid or payable to members of senior management (excluding the Directors) were within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil to HK\$1,000,000	1	–
HK\$1,000,001 to HK\$1,500,000	–	1

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 12. Discontinued Operation

On 31 March 2025, the Group through its direct wholly-owned subsidiary, Bright World Group Holdings Limited, entered into a sales and purchase agreement with an independent third party in relation to the disposal of 65% equity interest in Chengxin Finance Limited ("Chengxin Finance"), at a total consideration of HK\$32,500,000 (the "CF Disposal"). Chengxin Finance represents the whole Money Lending Business segment of the Group and upon completion of the CF Disposal, the Group's Money Lending Business would be discontinued. Details of the disposal are set out in the announcement of the Company dated 31 March 2025.

The CF Disposal was completed on 31 March 2025. Upon the completion, Chengxin Finance has ceased to be a subsidiary of the Company and the financial results of Chengxin Finance will no longer be consolidated into the Group. Details of assets and liabilities disposed of, and the calculation of the loss on disposal are disclosed in Note 40.

The financial performance and cash flows of Money Lending Business for the period from 1 April 2024 to the date of disposal and for the year ended 31 March 2024 are classified and included as part of discontinued operation for the years ended 31 March 2025 and 2024 and have been presented separately as a single line item in the consolidated statement of profit or loss and other comprehensive income, details of which are as follows:

	2025 HK\$'000	2024 HK\$'000
Interest revenue	10,718	18,144
Other income	4	1
Other gains and losses, net	(6,644)	(37,821)
Administrative expenses	(2,924)	(3,980)
Finance costs	(50)	(44)
Profit (loss) before income tax from discontinued operation	1,104	(23,700)
Income tax expense	–	(1,174)
Profit (loss) after income tax from discontinued operation	1,104	(24,874)
Loss on disposal of a subsidiary	(14,820)	–
Loss from discontinued operation	(13,716)	(24,874)
Loss from discontinued operation attributable to: – Owners of the Company	(13,716)	(24,874)
<b>Cash flow from discontinued operation</b>		
Net cash generated from operating activities	644	987
Net cash generated from investing activities	4	1
Net cash used in financing activities	(910)	(760)
Net (decrease) increase in bank balance and cash	(262)	228

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 13. Dividends

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2025 and 2024.

## 14. Loss per Share

The calculations of basic loss per share from (i) continuing and discontinued operations; (ii) continuing operation; and (iii) discontinued operation are based on the loss for the year attributable to the owners of the Company and the weighted average number of respective ordinary shares in issue during the year.

As at 31 March 2025 and 2024, the diluted loss per share is the same as the basic loss per share, as the Group has no dilutive potential ordinary shares during the years.

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

	2025 HK\$'000	2024 HK\$'000 (restated)
Loss for the year attributable to owners of the Company		
(i) Continuing and discontinued operations	(92,380)	(31,441)
(ii) Continuing operation	(78,664)	(6,567)
(iii) Discontinued operation	(13,716)	(24,874)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	755,654,743	506,124,429

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 15. Property, Plant and Equipment

	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>COST</b>						
At 1 April 2023	28,907	10,828	3,957	2,614	3,187	49,493
Additions	252	681	–	59	5,057	6,049
Disposals	–	(4,002)	–	–	–	(4,002)
Transfer	4,323	–	–	397	(4,720)	–
Exchange realignment	(1,123)	(980)	–	(69)	(108)	(2,280)
At 31 March 2024	32,359	6,527	3,957	3,001	3,416	49,260
Additions	5,714	355	874	145	4,731	11,819
Disposals	–	(354)	–	–	–	(354)
Written off	(3,504)	–	(874)	–	(320)	(4,698)
Disposal of a subsidiary (Note 40)	–	–	(2,021)	(431)	–	(2,452)
Transfer	–	–	–	499	(499)	–
Exchange realignment	(689)	(424)	–	(48)	(62)	(1,223)
At 31 March 2025	33,880	6,104	1,936	3,166	7,266	52,352
<b>ACCUMULATED DEPRECIATION</b>						
At 1 April 2023	5,914	1,926	1,908	1,425	–	11,173
Charge for the year	3,048	3,661	848	462	–	8,019
Elimination on disposals	–	(3,032)	–	–	–	(3,032)
Exchange realignment	(353)	(669)	–	(37)	–	(1,059)
At 31 March 2024	8,609	1,886	2,756	1,850	–	15,101
Charge for the year	4,466	1,016	1,042	578	–	7,102
Elimination on disposals	–	(337)	–	–	–	(337)
Elimination on written off	(84)	–	(194)	–	–	(278)
Elimination on disposal of a subsidiary (Note 40)	–	–	(1,840)	(392)	–	(2,232)
Exchange realignment	(290)	(347)	–	(29)	–	(666)
At 31 March 2025	12,701	2,218	1,764	2,007	–	18,690
<b>NET CARRYING VALUE</b>						
At 31 March 2025	21,179	3,886	172	1,159	7,266	33,662
At 31 March 2024	23,750	4,641	1,201	1,151	3,416	34,159



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 16. Right-of-use Assets and Lease Liabilities

### (a) Right-of-use assets

Disclosures of lease-related items:	2025 HK\$'000	2024 HK\$'000
At 31 March:		
Right-of-use assets		
Land and buildings	3,124	6,747
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
Less than 1 year	3,222	7,672
Between 1 and 2 years	–	2,471
Between 2 and 5 years	–	–
	3,222	10,143
Depreciation charge of right-of-use assets		
Land and buildings	4,808	6,566
Lease interests	368	372
Total cash outflow for leases	8,119	7,320
Additions to right-of-use assets	3,113	8,425
Disposals of a subsidiary (Note 40)	684	–

The Group leases various land use rights and properties. Lease agreements are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purpose.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 16. Right-of-use Assets and Lease Liabilities (Continued)

### (b) Lease liabilities

	2025		2024	
	Lease payments HK\$'000	Present value of lease payments HK\$'000	Lease payments HK\$'000	Present value of lease payments HK\$'000
Within one year	3,222	3,180	7,672	7,338
In the second to fifth years, inclusive	–	–	2,471	2,434
	3,222		10,143	
Less: Future finance charges	(42)		(371)	
Present value of lease liabilities	3,180	3,180	9,772	9,772
Less: Amount due for settlement within 12 months (shown under current liabilities)		(3,180)		(7,338)
Amount due for settlement after 12 months		–		2,434

The weighted average incremental borrowing rate applied to lease liabilities range from 4.75% to 5.875% (2024: 4.2% to 5.875%).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 17. Other Intangible Assets

	<b>Customer Network</b> HK\$'000
<b>COST</b>	
At 1 April 2023, 31 March 2024 and 31 March 2025	85,787
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>	
At 1 April 2023	39,830
Charge for the year	12,255
At 31 March 2024	<b>52,085</b>
Charge for the year	<b>12,255</b>
At 31 March 2025	<b>64,340</b>
<b>NET CARRYING VALUE</b>	
At 31 March 2025	<b>21,447</b>
At 31 March 2024	33,702

Customer Network represents a long and close business relationship with customers of Alpha Youth Limited and its subsidiaries (together the “Alpha Youth Group”), which was initial recognised upon the Group’s acquisitions of Alpha Youth Group in prior years, and has been allocated to the Concrete Business CGU. The Customer Network of Alpha Youth Group is amortised on straight-line basis over 7 years.

Particulars regarding impairment testing on other intangible assets are set out in Note 19.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 18. Goodwill

	Concrete Business CGU HK\$'000	Money Lending Business CGU HK\$'000	Total HK\$'000
<b>COST</b>			
At 1 April 2023 and 31 March 2024	154,505	21,795	176,300
Disposal of a subsidiary (Note 40)	–	(21,795)	(21,795)
At 31 March 2025	154,505	–	154,505
<b>ACCUMULATED IMPAIRMENT LOSSES</b>			
At 1 April 2023	28,684	2,081	30,765
Impairment loss recognised	–	19,714	19,714
At 31 March 2024	28,684	21,795	50,479
Disposal of a subsidiary (Note 40)	–	(21,795)	(21,795)
At 31 March 2025	28,684	–	28,684
<b>NET CARRYING VALUE</b>			
At 31 March 2025	125,821	–	125,821
At 31 March 2024	125,821	–	125,821

As at 31 March 2025, goodwill arising in prior years related to the acquisition of Alpha Youth Group has been allocated to the Concrete Business CGU.

None of the goodwill of the CGUs recognised is expected to be deductible for income tax purposes.

Particulars regarding impairment testing on goodwill are set out in Note 19.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 19. Impairment Testing on Other Intangible Assets and Goodwill

For the purpose of impairment testing as at 31 March 2025 and 2024, other intangible assets and goodwill set out in Notes 17 and 18 respectively have been allocated to two individual CGUs. The carrying amounts of other intangible assets and goodwill as at 31 March 2025 and 2024 allocated to these units are as follows:

	Customer Network with finite useful life		Goodwill	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Money Lending Business CGU	–	–	–	–
Concrete Business CGU	21,447	33,702	125,821	125,821
	21,447	33,702	125,821	125,821

During the years ended 31 March 2025 and 2024, the Group determines that there is no impairment of other intangible assets and goodwill in respect of the Concrete Business CGU. There is no impairment of goodwill in respect of the Money Lending Business CGU for the year ended 31 March 2025 (2024: approximately HK\$19,714,000). The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

### Money Lending Business CGU

The recoverable amount of this CGU as at 31 March 2024 has been determined to be approximately HK\$45,085,000 based on the value-in-use calculation with reference to a professional valuation performed by independent professional valuer. The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period are extrapolated using zero growth rate. The pre-tax rate used to discount the forecast cash flows is 15.31%. As at 31 March 2024, the goodwill under Money Lending Business CGU were fully impaired.

Based on the impairment assessment of Money Lending Business CGU, the goodwill allocated to Money Lending Business CGU was determined to be impaired. An impairment loss of approximately HK\$19,714,000 against goodwill was recognised as other gains and losses, net in consolidated profit or loss for the year ended 31 March 2024. The impairment loss recognised during the year ended 31 March 2024 was mainly attributable to the unfavourable changes towards the expected return of the loan portfolio and increase in operating cost over the five-year forecast period due to the increase in competition among other market participants.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 19. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)* Concrete Business CGU

The recoverable amount of this CGU as at 31 March 2025 have been determined based on a value-in-use calculation (2024: value-in-use calculation) with reference to a professional valuation performed by independent professional valuer. The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2024: five-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (2024: zero growth rate). The pre-tax rate used to discount the forecast cash flows is 15.1% (2024: 18.5%).

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

## 20. Interests in Associates

	2025 HK\$'000	2024 HK\$'000
Cost of investments		
– unlisted	73,340	56,240
Share of post-acquisition profits and other comprehensive income, net of dividend received	(3,228)	(2,608)
	70,112	53,632

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 20. Interests in Associates (Continued)

Particulars of the associates at 31 March 2025 and 2024 are set out below, of which are unlisted corporate entities whose quoted market price is not available.

Name of associate	Place of incorporation and business	Particular of registered/paid up capital	Attributable equity interest held by the Group as at 31 March		Principal activities
			2025 (%)	2024 (%)	
海南叁豐小額貸款有限公司 Hainan San Fong Micro-Credit Company Limited* ("Hainan San Fong")	The PRC	Renminbi ("RMB") 100,000,000	30	30	Provision of loans to small and medium enterprises in the PRC
凱沃國際貿易(海南)有限公司 Kaiwo International Trade (Hainan) Company Limited* ("Kaiwo International")	The PRC	RMB100,000,000	20	20	Trading of imported motor vehicles in Hainan Province
Chengxin Finance (i)	Hong Kong	HK\$17,858,240	35	N/A	Provision of money lending services in Hong Kong

Note:

- (i) The Group completed the disposal of the 65% equity interest of Chengxin Finance on 31 March 2025. Accordingly, the remaining interest on Chengxin Finance was classified as investment in associates for the year ended 31 March 2025. Details of which are set out in Notes 12 and 40.

\* the English names represent management's best effort at translating the Chinese names of the companies as no English names have been registered. English translated name is for identification purpose only.

All of the above associates are accounted for using the equity method in the consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 20. Interests in Associates (Continued)

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements which have been adjusted for any differences in accounting policies.

	Hainan San Fong		Kaiwo International		Chengxin Finance
	2025	2024	2025	2024	2025
As at 31 March	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current assets	111,147	114,641	212,418	218,160	46,415
Non-current assets	52	90	633	1,028	4,347
Current liabilities	(161)	(175)	(114,448)	(121,824)	(236)
Non-controlling interests	–	–	(3,019)	(1,041)	–

	Hainan San Fong		Kaiwo International		Chengxin Finance
	2025	2024	2025	2024	2025
For the year ended 31 March	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3,142	10,330	4,733	15,018	10,718
Profit (loss) for the year	(1,509)	3,720	967	(12,032)	1,104
Other comprehensive loss for the year	–	–	(1,707)	(3,749)	–
Total comprehensive income (loss) for the year	(1,509)	3,720	(740)	(15,781)	1,104

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in associates recognised in the consolidated financial statements is set out below:

	Hainan San Fong		Kaiwo International		Chengxin Finance
	2025	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net assets attributable to the owners of associates	111,038	114,556	95,584	96,323	50,526
Group's effective interest	30%	30%	20%	20%	35%
Group's share of net assets of associates	33,311	34,367	19,117	19,265	17,684

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 21. Equity Investment at Fair Value Through Other Comprehensive Income

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investment	201,600	118,054

The unlisted equity investment represents 17.92% (2024: 13.4%) Class A shares equity interest of Wisdom Moon (BVI) Limited ("Wisdom Moon"), a private entity incorporated in the BVI, which is principally engaged in investment holding. On 13 January 2023, the wholly owned subsidiary of the Company acquired 13.4% Class A equity interest of Wisdom Moon at total consideration of United States Dollars ("US\$") 15,000,000 (equivalent to approximately HK\$117,000,000). On 19 November 2024, the Group further acquired 4.52% Class A shares equity interest of Wisdom Moon at consideration of HK\$45,000,000. The Group designated its investments in Wisdom Moon at FVTOCI (non-recycling) upon adoption of HKFRS 9, as the investment is held for long term strategic purposes. No dividends were received on this investment during both years ended 31 March 2025 and 2024.

As at 31 March 2025 and 2024, the Group engages independent professional valuer to perform the valuation of the equity investment. The fair value of the equity investment has been determined by income-based approach valuation technique using discounted cash flow method. Cash flows beyond the projection period are extrapolated using estimated growth rate of 2% (2024: 2%). The pre-tax rate used to discount the forecast cash flow is 18.12% (2024: 22.63%).

Changes in fair value of the above equity investment is recognised in other comprehensive income and accumulated within the FVTOCI reserve within equity. The Group transfers amount from FVTOCI reserve to accumulated losses when the relevant equity investment is derecognised.

Should the discount rate increase or decrease by 1%, the fair value of 17.92% Class A shares equity interest in Wisdom Moon would be decreased by approximately HK\$15,411,000 or increased by approximately HK\$23,296,000. Should the growth rate increase or decrease by 1%, the fair value of 17.92% Class A shares equity interest in Wisdom Moon would be increased by approximately HK\$15,590,000 or decreased by approximately HK\$7,706,000.

# Notes to the Consolidated Financial Statements

*For the year ended 31 March 2025*

## **22. Convertible Bonds Receivables**

### **8% Convertible Bonds Receivables 2028**

On 13 December 2024, a directly wholly-owned subsidiary of the Company, Golden Star Group Holdings Limited (“Golden Star”), entered into a subscription agreement with Saveur Limited, a private company incorporated in Hong Kong, to subscribe an unlisted 8% coupon guaranteed and secured convertible bond (the “8% Convertible Bonds Receivables 2028”) at the principal amount of HK\$40,000,000 maturing on the fourth anniversary of the date of issue (the “Maturity Date 2028”). The subscription of the 8% Convertible Bonds Receivables 2028 was completed on 13 December 2024.

The 8% Convertible Bonds Receivables 2028 are denominated in HK\$ and carry interest of 8% per annum payable semi-annually. Unless previously redeemed or converted or purchased and cancelled, the issuer may early redeem the 8% Convertible Bonds Receivables 2028 which remains outstanding before the Maturity Date 2028 at 100% of principal amount together with all outstanding interest accrued at any time after the date of issue up to the date of redemption.

The 8% Convertible Bonds Receivables 2028 entitle the bond holder to convert the whole or part of the principal amount from date of issuance up to the day immediately prior to and exclusive of the Maturity Date 2028 into shares of Saveur Limited based on the conversion formula under the subscription agreement.

The 8% Convertible Bonds Receivables 2028 are guaranteed by the personal guarantee given by Mr. Yip Chun Tat, the sole shareholder of Saveur Limited and secured with a debenture by way of a floating charge over the inventory, cash, receivables and bank accounts of the Saveur Limited.

As at 31 March 2025, the fair value of the 8% Convertible Bonds Receivables 2028 was assessed with reference to the valuation conducted by an independent qualified professional valuer. Fair value loss amounted approximately HK\$635,000 was recognised as the other gains and losses, net in the consolidated profit or loss for the year ended 31 March 2025.

There had been no early redemption or conversion of the 8% Convertible Bonds Receivables 2028 during the year ended 31 March 2025.

### **8% Convertible Bonds Receivables 2025**

On 28 July 2020, a directly wholly-owned subsidiary of the Company, Golden Star, entered into a subscription agreement with ARTE Investment Group Limited (“ARTE Investment”), a private company incorporated in the BVI, to subscribe an unlisted 8% coupon convertible bonds (the “8% Convertible Bonds Receivables 2025”) issued by ARTE Investment, at the principal amount of US\$2,000,000 maturing on the fifth anniversary of the date of issue (the “Maturity Date”). The subscription of the convertible bonds was completed on 31 July 2020.

The 8% Convertible Bonds Receivables 2025 entitle the holder to convert the whole or part of the principal amount at any time preceding the Maturity date of the Convertible Shares to be issued by the Issuer.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 22. Convertible Bonds Receivables (Continued)

### 8% Convertible Bonds Receivables 2025 (Continued)

The 8% Convertible Bonds Receivables 2025 carry interest of 8% per annum. The first half of the interest amount (i.e. 4% per annum) shall be payable in arrears every twelve months and the remaining half of the interest amount (i.e. another 4% per annum) shall be accumulated and payable in a lump sum upon (i) the fourth anniversary of the date of issue (the “First Redemption Date”) or (ii) the Maturity Date or (iii) the date of early redemption or conversion, whichever is earlier. No interest will be payable upon the exercise of the Conversion Rights. The outstanding 8% Convertible Bonds Receivables 2025 will be redeemed at 100% of the principal amount and the interest amount accumulated on or before the fifth business day after (i) the First Redemption Date at the discretion of the bondholder; or (ii) the Maturity Date. The 8% Convertible Bonds Receivables 2025 are denominated in US\$.

During the year ended 31 March 2024, there was early redemption in full of the 8% Convertible Bonds Receivables 2025 by the Company in the amount of US\$2,000,000 (equivalent to approximately HK\$15,606,000). As a result, there is a fair value loss on convertible bonds receivables in the amount of approximately HK\$2,489,000 was recognised as the other gains and losses, net in the consolidated profit or loss for the year ended 31 March 2024.

Details of movement is set out below:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	–	17,465
At date of subscription	40,000	–
Interest income	956	630
Change in fair value recognised in profit or loss	(635)	(2,489)
Early redemption	–	(15,606)
At the end of the year	40,321	–

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 23. Inventories

	2025 HK\$'000	2024 HK\$'000
At cost:		
Raw materials	4,914	3,851
Work in progress	582	468
Fuel and consumables	1,165	3,683
	6,661	8,002

## 24. Loan Receivables

	2025 HK\$'000	2024 HK\$'000
Loan receivables		
– Collateralised	–	19,000
– Non-collateralised	–	144,326
	–	163,326
Accrued interest receivables	–	42,139
	–	205,465
Less: impairment loss recognised	–	(108,047)
	–	97,418

The loan receivables of the Group's Money Lending Business are all denominated in HK\$. The initial loan periods granted to customers are mainly within two years. Certain loan receivables are collateral-backed by properties in Hong Kong and the Mainland China.

As at 31 March 2024, the loans provided to customers bore fixed monthly interest rate ranging from 8% to 18% per annum. The effective interest rates of the above loan receivables ranging from 8% to 20% per annum.

The ageing analysis of loan receivables (net of allowance of doubtful debt) prepared based on initial loan commencement date as set out in the relevant contracts is as follows:

	2025 HK\$'000	2024 HK\$'000
Over 365 days	–	69,215

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 24. Loan Receivables (Continued)

The movement of allowance for doubtful debts in respect of loan receivables is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	108,047	89,940
Impairment loss recognised, net	6,644	18,107
Disposal of a subsidiary	(114,691)	–
At the end of the year	–	108,047

The management of the Group reviews and assesses for impairment individually based on customers' repayment history and the fair values of the collaterals, if any. For the year ended 31 March 2025, approximately HK\$6,644,000 impairment loss was recognised (2024: HK\$18,107,000) on loan receivables and accrued interest on an individual assessment basis.

## 25. Trade, Retention and Other Receivables and Prepayments

	2025 HK\$'000	2024 HK\$'000
Trade receivables, gross	443,956	397,500
Less: impairment loss recognised	(46,914)	(30,151)
Trade receivables, net	397,042	367,349
Retention receivables, gross	295,017	359,048
Less: impairment loss recognised	(25,143)	(23,408)
Retention receivables, net	269,874	335,640
Other receivables, gross	106,516	122,656
Less: impairment loss recognised	(2,030)	–
Other receivables, net	104,486	122,656
Bills receivables	1,625	22,038
Prepayments and deposits	81,701	124,092
Tax recoverable	2,058	–
Trade, retention and other receivables and prepayments	856,786	971,775
Analysed for reporting purposes as:		
Current	796,187	888,725
Non-current		
– Retention receivables	60,599	83,050
	856,786	971,775

Note:

- (i) The trade and other receivables are denominated in the functional currencies of the relevant group entities.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 25. Trade, Retention and Other Receivables and Prepayments (Continued)

### Trade receivables

The Group generally allows an average credit period of 30 to 90 days (2024: 30 to 90 days) to its trade customers. However, certain portion of the trade receivables from Concrete Business (i.e. the retention portion) would be allowed to settle until 30 to 90 days after the completion of the construction by its trade customers.

The ageing analysis of the Group's trade receivables (net of retention portion and impairment losses) based on the invoice date at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	37,631	33,029
31-60 days	5,209	8,646
61-90 days	23,906	29,638
Over 90 days	330,296	296,036
	<b>397,042</b>	<b>367,349</b>

All bills receivables were aged within 180 days as at the years ended 31 March 2025 and 2024.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on historical credit records of these customers.

The Group applies the simplified approach under HKFRS 9 to provide for ECL using the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

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

	Current HK\$'000	1-30 days past due HK\$'000	31-60 days past due HK\$'000	61-90 days past due HK\$'000	Over 90 days past due HK\$'000	Total HK\$'000
<b>At 31 March 2025</b>						
Weighted average expected loss rate	2.92%	2.04%	3.97%	4.61%	12.62%	
Receivable amount	39,031	6,215	25,339	31,117	342,254	443,956
Loss allowance	(1,138)	(127)	(1,006)	(1,434)	(43,209)	(46,914)
<b>At 31 March 2024</b>						
Weighted average expected loss rate	2.95%	2.20%	2.51%	2.79%	9.75%	
Receivable amount	34,246	9,423	30,970	47,817	275,044	397,500
Loss allowance	(1,010)	(207)	(777)	(1,332)	(26,825)	(30,151)



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 25. Trade, Retention and Other Receivables and Prepayments (Continued)

### Trade receivables (Continued)

The movement of allowance for doubtful debts in respect of trade receivables is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	30,151	21,233
Impairment loss recognised, net	17,429	9,947
Bad debts written off	–	(328)
Exchange realignment	(666)	(701)
At the end of the year	46,914	30,151

Trade receivables that were neither past due nor impaired related to customers for whom were no recently history of default.

Impaired trade receivables were mainly amounts due from customers with long outstanding balances and the management of the Group considered the recoverability is remote as the related customers were generally in financial difficulties or have prolonged delay in repayment. The Group did not hold any material collateral over those balances.

At 31 March 2025, no trade receivables which have been impaired previously, were individually determined to be written off (2024: approximately HK\$328,000). These receivables have been long outstanding and management assessed them to be irrecoverable.

### Retention receivables

The Group's retention receivables represent certified contract payments in respect of goods delivered, for which 20% to 30% of the contract value are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated as a prescribed percentage of the contract sum. The retention receivables should be released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects, which the Group's goods satisfactorily passing inspection and is consistent with market practice. In the opinion of the management, the retention receivables to be received after 1 year are classified as non-current assets in the consolidated statements of financial position since it is not expected to realise the retention receivables in the Group's normal operating cycle.

As at 31 March 2025, retention receivables amounting to approximately HK\$269,874,000 (2024: HK\$335,640,000), which are entitled by the Group subject to the Group's goods satisfactorily passing inspection as the Group's entitlement to this final payment is conditional on the Group's goods satisfactorily passing inspection.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 25. Trade, Retention and Other Receivables and Prepayments (Continued)

### Retention receivables (Continued)

The Group applies the simplified approach under HKFRS 9 to provide for ECL using the lifetime expected loss provision for all retention receivables. To measure the ECL, retention receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporates forward-looking information.

The following table provides information about the exposure to credit risk for retention receivables which are assessed based on provision matrix as at 31 March 2025 within lifetime ECL (not credit impaired).

	Current HK\$'000	1-30 days past due HK\$'000	31-60 days past due HK\$'000	61-90 days past due HK\$'000	Over 90 days past due HK\$'000	Total HK\$'000
<b>At 31 March 2025</b>						
Weighted average expected loss rate	2.54%	5.00%	5.38%	4.01%	16.21%	
Receivable amount	164,421	1,081	390	274	128,851	295,017
Loss allowance	(4,175)	(54)	(21)	(11)	(20,882)	(25,143)
<b>At 31 March 2024</b>						
Weighted average expected loss rate	2.38%	1.77%	1.76%	4.83%	17.30%	
Receivable amount	232,892	14,645	10,530	414	100,567	359,048
Loss allowance	(5,541)	(259)	(185)	(20)	(17,403)	(23,408)

The movement of loss allowance in respect of retention receivables was as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	23,408	20,377
Impairment loss recognised	2,165	3,791
Bad debts written off	–	(72)
Exchange realignment	(430)	(688)
At the end of the year	25,143	23,408

# Notes to the Consolidated Financial Statements

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## 26. Promissory Note Receivables

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	13,750	27,500
Subscription of promissory note	20,500	–
Less: Impairment loss recognised	(13,750)	(13,750)
At the end of the year	20,500	13,750

On 10 March 2021, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the “Purchaser”) to dispose of entire equity interests of DigiSmart (Group) Limited, at a consideration of HK\$40,000,000 in total. In order to settle the purchase price, the Purchaser issued a HK\$ denominated promissory note with a principal sum of HK\$36,000,000 on 31 March 2021. The promissory note is secured by a share charge, which charged the entire equity interest in Digismart (Group) Limited held by the Purchaser, interest free and was matured on 30 March 2022.

The Group has continuous negotiating with the Purchaser for repayment of the outstanding promissory note receivables in previous year and periodically review and assesses the credit risk of the Purchaser and the fair value of the collaterals, if any. As at 31 March 2025, an impairment loss of approximately HK\$13,750,000 (2024: HK\$13,750,000) was recognised for the promissory notes receivables.

On 31 March 2025, under the CF Disposal, the consideration of HK\$32,500,000 for the disposal of 65% equity interest of Chengxin Finance was satisfied by HK\$12,000,000 in cash and remaining HK\$20,500,000 was settled by issuing the Promissory Note I and Promissory Note II by the purchaser.

Promissory Note I and II are HK\$ denominated promissory notes with principal sum of HK\$12,500,000 and HK\$8,000,000 respectively. The Promissory Notes I and II are secured by the share charge over the 65,000 ordinary shares of Chengxin Finance as security for the repayment of the promissory Notes I and II. No early redemption of promissory Notes I and II during the year ended 31 March 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 27. Bank Balances and Cash

### (a) Bank balances and cash

	2025 HK\$'000	2024 HK\$'000
Bank balances and cash	76,556	148,360
Non-pledged time deposits with original maturity of less than three months when acquired	–	15,000
Less: Restricted cash (Note)	(56,375)	(52,533)
	20,181	110,827

Note:

As at 31 March 2025, restricted cash of the Group pledged to the banks amounted to approximately HK\$56,375,000 (2024: HK\$52,533,000) for the issuance of irrevocable standby letter of credit in favor of third parties. Restricted cash is presented within “investing activities” in the consolidated statement of cash flows.

Bank balances and cash comprise cash held by the Group and short-term deposits with an original maturity of three months or less.

	2025 HK\$'000	2024 HK\$'000
Restricted cash, cash at bank, and on hand were denominated in:		
– Renminbi (“RMB”)	68,918	57,812
– US\$	68	17,209
– HK\$	7,485	88,314
– GBP	85	25
	76,556	163,360

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

The Group’s bank balances carry interests at market rate per annum ranging as follows:

	2025	2024
Bank balances	0.00% to 0.30%	0.00% to 0.30%

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 27. Bank Balances and Cash (Continued)

### (b) Reconciliation of liabilities arising from financing activities

The table below details change in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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.

	Borrowings HK\$'000	Promissory notes HK\$'000	Lease liabilities HK\$'000	Bonds payable HK\$'000 (Note 30)	Total HK\$'000
At 1 April 2023	178,614	7,679	8,473	181,538	376,304
<b>Changes from financing cash flows:</b>					
Proceeds from borrowings	97,997	-	-	-	97,997
Repayment of borrowings	(122,646)	-	-	-	(122,646)
Proceeds from bonds payable	-	-	-	63,000	63,000
Repayment of promissory note	-	(7,850)	-	-	(7,850)
Repayment of lease liabilities	-	-	(7,320)	-	(7,320)
Repayment of bonds payable	-	-	-	(63,000)	(63,000)
Interest paid	(4,653)	-	-	(8,141)	(12,794)
Total changes from financing cash flows	(29,302)	(7,850)	(7,320)	(8,141)	(52,613)
<b>Other changes:</b>					
Interest expenses	9,998	60	372	7,971	18,401
Gain on discounting of bonds payable	-	-	-	(6,054)	(6,054)
Loss on early redemption of bonds payable	-	-	-	823	823
Loss on early redemption of promissory notes	-	111	-	-	111
Increase in lease liabilities from entering into new leases during the year	-	-	8,425	-	8,425
Other changes	(6,193)	-	(178)	(629)	(7,000)
Total other changes	3,805	171	8,619	2,111	14,706
At 31 March 2024	153,117	-	9,772	175,508	338,397
<b>Changes from financing cash flows:</b>					
Proceeds from borrowings	17,472	-	-	-	17,472
Repayment of borrowings	(78,625)	-	-	-	(78,625)
Repayment of lease liabilities	-	-	(8,119)	-	(8,119)
Repayment of bonds payable	-	-	-	(46,076)	(46,076)
Interest paid	(6,521)	-	-	(7,801)	(14,322)
Total changes from financing cash flows	(67,674)	-	(8,119)	(53,877)	(129,670)
<b>Other changes:</b>					
Interest expenses	10,590	-	368	10,565	21,523
Loss on early redemption of bonds payable	-	-	-	316	316
Derecognition of lease liabilities for early termination of lease	-	-	(1,401)	-	(1,401)
Disposal of subsidiary (Note 40)	-	-	(504)	-	(504)
Increase in lease liabilities from entering into new leases during the year	-	-	3,113	-	3,113
Other changes	(2,518)	-	(49)	2	(2,565)
Total other changes	8,072	-	1,527	10,883	20,482
<b>At 31 March 2025</b>	<b>93,515</b>	<b>-</b>	<b>3,180</b>	<b>132,514</b>	<b>229,209</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 28. Trade and Other Payables and Accruals

	2025 HK\$'000	2024 HK\$'000
Trade payables (Note a)	149,176	105,013
Bills payable	112,703	105,105
Contract liabilities (Note b)	9,544	8,321
Other payables and accruals	63,973	113,490
	<b>335,396</b>	<b>331,929</b>

Notes:

- (a) The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	22,863	15,847
31-60 days	7,399	5,026
61-90 days	45,479	–
Over 90 days	73,435	84,140
	<b>149,176</b>	<b>105,013</b>

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

- (b) At 31 March 2025 and 2024, customer deposits are contract liabilities and the Group does not expect to refund any of the advance payments. Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

The Group receives a deposit from customers when they sign the concrete supply agreement. The deposit is negotiated on a case by case basis with customers. These deposits are recognised as a contract liability until the revenue recognised exceeds the amount of the deposit.

### Movements in contract liabilities

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	8,321	5,936
Increase in contract liabilities as a result of receipt of customer deposits during the year	5,148	5,377
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(3,768)	(2,831)
Exchange realignment	(157)	(161)
At the end of the year	<b>9,544</b>	<b>8,321</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 29. Borrowings

	2025 Maturity	HK\$'000	2024 Maturity	HK\$'000
<b>Current</b>				
Secured				
– Factoring loans (Note (ii))	2025	32,509	2024	94,865
Unsecured				
– Current portion of Loans (Note (ii))	2025	24,335		–
		56,844		94,865
<b>Non-current</b>				
Unsecured – Loans (Note (ii))	2027-2029	36,671	2025-2029	58,252
<b>Total borrowings</b>		93,515		153,117

The repayment of current and non-current borrowings were analysed as follows:

	2025 HK\$'000	2024 HK\$'000
On demand or within one year	56,844	94,865
In the second year	–	21,183
In the third to fifth year, inclusive	36,671	37,069
	93,515	153,117

The amounts due are based on the scheduled repayment dates set out in the borrowing agreements with no repayment on demand clause contained.

Notes:

- (i) During the year ended 31 March 2025, an indirectly wholly-owned subsidiary of the Company entered into several factoring agreements with independent third parties for recourse factoring loans amounting to approximately RMB30,000,000 equivalent to approximately HK\$32,509,000 (2024: RMB89,100,000 equivalent to approximately HK\$94,865,000). The factoring loans are denominated in RMB and bear interest at rates ranged from 2.47% to 6% per annum (2024: 6% to 15% per annum). As at 31 March 2025, all the outstanding factoring loans were aged within one year and are secured by trade receivables amounted to approximately HK\$52,056,000 (2024: HK\$123,575,000).
- (ii) Alpha Youth Group entered into several loan agreements with the ex-shareholder and companies associated with the ex-shareholder, to convert the amount due to them into unsecured long term loans (the "Loans") in previous years.

The Loans are denominated in RMB and are unsecured and mature between 2 to 10 years from the date of the loan agreements. Initially the Loans bear fixed interest rate of 1% per annum and payable annually. During the year ended 31 March 2021, the interest rate of the Loans was modified from 1% per annum to nil. The weighted average effective interest rate of the Loans is 6.96% per annum.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 30. Bonds Payable

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	175,508	181,538
Issuance of bonds	–	56,946
Interest expenses incurred	10,565	7,971
Interest paid	(7,801)	(8,141)
Redemption	(46,076)	(63,000)
Loss on early redemption	316	823
Exchange realignment	2	(629)
At the end of the year	132,514	175,508
Analysed for reporting purposes as:		
Current liabilities	25,740	25,918
Non-current liabilities	106,774	149,590
	132,514	175,508

### 7-year Bond 2028

On 10 March 2021, the Company issued seven-year corporate bonds with a principal amount of US\$20,000,000 (equivalent to approximately HK\$154,752,000) to an independent third party at an issue price equal to the face value of the bonds (the “7-year Bond 2028”). The 7-year Bond 2028 is denominated in US\$. The principal of the 7-year Bond 2028 bears interest at rate of 4.2% per annum and interest is payable semi-annually in arrears. The 7-year Bond 2028 is subject to the covenant that as long as any bond is outstanding, the net asset value of the Group (by reference to the latest published interim report or latest published audited consolidated account of the Company) would not less than HK\$600,000,000, other than approval been provide by bondholders in writings. The covenant is tested half-yearly, at 30 September and 31 March. The Group has no indication that it will have difficulty complying with the covenant.

On 6 May 2022, the Group entered into share charge agreements with the 7-year Bond 2028 holder in which the entire share capital of Alpha Youth Limited and Grace Wisdom Holdings Limited were secured against the 7-year Bond 2028 until its maturity or full redemption.

During the year ended 31 March 2025, the Company early redeemed partial of the 7-year Bond 2028 amounted to US\$5,907,000 (equivalent to approximately HK\$46,076,000) (2024: US\$8,063,000 (equivalent to approximately HK\$63,000,000)). As a result, the Company recognised a loss on early redemption of bonds payable amounted to approximately HK\$316,000 (2024: HK\$823,000).

At the end of the reporting period, the carrying amount of the 7-year Bond 2028 comprised of principal amount and accrued interest amounted to US\$6,029,000 (2024: US\$11,581,000) and US\$116,000 (2024: US\$30,000) respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 30. Bonds Payable (Continued) 3-year Bond 2024 (Extend 2027)

On 15 November 2021, a direct wholly-owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “3-year Bond 2024”). The 3-year Bond 2024 is unsecured and is denominated in HK\$. The principal of the 3-year Bond 2024 bears interest and interest is payable semi-annually in arrears. Interest rate are set out as below:

- 8% per annum for the first anniversary of the issue date;
- 9% per annum from the date immediate after the first anniversary of the issue date up to the second anniversary date of the issue date; and
- 10% per annum from the date immediate after the second anniversary of the issue date up to the maturity date.

The Company may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, by serving not less than one-month advance notice to the bond holders.

The bond holder may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, by serving not less than three-month advance notice to the Company.

On 12 November 2024, a deed of amendment is entered into between the bond holder and the issuer in which the maturity date was extended for a further 2.5 years until 2027. Interest rate of 8% per annum is charged under the extended period and is payable semi-annually in arrears. Both bond holders and the Company may at any time after 16 May 2025 and before the extended maturity date to early redeemed the bonds payable, by serving at least one month’s prior written notice to counterparty.

During the years ended 31 March 2025 and 2024, there is no early redemption of the 3-year Bond 2024 (Extend 2027) by the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 30. Bonds Payable (Continued)

### 6-year Bond 2030

On 25 March 2024, the Company issued six-year corporate bond with a principal amount of HK\$63,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “6-year Bond 2030”). The 6-year Bond 2030 is unsecured and is denominated in HK\$. The principal of 6-year Bond 2030 bears interest and interest is payable semi-annually in arrears. Interest rate is set out as below:

- 3.5% per annum for the first and second anniversary of the issue date;
- 7.0% per annum from the date immediate after the second anniversary of the issue date up to the fourth anniversary date of the issue date; and
- 10.5% per annum from the date immediate after the fourth anniversary date of the issue date up to the maturity date.

The 6-year Bond 2030 is subject to the covenant that as long as any bond is outstanding, the shareholder’s equity on the last day of a fiscal year (as stated in the audited consolidated account of the Company) or the last day of a fiscal half-year (as stated in the interim report of the Company) would not less than HK\$300,000,000. The covenant is test half-yearly at 30 September and 31 March by the Group. The Group has no indication that it will have difficulty complying with the covenants.

The Company may at any time after the issue date of the 6-year Bond 2030 and before the maturity date to early redeem the 6-year Bond 2030 payable, by serving not less than one-month advance notice to the bond holders.

On 30 August 2024, the Group entered into share charge agreements with the 6-year Bond 2030 holder in which the entire share capital of Apha Youth Limited and Grace Wisdom Holdings Limited, both are indirectly wholly-owned subsidiary of the Company, were secured against the 6-year Bond 2030 until its maturity or full redemption.

During the years ended 31 March 2025 and 2024, there is no early redemption of the 6-year Bond 2030 by the Company.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 31. Deferred Tax Assets/(Liabilities)

The movement in deferred tax assets and liabilities during the year is as follows:

### Deferred tax assets

	Provision for impairment loss on loan receivables HK\$'000	Tax losses HK\$'000	Provision for impairment loss on trade and retention receivables HK\$'000	Total HK\$'000
At 1 April 2023	1,156	4,145	2,714	8,015
(Charged) credited to profit or loss	–	(1,174)	2,802	1,628
Exchange realignment	–	–	(84)	(84)
At 31 March 2024	1,156	2,971	5,432	9,559
Credited to profit or loss	–	–	3,511	3,511
Elimination on disposal of a subsidiary (Note 40)	(1,156)	(2,971)	–	(4,127)
Exchange realignment	–	–	(124)	(124)
At 31 March 2025	–	–	8,819	8,819

### Deferred tax liabilities

	Depreciation allowance on property, plant and equipment HK\$'000	Fair value adjustments on other intangible assets HK\$'000	Total HK\$'000
At 1 April 2023	–	5,742	5,742
Charged (credited) to profit or loss	470	(1,710)	(1,240)
At 31 March 2024	470	4,032	4,502
Credited to profit or loss	(76)	(1,466)	(1,542)
Exchange realignment	(8)	–	(8)
At 31 March 2025	386	2,566	2,952

As at 31 March 2025, the Group had unused tax losses of approximately HK\$83,875,000 (2024: approximately HK\$98,062,000) which are available to set off against future profits of the respective group entities and no tax losses was recognised as deferred tax assets while no deferred tax asset has been recognised in respect of the remaining unused tax losses due to the unpredictability of future profit streams of the respective group entities (2024: approximately HK\$18,009,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 31. Deferred Tax Assets/(Liabilities) (Continued)

As at 31 March 2024, the Group had deductible temporary differences arising from the impairment loss on loan receivables of approximately HK\$25,110,000 which are available to set off against future profits of the respective group entities. No such deductible temporary difference was recognised as deferred tax assets due to it was not probable that taxable profit would be available against which the deductible temporary differences could be utilised (2024: approximately HK\$7,003,000).

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

As such, temporary withholding tax difference relating to the undistributed profits of the Group's PRC subsidiaries amounted to approximately HK\$474,230,000 as at 31 March 2025 (2024: HK\$493,774,000). As at 31 March 2025, deferred tax liabilities of approximately HK\$47,423,000 (2024: HK\$49,337,000) have not been recognised in respect of the tax that would be payable on distribution of the retained earnings, as the Group controls the dividend policy of these subsidiaries and it has been determined that no dividend will be distributed by these subsidiaries in the foreseeable future. There was no other significant unprovided deferred taxation for year ended 31 March 2025 and 2024.

## 32. Share Capital

	Number of shares		Amount	
	2025	2024	2025 HK\$'000	2024 HK\$'000
<b>Authorised:</b>				
Ordinary shares				
At beginning of the year (of HK\$0.1 each)				
(2024: of HK\$0.01 each)	1,000,000,000	10,000,000,000	100,000	100,000
Share consolidation (Note (iii))	-	(9,000,000,000)	-	-
At end of the year (of HK\$0.1 each)	1,000,000,000	1,000,000,000	100,000	100,000
<b>Issued and fully paid:</b>				
At beginning of the year	755,654,743	4,198,098,293	75,565	41,981
Placing of shares (Note (i))	-	839,600,000	-	8,396
Share consolidation (Note (ii))	-	(4,533,928,464)	-	-
Issue of rights shares (Note (iii))	-	251,884,914	-	25,188
At the end of the year	755,654,743	755,654,743	75,565	75,565

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 32. Share Capital (Continued)

### Notes

- (i) Pursuant to the placing agreement entered into on 6 October 2023 and 25 October 2023, the Company had issued 839,600,000 new shares at a placing price of HK\$0.016 per shares on 3 November 2023.

Pursuant to the placing agreement entered into on 19 April 2022, the Company had issued 699,000,000 new shares at a placing price of HK\$0.105 per shares on 29 April 2022.

- (ii) On 23 November 2023, the board of directors proposes to implement the share consolidation on the basis that every ten issued and unissued existing ordinary shares of HK\$0.01 each be consolidated into one consolidated share HK\$0.1 each (the "Share Consolidation"). The Share Consolidation was approved by the shareholders on 13 December 2023, and became effective on 15 December 2023. Accordingly, the total number of issued capital was consolidated from 5,037,698,293 into 503,769,829 on 15 December 2023.

- (iii) On 28 December 2023, the Company proposes to raise gross proceeds of approximately HK\$29,000,000 before expenses by way of a rights issue of up to 251,884,914 rights shares (the "Rights Shares") at a subscription price of HK\$0.115 per Rights Share on the basis of one Rights Share for every two existing shares held by the qualifying shareholders on the record date (the "Rights Issue").

On 28 December 2023, the Company and the placing agent entered into the placing agreement to subscribe for the unsubscribed Rights Share (the "Placing"). The Rights Issue and the Placing are completed on 19 January 2024.

The net proceeds from the Rights Issue and the Placing, after deducting the related Rights Issue and the Placing commission; professional fees and all related expenses, was approximately HK\$27,461,000 out of which approximately HK\$25,188,000 and HK\$2,273,000 were recorded in share capital and share premium account respectively. Further details are set out in the prospectus of the Company dated 22 January 2024 and announcements of the Company dated 29 December 2023, 14 February 2024 and 20 February 2024 respectively.

All the shares issued during the year ended 31 March 2025 rank pari passu with the then existing shares in all respects.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 33. Interests in Subsidiaries

As at 31 March 2025, the Company has direct/indirect interests in the following principal subsidiaries, all of which are private companies. Particulars of the subsidiaries as at 31 March 2025 and 2024 are set out below:

Name of subsidiary	Issued and fully paid share capital/ paid up capital	Place and date of incorporation/ establishment	Attributable equity interest held by the Group as at 31 March		Principal activities and place of operation
			2025 %	2024 %	
Bright Rising Enterprise Limited	HK\$10,000	Hong Kong 15 May 2012	100	100	Provision of management services in Hong Kong
Bright World Investment Limited*	USD1	BVI 12 January 2015	100	100	Investment holding
Star World International Holdings Limited*	USD1	BVI 19 December 2014	100	100	Investment holding
Starry Zone Global Limited*	USD1	BVI 21 October 2014	100	100	Investment holding
Virtual Garden Investments Limited*	USD1	BVI 28 July 2014	100	100	Investment holding
Bright World Group Holdings Limited*	USD1	BVI 9 January 2015	100	100	Investment holding
Chengxin Finance (iii)	HK\$17,858,240	Hong Kong 19 September 2007	35	100	Provision of money lending services in Hong Kong
Alpha Youth Limited	USD200	BVI 10 May 2016	100	100	Investment holding
Grace Wisdom Holdings Limited	HK\$100	Hong Kong 12 April 2016	100	100	Investment holding
Hainan Huasheng Concrete Company Limited**(i) 海南華盛混凝土有限公司	RMB20,000,000	The PRC 23 May 2006	100	100	Production and sales of concrete in the PRC
Sansha Huasheng New Building Materials Company Limited**(ii) 三沙華盛新型建築材料有限公司	RMB5,000,000	The PRC 9 November 2021	100	100	Production and sales of cement and construction materials in the PRC
Flinders Holdings Limited	HK\$1,000,000	Hong Kong 12 March 2019	100	–	Investment holding
Sharp benefit Limited	HK\$1	Hong Kong 1 January 2025	100	–	Property investment
Stand Rich Limited	HK\$1	Hong Kong 6 December 2024	100	–	Property investment



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 33. Interests in Subsidiaries (Continued)

- \* The subsidiaries are/were directly owned by the Company.
- \*\* English translated name is for identification purpose only.
- (i) The subsidiary is a wholly-owned foreign enterprise established under PRC law.
- (ii) The subsidiary is a domestic company established under PRC law.
- (iii) On 31 March 2025, upon the completion of disposal of 65% of the share capital of Chengxin Finance, Chengxin Finance has ceased to be a subsidiary of the Company and the financial results of Chengxin Finance will no longer be consolidated into the Group.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, materially contributed to the net income of the Group or hold a material portion of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any debt security outstanding at the end of the reporting period or at any time during the year.

# Notes to the Consolidated Financial Statements

*For the year ended 31 March 2025*

## **34. Share-Based Payment Transactions**

The Company operates an equity-settled, share-based compensation plan for the purpose of providing incentives and rewards to eligible participants for their contribution to the success of the Group's operations.

Pursuant to this objective, an ordinary resolution was passed at the annual general meeting of the Company held on 26 February 2015 for approval of adoption of a share option scheme (the "Share Option Scheme"). The life of the Share Option Scheme is 10 years from the date of adoption, after which no further options will be granted but the provisions of the Share Option Scheme shall remain in force with respect to options granted. The exercise price, vesting period, the exercisable period and the number of shares subject to each option will be determined by the Board at the time of grant.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within the date specified in the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or the expiry date of the Share Option Scheme, if earlier.

The Share Option Scheme was lapsed on 26 February 2025. During the years ended 31 March 2024 and up to the Share Option Scheme lapse date, no option was granted, exercised or lapsed under the Share Option Scheme.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 35. Related Party Disclosures

Save for those disclosed elsewhere in these consolidated financial statements, details of transactions between the Group and other related parties are disclosed below.

### Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Fees, salaries and other allowances	3,055	5,288
Retirement benefit scheme contributions	46	64
	3,101	5,352

## 36. Pledge of Assets

At the end of the reporting period, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year Bond 2028's and 6-year Bond 2030's payable amounted to approximately HK\$106,774,000 issued by the Company (2024: HK\$92,644,000). Besides, assets with the following carrying amounts have been pledged to secure the bills payable and factoring loans of the Group:

	2025 HK\$'000	2024 HK\$'000
Pledged bank balances	56,375	52,533
Trade and retention receivables	52,056	123,575
	108,431	176,108

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 37. 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management considers the cost and the risks associated with each class of the capital. Based on recommendations of the management, the Group will balance the overall capital structure through the payment of dividends and raising of new capital as well as the issue of debt.

## 38. Financial Instruments

### (a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
At amortised cost (including bank balances and cash)	900,084	1,152,560
At FVTOCI	201,600	118,054
At FVTPL	40,321	–
	1,142,005	1,270,614
Financial liabilities		
At amortised cost	553,664	666,641
	553,664	666,641

### (b) Financial risk management objectives and policies

The Group's major financial instruments include loan receivables, trade, retention and other receivables, convertible bonds receivables, promissory note receivables, equity investments at FVTOCI, bank balances and cash, trade and other payables, lease liabilities, borrowings and bonds payable. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk, credit risk and liquidity risk 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 on a timely and effective manner.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 38. Financial Instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### **Market risk**

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

#### *(i) Currency risk*

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group has bank balances and cash of approximately HK\$68,000 (2024: HK\$17,209,000), equity investment at FVTOCI of approximately HK\$150,750,000 (2024: HK\$118,054,000) and bonds payable of approximately HK\$46,560,000 (2024: HK\$92,644,000) which are denominated in US\$. As HK\$ is pegged to US\$, the Directors consider that the currency risk of US\$ is insignificant. Accordingly, no sensitivity analysis for US\$ is presented.

The Group also has certain transactions denominated in RMB, but the Directors consider such exposure is not significant to the consolidated financial statements and hence no sensitivity analysis for RMB is presented.

As the Group does not have significant exposure to currency risk, the Group's income and operating cash flows are substantially independent of changes in foreign currency rates.

#### *(ii) Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate. The Directors consider the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

As the Group does not have significant exposure to interest rate risk, the Group's income and operating cash flows are substantially independent of changes in interest rates.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 38. Financial Instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### **Credit risk**

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade, retention and other receivables, loan receivables and bank balances.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Bank balances are placed in various authorised financial institutions and the Directors consider the credit risk of such authorised financial institutions is low.

The Group has concentration of credit risk on top five trade receivables which accounted for 22.0% (2024: 24.0%) of the Group's total trade receivables as at 31 March 2025. These top five trade receivables include state-owned enterprises in the Mainland China with good past credit records with the Group. The Group measures loss allowances for trade receivables with available reasonable and supportive forwarding-looking information.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Especially the following information is used:

- internal credit rating;
- external credit rating (if available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 38. Financial Instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### **Credit risk** (Continued)

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 365 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the ECL rates, the Group considers historical loss rates for each category and adjusts for forward-looking data. For performing category (low risk of default and strong capacity to pay), 12 month expected losses is used for loss provision. For non-performing category (significant increase in credit risk), lifetime expected losses is used for loss provision.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

#### **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.

The following table details the Group's remaining contractual maturities for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 38. Financial Instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

Liquidity and interest risk table

	Weighted average of contractual interest rate per annum %	Less than 90 days or on demand HK\$'000	Over 90 days but within 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2025						
Borrowings	1.4	16,524	44,429	42,457	103,410	93,515
Lease liabilities	-	1,769	1,453	-	3,222	3,180
Trade and other payables	-	324,456	-	-	324,456	324,456
Bonds payable	5.7	26,000	4,180	136,035	166,215	132,514
At 31 March 2024						
Borrowings	5.5	-	94,865	71,899	166,764	153,117
Lease liabilities	-	2,307	5,365	2,471	10,143	9,772
Trade and other payables	-	328,244	-	-	328,244	328,244
Bonds payable	5.9	25,918	6,128	192,439	224,485	175,508

### (c) Fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 39. Fair Value Measurement of Financial Instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 March 2025				
Assets				
Equity investment at FVTOCI	–	–	201,600	201,600
Convertible bond receivables	–	–	40,321	40,321
	–	–	241,921	241,921
At 31 March 2024				
Assets				
Equity investment at FVTOCI	–	–	118,054	118,054

### Fair value estimation

#### Convertible bonds receivables

The fair value of convertible bonds receivables as at 31 March 2025 was estimated by applying Hull-white One-Factor model. The credit spread applied to estimate the fair value is 4.89%. Should the credit spread increased, the fair value of convertible bonds receivables would be decreased, vice versa.

#### Equity investment at FVTOCI

The fair value of equity investments at FVTOCI as at 31 March 2025 and 31 March 2024 was estimated by applying income-based approach valuation technique using discounted cash flow method. Cash flows beyond the projection period are extrapolated using estimated growth rate of 2% (2024:2%). The pre-tax discount rate used to discount the forecast cash flow is 18.12% (2024: 22.63%). Should the estimate growth rate increase, the fair value of the equity investment at FVTOCI would be increased, vice versa. Should the pre-tax discount rate increase, the fair value of the equity investment at FVTOCI would be decreased, vice versa.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 39. Fair Value Measurement of Financial Instruments *(Continued)*

The movements during the year in the balance of Level 3 fair value measurement is as follows:

	Convertible bonds receivables HK\$'000	Equity investment at FVTOCI HK\$'000	Total HK\$'000
At 1 April 2023	17,465	116,982	134,447
Early redemption	(15,606)	–	(15,606)
Fair value (losses) gains			
– Included in profit or loss (included in other gains and losses, net) <sup>#</sup>	(2,489)	–	(2,489)
– Included in other comprehensive income	–	1,072	1,072
Interest income	630	–	630
At 31 March 2024	–	118,054	118,054
Addition	40,000	45,000	85,000
Fair value (losses) gains			
– Included in profit or loss (included in other gains and losses, net) <sup>#</sup>	(635)	–	(635)
– Included in other comprehensive income	–	38,546	38,546
Interest income	956	–	956
At 31 March 2025	40,321	201,600	241,921

<sup>#</sup> All those balances charged to the other gains and losses, net were held at the end of reporting periods.

During the year ended 31 March 2025, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 40. Disposal of a Subsidiary Disposal of Chengxin Finance

The disposal of Chengxin Finance was completed on 31 March 2025 at a consideration of HK\$32,500,000. Upon completion, Chengxin Finance ceased to be a subsidiary of the Company and its financial results, assets and liabilities were ceased to be consolidated with those of the Group. The remaining 35% equity interest in Chengxin Finance become the associate of the Group and is accounted for using the equity method in the consolidated financial statement.

Details of the disposal of Chengxin Finance were set out in the announcement of the Company dated 31 March 2025.

The following table summarises the consideration received for the disposal of Chengxin Finance and the net assets for Chengxin Finance as at the date of disposal:

	HK\$'000
Consideration satisfied by:	
Cash	12,000
Promissory notes receivables	20,500
	32,500

Analysis of assets and liabilities disposed of as at the date of disposal:

	HK\$'000
Property, plant and equipment (Note 15)	220
Right-of-use assets	684
Goodwill (Note 18)	–
Deferred tax assets (Note 31)	4,127
Loan receivables	59,692
Prepayment and deposits	967
Bank and cash balance	54
Trade and other payables and accruals	(236)
Lease liabilities	(504)
Net assets disposed of	65,004
Fair value of the equity interest in Chengxin Finance held by the Group as interest in an associate	(17,684)
Loss on disposal of a subsidiary	(14,820)
Total consideration received	32,500
Net cash inflow arising on the date of disposal:	
Cash consideration	12,000
Bank balances and cash disposed of	(54)
	11,946

The loss on disposal of Chengxin Finance was included in the loss from discontinued operation (Note 12) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 41. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follow:

	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>		
Interests in subsidiaries	920,851	886,087
	920,851	886,087
<b>CURRENT ASSETS</b>		
Prepayments	444	646
Bank balances and cash	7,344	105,018
	7,788	105,664
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	22,900	23,484
	22,900	23,484
<b>NET CURRENT (LIABILITIES) ASSETS</b>	(15,112)	82,180
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	905,739	968,267
<b>NON-CURRENT LIABILITIES</b>		
Bonds payable	106,774	149,590
	106,774	149,590
<b>NET ASSETS</b>	798,965	818,677
<b>CAPITAL AND RESERVES</b>		
Share capital	75,565	75,565
Reserves	723,400	743,112
<b>TOTAL EQUITY</b>	798,965	818,677

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 30 June 2025 and are signed on its behalf by:

Mr. Kong Chi Keung  
DIRECTOR

Mr. Wong Jeffrey  
DIRECTOR

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

## 41. Statement of Financial Position of the Company (Continued)

Details of the changes in Company's individual components of reserves between the beginning and the end of the year and set as below:

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2023	1,741,887	654	(945,573)	796,968
Loss and total comprehensive loss for the year	-	-	(60,898)	(60,898)
Issue of shares pursuant to placing agreement	5,038	-	-	5,038
Transaction costs attributable to issue of placing shares	(269)	-	-	(269)
Issue of shares pursuant to rights issue	3,778	-	-	3,778
Transaction costs attributable to the issue of rights issue shares	(1,505)	-	-	(1,505)
Transactions with owners	7,042	-	-	7,042
At 31 March 2024	1,748,929	654	(1,006,471)	743,112
Loss and total comprehensive loss for the year	-	-	(19,712)	(19,712)
At 31 March 2025	1,748,929	654	(1,026,183)	723,400

### Distributability of reserves

The Company's reserves available for distribution to its shareholders comprise share premium and accumulated losses which in aggregate amounted to approximately HK\$722,746,000 as at 31 March 2025 (2024: HK\$742,458,000). Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the payment of distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association, distributions shall be payable out of the profits or other reserves, including the share premium account, of the Company.

## 42. Significant Event After Reporting Period

### Acquisition of Properties

On 9 April 2025, the Group through several indirect wholly-owned subsidiaries of the Company, entered into purchase agreements with vendors who are independent third parties to the Group, to acquire 4 industrial building units (the "Property(ies)") which are located in Hong Kong, at a total consideration of HK\$16,500,000 (the "Properties Acquisitions"). Three of the Properties are subjected to existing lease agreements which will expire on 31 December 2027 and the remaining Property was self-used by vendor and the Group agreed to sign a lease agreement with the vendor for lease of the Property and such lease will expire on 31 December 2027. Initial deposit equivalent to 10% of the consideration in the sum of HK\$1,650,000 was paid upon signing the purchase agreements and the remaining 90% of the consideration shall be paid at completion of the Properties Acquisition. The Properties Acquisitions were completed during June 2025.

# Financial Summary

## Results

	<b>2025</b> <b>HK\$'000</b>	<b>Year ended 31 March</b>			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Continuing and discontinued operations</b>					
Revenue	<b>383,284</b>	565,906	690,082	864,508	928,691
(Loss) profit for the year	<b>(92,380)</b>	(31,441)	(54,774)	31,293	43,887
Total comprehensive (loss) income for the year attributable to owners of the Company	<b>(62,545)</b>	(44,531)	(62,366)	46,803	50,195

## Assets and Liabilities

	<b>2025</b> <b>HK\$'000</b>	<b>Year ended 31 March</b>			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	<b>1,465,409</b>	1,635,979	1,798,802	2,025,253	1,734,467
Total liabilities	<b>(567,557)</b>	(675,582)	(834,500)	(1,069,778)	(815,298)
Net assets	<b>897,852</b>	960,397	964,302	955,475	919,169