Kwan On Holdings Limited
均安控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1559

ANNUAL REPORT 2025

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Executive Directors

Mr. Chen Zhenghua *(Chairman)*
Mr. Zhang Fangbing *(Chief Executive Officer)*
Mr. Cao Lei *(resigned on 2 September 2024)*
Mr. Sun Xiaoran *(appointed on 14 April 2025)*

Non-executive Director

Ms. Li Yuping
(appointed on 11 December 2024)

Independent Non-executive Directors

Prof. Lam Sing Kwong, Simon
Mr. Lum Pak Sum
Mr. Gong Zhenzhi

COMPANY SECRETARY

Mr. Fung Kwok Wai

COMPLIANCE OFFICER

Mr. Zhang Fangbing

AUTHORISED REPRESENTATIVES

Mr. Zhang Fangbing
Mr. Fung Kwok Wai

AUDIT COMMITTEE

Mr. Lum Pak Sum *(Chairman)*
Prof. Lam Sing Kwong, Simon
Mr. Gong Zhenzhi

REMUNERATION COMMITTEE

Prof. Lam Sing Kwong, Simon *(Chairman)*
Mr. Lum Pak Sum
Mr. Zhang Fangbing

NOMINATION COMMITTEE

Mr. Gong Zhenzhi *(Chairman)*
Prof. Lam Sing Kwong, Simon
Mr. Chen Zhenghua

RISK MANAGEMENT COMMITTEE

Mr. Lum Pak Sum *(Chairman)*
Prof. Lam Sing Kwong, Simon
Mr. Gong Zhenzhi

AUDITORS

Crowe (HK) CPA Limited

LEGAL ADVISER

Iu, Lai & Li Solicitors

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3401
118 Connaught Road West
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchin Drive
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Citic Bank International Limited

COMPANY'S WEBSITE

www.kwanonholdings.com

STOCK CODE

1559

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kwan On Holdings Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2025 (the "**Reporting Year**").

BUSINESS REVIEW

During the year under review, the Group completed a major corporate restructuring through the disposal of its wholly-owned subsidiary, Win Vision Holdings Limited, together with its subsidiaries (collectively, the "**Disposal Group**"), which was principally engaged in civil engineering operations in Hong Kong. A conditional sale and purchase agreement was entered into with Ming Jia Investment Holdings Limited on 27 March 2025, and the transaction was completed on 31 March 2025.

This strategic decision was primarily driven by the Disposal Group's continued and significant financial underperformance. For the year ended 31 March 2025, the Disposal Group recorded a net loss of approximately HK$31.7 million (2024: loss of HK$105.5 million). Amid persistent industry challenges, including rising labour and material costs, prolonged project cycles, and intensified market competition, the Group faced increasing difficulty in sustaining the financial viability of the Disposal Group. Despite efforts involving management restructuring and project rationalisation, the ongoing deterioration in performance ultimately led the Group to pursue this strategic divestment.

The disposal resulted in a one-off gain of approximately HK$18.1 million and significantly alleviated the Group's financial burden. It also enables the Group to reallocate resources and focus more effectively on its core business segments in the People's Republic of China (the "**PRC**") and Southeast Asia, including construction and the trading of chemical materials.

During the year, the Group leveraged the extensive business network of its major shareholder to secure new construction contracts in the Kingdom of Cambodia ("**Cambodia**"), including the construction of a factory for a well-known tyre manufacturer. The total contract sum for this project is approximately HK$230.8 million. For the year ended 31 March 2025, construction projects in the PRC, Cambodia, and Malaysia collectively generated revenue of HK$260.9 million, with a gross profit of HK$5.6 million.

In the Republic of the Philippines ("**Philippines**"), the Group had previously entered into a contract in 2019 with an independent overseas employer for the construction of a 61-storey condominium building, with a total contract value of approximately HK$396.6 million. The pile foundation works were completed in March 2024. However, during the year under review, no further instructions were received from the employer to proceed to the structural construction phase. The employer cited financial constraints and adverse property market conditions as the primary reasons for the delay and is currently seeking an investor to take over the entire project, including the land and ongoing construction works. Following negotiations, the Group resolved to suspend all construction activities related to the project, with the agreement of the employer. The Group will continue to pursue recovery of the outstanding construction receivables of approximately HK$13.6 million and a performance deposit of approximately HK$27.0 million.

The management has continued to devote significant effort and resources to developing the Group's construction business, particularly in Southeast Asia and trading of chemical material in the PRC. Through ongoing operational reviews and strategic planning, the Group remains committed to enhancing long-term profitability and building a foundation for sustainable growth.

PROSPECTS

During the Reporting Year, the Group successfully secured new engineering projects of approximately HK$261.8 million in overseas market. The result reaffirms the management's confidence in navigating the Group towards sustained growth and success.

In future, by leveraging the support from the business network of our largest shareholder while engaging our experienced project management team, the Group will continue to explore the potential business opportunity, particularly in Malaysia, the PRC and Cambodia, which has grown into the world's second largest economy and destined to remain an engine of global economy for the next decade.

CHAIRMAN'S STATEMENT

APPRECIATION

I would like to take this opportunity to express my gratitude to all shareholders, customers and suppliers for their valuable support. I would also like to express our sincere appreciation to all the employees of the Group for their hard work and dedication.

Chen Zhenghua
Chairman
30 June 2025

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Zhenghua (陳正華) ("Mr. Chen"), aged 62, was appointed as an Executive Director and the Chairman of the Board on 1 June 2017. Mr. Chen was graduated with a Master of Business Administration Degree (EMBA) from the Tsinghua University. He is a senior economist and a member of the Chinese People's Political Consultative Conference of Jiangsu Province* (江蘇省政協常委). Mr. Chen is also the managing director of the Jiangsu Provincial Construction Group* (江蘇省建築工程集團有限公司). He has been awarded the titles of "Outstanding Entrepreneur of the Building Industry of China*" (全國建築業優秀企業家), "Outstanding Entrepreneur of Construction Companies of China*" (全國施工企業優秀企業家), and the "National May 1 Labour Medal*" (全國五一勞動獎章). In addition, Mr. Chen is an executive director of the Chinese Association for International Understanding* (中國國際交流協會), a chief supervisor of the Jiangsu Overseas Chinese Entrepreneurs Association* (江蘇僑商總會), the vice chairman of the Jiangsu Construction Industry Association* (江蘇省建築行業協會), the vice chairman of the Construction Market Manage Association of Jiangsu Province* (江蘇省建築市場管理協會), the vice chairman of the Jiangsu Sushang Development Promotion Association* (江蘇省蘇商發展促進會), and the honorary president of the Nanjing Overseas Chinese Investment Enterprise Association* (南京市僑商投資企業協會).

Mr. Zhang Fangbing (張方兵) ("Mr. Zhang"), aged 47, was appointed as an Executive Director and Chief Executive Officer on 1 June 2017 and 15 January 2020 respectively. Mr. Zhang was graduated with a Bachelor Degree in Civil Engineering from the Hohai University* (河海大學). He is a senior engineer and a contractor* (全國註冊一級建造師).

Mr. Zhang is the chairman of overseas companies (國際工程公司董事長) of the Jiangsu Provincial Construction Group* (江蘇省建築工程集團有限公司).

Mr. Zhang has been awarded the titles of "China Jiangsu Overseas Outstanding Project Manager*" (江蘇省境外優秀項目經理), "Review Expert of the Ministry of Commerce of the People's Republic of China Foreign Assistance Projects*" (商務部對外援助成套項目) and "Internationalisation Expert of Jiangsu Enterprises*" (江蘇省企業國際化專家).

Mr. Sun Xiaoran (孫笑然) ("Mr. Sun"), aged 33, is currently the general manager of the overseas business department of Jiangsu Provincial Construction Group* (江蘇省建築工程集團有限公司). Mr. Sun graduated from Southeast University* (東南大學) with a Master's degree in Engineering Management. He is a Senior Engineer* (高級工程師), a Certified First-Class Construction Engineer (specializing in Construction Engineering)* (註冊一級建造師(建築工程專業)), and a Certified First-Class Cost Engineer (specializing in Construction Engineering)* (註冊一級造價師(建築工程專業)). Mr. Sun is also a member of the Labor Union Committee* (工會委員) of Jiangsu Provincial Construction Group.

* The English name is for identification purpose only.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Ms. Li Yuping (李玉萍) ("Ms. Li"), aged 38, is currently the chief administrative officer of Jiangsu Provincial Construction Group* (江蘇省建築工程集團有限公司). Ms. Li graduated from the Business School of Nanjing University in 2016 with a Master of Business Administration degree and is an intermediate economist. Ms. Li has been awarded the title of "Excellent Liaison Officer"* (優秀聯絡員) by the China Association of Construction Enterprise Management (中國施工企業管理協會) and "Excellent Member"* (優秀會員) by the Jiangsu Provincial Direct Working Committee of the China National Democratic Construction Association* (中國民主建國會江蘇省直工委).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Lam Sing Kwong, Simon (林誠光) "Professor Lam", aged 66, was appointed as an independent non-executive Director on 16 March 2015. Professor Lam is a Professor of Management and Strategy at the Faculty of Business and Economics at The University of Hong Kong. Previously, he served as Head of the Faculty's Management and Strategy Area, Director of the Centre of Asian Entrepreneurship and Business Values, Associate Dean of the Faculty of Business and Economics and held the position of Ian Davies Endowed Professor in Ethics at the University of Hong Kong.

Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance.

Professor Lam is the independent non-executive director of Overseas Chinese Town (Asia) Holdings Limited (stock code: 03366), Jacobson Pharma Corporation Limited (stock code: 02633), and Qingci Games Inc. (stock code: 06633). Additionally, he is an independent director of Grande Group Limited (stock code: GRAN), a company listed on NASDAQ in the United States.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lum Pak Sum (林柏森) ("Mr. Lum"), aged 64, was appointed as an Independent Non-executive Director on 26 August 2016. Mr. Lum obtained a master's degree in business administration from the University of Warwick UK in 1994 and a bachelor's degree in laws from University of Wolverhampton UK in 2002. He has been currently a non practising fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, U.K. since 1996 and 1993 respectively. Mr. Lum possesses over 20 years working experience in money market and capital market.

Mr. Lum's positions in other companies listed on the Stock Exchange in the present and in the past three years are set out below:

Name of company	Position	Period of service
Great China Properties Holdings Limited (stock code: 21)	Independent non-executive director	August 2007 to June 2023
i-Control Holdings Limited (stock code: 1402)	Independent non-executive director	May 2015 to present
Anxian Yuan China Holdings Limited (stock code: 922)	Independent non-executive director	May 2017 to present
Sunway International Holdings Limited (stock code: 58)	Non-executive director	May 2019 to January 2025
Imperial Pacific International Holdings Limited (stock code: 1076)	Independent non-executive director	October 2023 to April 2024

Mr. Gong Zhenzhi (龔振志) ("Mr. Gong"), aged 54, was appointed as an Independent Non-executive Director on 23 April 2018. Mr. Gong was graduated from the Southeast University* (東南大學) in Nanjing, China with a Bachelor Degree in Engineering in the profession of manufacturing of machinery and equipment* (機械製造工藝與設備專業) in June 1993. In March 1999, Mr. Gong obtained a Master's Degree in Management in the profession of management science and engineering from the Nanjing University of Aeronautics and Astronautics* (南京航空航天大學). In October 2008, Mr. Gong obtained a Doctoral Degree in Management in the profession of management science and engineering from the Southeast University* (東南大學). In June 2010, Mr Gong obtained a Master of Public Management Degree from The University of Maryland. Mr. Gong has served as the head of a High-tech Product Research and Development Department of a large scale stated-owned enterprise, the chairman of a large scale state-owned enterprise and the president of a university's Industrial Research Institute.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Chief Executive Officer

Mr. Zhang Fangbing (張方兵) ("Mr. Zhang") was appointed as Chief Executive Officer on 15 January 2020. The biographical details of Mr. Zhang are set out in this section headed with "Executive Directors" of this annual report.

COMPANY SECRETARY

Mr. Fung Kwok Wai (馮國衛) ("Mr. Fung"), aged 65, was appointed as the Company Secretary and Chief Financial Officer of the Group on 14 February 2019. He is responsible for the overall financial and company secretarial aspects of the Group. Mr. Fung is a fellow member of both the Association of Chartered Certified Accountants and The Hong Kong Institute of the Certified Public Accountants. He holds a bachelor degree and has 30 years' experience in auditing, finance, accounting and company secretarial work.

For the Overseas Projects, the Group successfully secured construction contracts in the People's Republic of China (the "**PRC**"), the Republic of the Philippines ("**Philippines**"), Malaysia and the Kingdom of Cambodia ("**Cambodia**") during the current year.

Set out below are the list of material contracts on hand as at 31 March 2025:

Customer	Particular of Contract	Original/ Extended date for completion	Estimated contract sum HK$ million	Cumulative revenue recognised HK$ million	Further revenue expected to be recognised HK$ million
Overseas Projects					
Tendered by the Kwan On Construction (Malaysia) Sdn Bhd					
A	Engineering and Pipework work	Oct-25	428.9	411.5	17.4
Tendered by Nanjing Univic Engineering Construction Limited					
B	Construction projects in commercial and residential buildings in Changzhou	Jun-25	87.5	82.9	4.6
Tendered by CJPCI (Cambodia) Co., Ltd.					
C	Construction Project	Mar-26	230.2	56.1	174.1

Note (1): The extended completion date was the date previously agreed with the customer. We had applied to the customer for a further extension of time and such application was being considered by the customer as at the date of this Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded revenue of approximately HK$448.6 million for the year ended 31 March 2025 (the "**Year**"), compared to approximately HK$654.4 million for the year ended 31 March 2024 (the "**Previous Year**"). The loss attributable to owners of the Company was approximately HK$80.2 million for the Year (Previous Year: loss of approximately HK$155.4 million). The reduction in loss was primarily driven by the reduction in losses from the loss-making discontinued operations and the recognition of a disposal gain, partially offset by a provision for financial guarantee liabilities related to a corporate guarantee in respect of certain bank borrowings of the Disposal Group.

Disposal Group

On 27 March 2025, the Company entered into a conditional sale and purchase agreement (the "**Agreement**") to dispose of the Disposal Group, which was principally engaged in civil engineering operations in Hong Kong. The disposal constituted a major transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). As no shareholder had a material interest in the Agreement or the transactions contemplated thereunder, no shareholder was required to abstain from voting at the general meeting. All conditions precedent to the Agreement were satisfied, and completion took place on 31 March 2025.

The businesses of the Disposal Group were classified as discontinued operations. Upon completion, the sale shares of Win Vision Holdings Limited were transferred to the purchaser, and all assets and liabilities associated with the Disposal Group were derecognised on 31 March 2025 (the "**Disposal Date**").

As at the Disposal Date, the Company had provided a corporate guarantee in respect of certain bank borrowings of the Disposal Group, which included outstanding principal of approximately HK$13.5 million and related accrued interest. The Company is currently in discussions with the relevant bank to replace the Disposal Group with the Company as the borrower. Accordingly, the Company intends to repay the bank facility either upon maturity or earlier, depending on the bank's processing timeline. A provision of approximately HK$13.6 million was recognised for the financial guarantee contracts as at 31 March 2025.

Further details of the disposal are disclosed in Note 31(a) to the consolidated financial statements, as well as in the Company's announcements dated 27 March 2025 and 31 March 2025, and the circular dated 23 May 2025. A net disposal gain of approximately HK$18.1 million was recognised in profit or loss for the Year.

Construction and property development related business – continuing operations

Revenue from the construction and property development segment amounted to approximately HK$260.9 million for the Year, representing a decrease of HK$39.3 million or 13.1% compared to approximately HK$300.2 million in the Previous Year.

The decline was mainly due to the substantial completion of several major projects in the PRC and Malaysia during the Year, resulting in reduced revenue recognition from contracts on hand. Additionally, the Group formally withdrew from its construction project in Philippines following a mutual agreement with the landowner, who cited financial constraints and a challenging property market environment.

Nevertheless, the Group secured new construction contracts in Cambodia, including the development of a factory for a renowned tyre manufacturer, which contributed approximately HK$56.2 million in revenue during the Year.

The revenue analysis by category is shown as follows:

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
The PRC construction sector	**30,582**	46,420
Malaysia construction sector	**174,052**	213,214
Philippines construction sector	**–**	40,598
Cambodia construction sector	**56,246**	–
Philippines property development sector	**–**	108,967
	260,880	409,199

The gross profit margins by categories of work performed are set out below:

	Year ended 31 March	
	2025	2024
The PRC construction sector	**1.6%**	1.7%
Malaysia construction sector	**2.3%**	3.9%
Cambodia construction sector	**2.0%**	–
Philippines construction sector	**–**	4.8%
Philippines property development sector	**–**	-46.6%

During the Year, the Group recorded a gross profit of approximately HK$3.8 million (2024: gross loss of approximately HK$39.8 million) from its construction and property development-related business. The significant turnaround in gross profit was primarily due to a one-off loss of approximately HK$50.8 million recognised in the Previous Year from the sale of a property under development in Philippines.

Excluding this one-off loss, the gross profit for the Previous Year would have been approximately HK$11.0 million, which is HK$7.2 million higher than the current year's result. The year-on-year decrease in gross profit was mainly attributable to lower contributions from the Malaysia construction sector, which generated a gross profit of approximately HK$4.0 million for the Year, compared to HK$8.3 million in the Previous Year. A decline in gross profit of HK$4.3 million was mainly due to the substantial completion of several major projects.

Trading business

The Group is engaged in the trading of chemical materials. During the Year, the Group recorded revenue of approximately HK$55.4 million (2024: approximately HK$72.1 million) and a gross profit of approximately HK$0.06 million (2024: gross profit of approximately HK$0.03 million).

Net impairment losses on financial and contract assets

Net impairment loss on financial and contract assets for the Year amounted to approximately HK$40.4 million (2024: HK$3.4 million). The increase in the provision was primarily driven by a reassessment of the credit risk profile of outstanding receivables, taking into account historical default rates, prevailing credit conditions, and updated information available to the Group. The significant rise in impairment loss was mainly attributable to provisions made against receivables related to the construction segment in the PRC and Philippines. Specifically, an impairment loss of approximately HK$19.0 million was recognised on total receivables of approximately HK$40.5 million related to Philippines segment, while an impairment loss of approximately HK$21.7 million was recognised on total receivables of approximately HK$122.8 million related to the PRC segment. These provisions were based on an evaluation of the broader property market conditions in the respective regions and individual assessments of the counterparties' credit profiles.

Other gain/(losses), net

Other gain, net for the Year was approximately HK$0.1 million, compared to other losses, net of approximately HK$0.9 million in the Previous Year. The change was mainly attributable to an exchange gain of approximately HK$0.2 million during the year (2024: exchange loss of approximately HK$0.6 million).

Administrative expenses

Administrative expenses for the Year decreased to approximately HK$26.4 million, representing a reduction of HK$4.9 million compared to approximately HK$31.3 million in the previous year. This decrease was mainly due to a reduction in staff costs of approximately HK$2.5 million and a drop in professional fees of approximately HK$1.9 million. In addition, depreciation expenses declined by approximately HK$1.4 million, driven by the full depreciation of right-of-use assets upon the expiry of the lease term of the Group's New Zealand office.

Finance costs

Finance costs for the Year amounted to approximately HK$0.3 million, significantly down from approximately HK$7.8 million in 2024. The decrease was primarily due to the absence of finance costs relating to the property under development in Philippines, which accounted for HK$6.9 million in the Previous Year. This property was sold in the prior year, and therefore no such cost was incurred in the current year.

Other comprehensive expense

Other comprehensive expense for the Year amounted to approximately HK$12.8 million, compared to HK$15.9 million in the previous year. This reduction was mainly due to a smaller exchange loss arising from the translation of foreign operations. A fair value loss of approximately HK$10.2 million was recorded during the year, compared to a similar loss of HK$10.1 million in the previous year, in relation to the Group's investment in the common shares of a company listed on the Philippine Stock Exchange, Inc. An exchange loss of approximately HK$1.9 million was also recognised during the Year, significantly lower than the HK$5.7 million exchange loss recorded in the previous year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the Group had net current assets of approximately HK$19.6 million (2024: approximately HK$77.6 million). Current ratio of the Group as at 31 March 2025 was approximately 1.13 times (2024: approximately 1.15 times).

As at 31 March 2025, the gearing ratio, calculated based on the net debt divided by total capital plus net debt, was approximately 23% (2024: approximately 40%). Net debt is calculated as the total of amount due to immediate holding company, bank borrowings and lease liabilities, net of cash and cash equivalents. Capital includes equity attributable to owners of the Company.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Year.

COMMITMENTS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

On 27 March 2025, the Company entered into a conditional sale and purchase agreement (the "**Agreement**") to dispose of the Disposal Group. The disposal constituted a major transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). As no shareholder had a material interest in the Agreement or the transactions contemplated thereunder, no shareholder was required to abstain from voting at the general meeting. All conditions precedent to the Agreement were satisfied, and completion took place on 31 March 2025. Further details of the disposal are disclosed in Note 31(a) to the consolidated financial statements, as well as in the Company's announcements dated 27 March 2025 and 31 March 2025, and the circular dated 23 May 2025. A net disposal gain of approximately HK$18.1 million was recognised in profit or loss for the Year.

Save as disclosed herein, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

CONTINGENT LIABILITIES

Save for certain litigations involved, the Group did not have any material contingent liabilities as at 31 March 2025 (2024: Nil).

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group's credit risk is primarily attributable to other receivables in relation to a transferred construction project, trade and retention receivables and deposits with banks. During the Year, the Group has received all remaining receivable and interest. The credit risk of the Group's trade and retention receivables is concentrated since 92% of which was derived from three major customers as at 31 March 2025 (2024: 73%). The Group's major bank balances are deposited with banks with good reputation and hence the management does not expect any losses from non-performance by these banks. In relation to the management of liquidity risk, the Group's policy is to regularly monitor the liquidity requirements in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet the liquidity requirements in short and long term.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2025, the Group did not hold any significant investment with a value of 5 per cent. or more of the Group's total assets.

CHARGE OF GROUP'S ASSETS AND SECURITIES FOR BANKING FACILITIES

As at 31 March 2025, the Group's bank borrowings and other banking facilities are pledged by bank deposits amounting to approximately HK$nil (2024: HK$56.5 million) and leasehold land and building with an carrying value of approximately HK$22.6 million (2024: HK$23.8 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group employed a total of 16 staffs employed on a full-time basis. Staff costs, including Directors' emoluments, of the Group amounted to approximately HK$15.2 million for the Year (2024: approximately HK$17.8 million). Remuneration of the employees is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

PRIOR YEAR ADJUSTMENT

There is no prior year adjustment made in the consolidated financial statements of the Group for the Year.

SUBSEQUENT EVENTS

There is no subsequent event after the Year which has a material impact to the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Board recognised that transparency and accountability are important to a listed company. Therefore, the Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's stakeholders as a whole.

The Board has adopted and, saved as disclosed below, complied with the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The following is a summary of work performed by the Board in determining the policy for the corporate governance of the Company during the year ended 31 March 2025:

(1) developed and reviewed the Company's policies and practices on corporate governance;

(2) reviewed and monitored the training and continuous professional development of Directors and senior management;

(3) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(4) developed, reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors; and

(5) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

In the opinion of the Board, the Company has complied with the provisions of the CG Code for the Reporting Year except for the following deviation.

CG Code Provision C.5.1 stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Reporting Year, only two regular board meetings were convened. However, the management have regularly updated the Board for the Group's business development with performance review through electronic means of communication. All the Board members are encouraged to express their opinions on the Company's matters. The Board was consulted for every crucial decision and the written resolutions were also circulated to all the Directors to obtain the board consents. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code. However, the Company will consider to hold regularly board meetings at approximately quarterly intervals in the future.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Appendix 10 of the Listing Rules (the "**Model Code**"). The Company periodically issues notices to its Directors reminding them to the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiries with the Directors, our Directors have confirmed that they have complied with the required standard of dealings regarding securities transactions by the Directors throughout the Reporting Year.

BOARD OF DIRECTORS

As at 31 March 2025, the Board comprised six Directors, including two Executive Directors, one Non-executive Director and three Independent Non-executive Directors. As at the date of this report, the Board comprised the following Directors:

Executive Directors
Mr. Chen Zhenghua *(Chairman)*
Mr. Zhang Fangbing *(Chief Executive Officer)*
Mr. Cao Lei *(resigned on 2 September 2024)*
Mr. Sun Xiaoran *(appointed on 14 April 2025)*

Non-executive Director
Ms. Li Yuping *(appointed on 11 December 2024)*

Independent Non-executive Directors
Prof. Lam Sing Kwong Simon
Mr. Lum Pak Sum
Mr. Gong Zhenzhi

The Board believes that the number of executive and non-executive directors is reasonable and adequate to provide sufficient balances that would safeguard the interests of the shareholders.

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 is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors make decisions objectively in the interests of the Company. The Board has the full support from the Executive Directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the Executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the Executive Director(s) and senior management. The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code and the disclosures in this annual report. All Directors, including Non-executive Director and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent Non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee (as defined under the paragraph headed "Board Committees").

The biographical details of the Directors and other senior management are set out in the section headed with "Biographical Details of Directors and Senior Management" from pages 6 to 9 of this annual report. Save as disclosed in the section "Biographical Details of the Directors and Senior Management" in this annual report, each of the Board members has no financial, business, family or other material or relevant relationships with each other.

CHIEF EXECUTIVE OFFICER ("CEO")

The Company has appointed Mr. Zhang Fangbing ("**Mr. Zhang**") as CEO on 15 January 2020. The biographical details of Mr. Zhang are set out in the section headed with "Biographical Details of Directors and Senior Management" of this annual report.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") from the date of Listing up to the date of this corporate governance report. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

The Company is committed to provide equal opportunities in all aspects of its business and not to discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor so as to enable the Company to serve its shareholders and other stakeholders going forward.

The Company would enhance the effectiveness of the Board by maintaining the highest standards of corporate governance and recognising and embracing the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors mentioned above. In forming its perspectives on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

The Board endeavors to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies and to maximise the Board's effectiveness.

Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness and disclose any measurable objectives it has set in this regard, if any.

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

(A) at least one of members of the Board shall be female;

(B) at least one-third of the members of the Board shall be independent non-executive Directors;

(C) at least one of the members of the Board shall have obtained accounting or other professional qualifications;

(D) at least 75% of the members of the Board shall have more than 5 years of experience in the industry he/she is specialised in; and

(E) at least one of the members of the Board shall have PRC-related working experience.

All the measurable objectives under Board Diversity Policy have been achieved during the Reporting Period. The Board will continue to monitor the composition of the Board to ensure that Board diversity is maintained

The Nomination Committee will monitor the implementation of the Board Diversity Policy and recommend any proposed changes to the Board for approval. The Nomination Committee will review the Board Diversity Policy as appropriate from time to time to ensure its effectiveness.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy during the Reporting Year.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the end of Reporting Period:

	Female	Male
Board	12.5% (1)	87.5% (7)
Senior Management	0.0 (0)	100.0% (2)
Other employees	23.3% (3)	76.7% (3)
Overall workforce	25.0% (4)	75.0% (12)

The Board had targeted to achieve and had achieved at least 12.5% (one) female Director of the Company and believes that the present gender diversity is satisfactory.

During the Reporting Period, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

MECHANISM TO ENSURE INDEPENDENT VIEWS AND INPUTS TO THE BOARD

To ensure that independent views and input are available to the Board, the following mechanism has been established by the Board:

– Where appropriate, the Company shall arrange suitable and sufficient resources to cover any matters relating to the obtaining of an independent opinion by the Board, including but not limited to the engagement of a legal team or any other professionals for such purpose;

– Where appropriate, the Directors shall give at least three working days' notice to the Company Secretary of the Company to obtain an independent opinion, including but not limited to engaging a professional team for such purpose;

– The Board is required to review its structure, size, composition (including skills, knowledge and experience) and diversity policy at least annually to ensure that the composition of the Board complies with the relevant requirements of the Listing Rules including maintaining a balanced mix of executive and non-executive Directors (including independent non-executive Directors) so that the Board has a strong element of independence which can effectively exercise independent judgment; and

– If all the independent non-executive Directors have served on the Board for more than nine years, the Company should consider to appoint a new independent non-executive Director at the forthcoming annual general meeting.

The Board has reviewed the implementation and effectiveness of the said mechanism during the year ended 31 March 2025 and considered that it has been implemented effectively and will continue to monitor its implementation and effectiveness on an annual basis.

ATTENDANCE RECORDS OF MEETINGS

The Company convened and held two regular Board meetings during the Reporting Year.

Additional Board meetings will be convened, as and when required, to deal with ad hoc issues. Any Director who is not able to present physically may participate at any Board meeting through electronic means of communication, such as conference phone or other similar communication equipment, in accordance with the Articles.

During the year ended 31 March 2025, the Board held 4 Board meetings and passed resolutions by way of written resolutions. The attendance record of each Directors is set out in the table on page 23 of this annual report.

Notice convening each regular Board meeting is sent at least 14 days in advance, and reasonable notice is given for other Board meetings and committee meetings. The Company Secretary assists the Board to prepare the meeting notice and agenda. Each Director may include any item in the agenda. The agenda, accompanied by meeting papers with sufficient and reliable information, are sent to each Director at least 3 days before each Board meeting or committee meeting to enable the Directors to make informed decisions on the matters to be discussed, except where a Board meeting or committee meeting is convened on a very urgent basis to consider any urgent ad hoc matter.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes will normally be circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

During the Reporting Year, four Board meetings, three Audit Committee meetings, one Remuneration Committee meeting, two Nomination Committee meetings, one Risk Management Committee meeting and the 2024 annual general meeting ("**AGM**") were held. Details of individual Directors' attendance at these meetings are set out in the following table:

	Attended/Eligible to attend					
Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration on Committee Meeting**	**Nomination Committee Meeting**	**Risk Management Committee**	**AGM**
Executive Directors						
Mr. Chen Zhenghua	4/4	N/A	N/A	2/2	N/A	1/1
Mr. Zhang Fangbing	4/4	N/A	1/1	N/A	N/A	1/1
Mr. Cao Lei *(resigned on 2 September 2024)*	1/4	N/A	N/A	N/A	N/A	1/1
Mr. Sun Xiaoran *(appointed on 14 April 2025)*	0/4	N/A	N/A	N/A	N/A	N/A
Non-executive Director						
Ms. Li Yuping *(appointed on 11 December 2024)*	1/4	N/A	N/A	N/A	N/A	N/A
Independent Non-Executive Directors						
Prof. Lam Sing Kwong, Simon	4/4	3/3	1/1	2/2	1/1	1/1
Mr. Lum Pak Sum	4/4	3/3	1/1	N/A	1/1	1/1
Mr. Gong Zhenzhi	4/4	3/3	N/A	2/2	1/1	1/1

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our Executive Directors and Non-executive Director has entered into a service contract with our Company upon appointment and we have issued letters of appointment to each of our independent non-executive Directors. The service contracts with our Executive Directors and Non-executive Director are for an initial term of three years commencing from the date of appointment. The letters of appointment with each of our Independent Non-executive Directors are for an initial fixed term of three years commencing from the date of appointment. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles and the applicable Listing Rules.

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

The Company has three Independent Non-executive Directors which complies with Rule 3.10(1) of the Listing Rules. Among the three Independent Non-executive Directors, Mr. Lum Pak Sum has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Independent Non-executive Directors represent at least one-third of the Board in compliance with Rule 3.10A of the Listing Rules.

Independent Non-executive Directors are appointed for three years subject to retirement by rotation and re-election in accordance with the Articles. Each of the Independent Non-executive Directors is required to inform the Company as soon as practicable if there is any change that may affect his independence. The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independency pursuant to Rule 3.13 of the Listing Rules and the Company considers these Independent Non-executive Directors to be independent.

Pursuant to article 84(1) of the Articles, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office and shall be eligible to offer themselves for re-election. In addition, separate ordinary resolutions in relation to the proposed re-election of the retiring Directors should be put forward to the shareholders in the annual general meeting. The term of office of the Directors who have been re-elected shall commence from the date of the annual general meeting which approves their re-appointments and end at the conclusion of the third subsequent annual general meeting of the Company.

The Company has taken out directors and officers liability insurance to cover liabilities arising from legal action against the Directors.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director will be given an induction training so as to ensure that he has appropriate understanding of the Group's business and of his duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules.

Training and Support for Directors

The Company has established procedures for training and development of Directors. Newly appointed Director will be provided with comprehensive, formal and tailored induction upon his/her appointment and, subsequently, necessary briefing and professional development so as to ensure the Directors have adequate understanding and to strengthen their awareness of the business and operation of the Group, their responsibilities and obligations under the statutory and common laws, the Listing Rules, laws and other regulatory requirement and governance policies, to enable the Directors to discharge their duties properly. The Company Secretary maintains proper records of training attended by the Directors.

The summary of training received by the Directors during the year is as follows:

Directors	**Training Matters** *(Note 1)*
Executive Directors	
Chen Zhenghua *(Chairman)*	A, B
Zhang Fangbing *(Chief Executive Officer)*	A, B
Cao Lei *(resigned on 2 September 2024)*	A, B
Sun Xiaoran *(appointed on 14 April 2025)*	A, B
Non-executive Director	
Li Yuping *(appointed on 11 December 2024)*	A, B
Independent Non-executive Directors	
Prof. Lam Sing Kwong, Simon	A, B
Lum Pak Sum	A, B
Gong Zhenzhi	A, B

Note 1: A. corporate governance
B. regulatory

BOARD COMMITTEES

The Board has established four board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") and the risk management committee (the "**Risk Management Committee**"). Save for the Risk Management Committee, the written terms of reference are available on the websites of the Stock Exchange and the Company.

All Board committees are provided with sufficient resources to perform their duties, and upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, reviewing the Company's compliance with the code provisions in the CG Code and disclosures in this annual report.

AUDIT COMMITTEE

The Company established the Audit Committee on 16 March 2015 with written terms of reference in compliance with the Listing Rules. In accordance with provisions set out in the CG Code, these terms of reference are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three Independent Non-executive Directors, namely Prof. Lam Sing Kwong, Simon, Mr. Lum Pak Sum and Mr. Gong Zhenzhi. The chairman of the Audit Committee is Mr. Lum Pak Sum, who has appropriate professional qualifications and experience in accounting matters.

The main duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the external auditor's independency, objectivity and the effectiveness of the audit process and to discuss the nature and scope of the audit with the external auditor. It is also responsible for reviewing: (i) the interim and annual financial statements before submission to the Board and (ii) financial control, internal control and risk management systems of the Company.

The consolidated financial statements of the Group for the Reporting Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Reporting Year has complied with the applicable accounting standards, Listing Rules and that adequate disclosures have been made. The Audit Committee had reviewed the Group's consolidated financial statements for the Reporting Year.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the Reporting Year.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established on 16 March 2015 comprising one Executive Director, namely Mr. Zhang Fangbing and two Independent Non-executive Directors, namely Prof. Lam Sing Kwong, Simon and Mr. Lum Pak Sum. Prof. Lam Sing Kwong, Simon is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policies and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the Reporting Year.

NOMINATION COMMITTEE

The Nomination Committee was established on 16 March 2015 comprising one Executive Director, namely Mr. Chen Zhenghua and two Independent Non-executive Directors, namely Prof. Lam Sing Kwong, Simon and Mr. Gong Zhenzhi. Mr. Gong Zhenzhi is the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of The Stock Exchange.

The primary duties of the Nomination Committee are to review and assess the structure, size and diversity of the Board and the independence of the Independent Non-executive Directors and makes recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board. In designing the Board's composition, board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

RISK MANAGEMENT COMMITTEE

The risk management committee has been established since March 2015 and currently comprises 3 independent Non-executive Directors. The members of the risk management committee include Mr. Lum Pak Sum (as Chairperson), Prof. Lam Sing Kwong, Simon and Mr. Gong Zhenzhi.

The major duties of the risk management committee are (i) to consider and formulate risk management framework, (ii) to review and assess the effectiveness of the Group's risk management framework, and (iii) to monitor and ensure the effective implementation of relevant risk management measures. The risk management committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the risk management committee held a meeting to review and discuss the following items:

– the Group's risk management work report for 2024;

– the updates on the major risks and core risk indicators of the Company and the Group's business segments in 2025;

– the effectiveness of risk management system;

– the risk management work plan for 2025;

– the Environmental, Social and Governance Report 2024;

– report of a sustainable development steering group on ESG risk management work; and

– the Group's risk management work report for the first half of 2025.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the members of directors and the senior management by band for the Reporting Year is set out below:

Remuneration band	Number of persons
Less than HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	1
HK$2,000,001 or above	–

Particulars regarding Directors' remuneration and the five highest paid employees are required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in Notes 10 and 11 to the consolidated financial statements in this annual report.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the consolidated financial statements of the Group. As at 31 March 2025, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, Crowe (HK) CPA Limited, about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report included in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee and the Risk Management Committee assist the Board in fulfilling its oversee and corporate governance roles in the Group's financial, operational, procedural compliance, risk management and internal control functions.

Main features of the systems

The Group has established a risk management framework integrated with the internal control system, which includes, but not limited to the participation of the Board, the Audit Committee and the Risk Management Committee. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the effectiveness of risk management. The Risk Management Committee meets, at least on an annual basis, to review the overall risk management strategies and the risk tolerance/appetite level to assess the effectiveness of the Group in mitigating risks. On a daily basis, the management monitor the business operations to ensure their internal controls are implemented as intended. Any weaknesses identified would be remediated by the management immediately.

Risk identification process

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group. Such process comprises the following stages:

1. Risk identification – identify potential risks and recorded into the risk register, which summarize into four categories: reporting, operational, strategic and compliance risk;

2. Risk assessment and prioritisation – assess the risks in terms of impact and vulnerability, then assign a rating and prioritise in descending order;

3. Risk response – risk can be accepted, mitigated, shared, or avoided. A remediation plan will be established to respond to the identified risks;

4. Risk monitoring – monitor the effectiveness of the remediation plan on a periodic basis.

Procedures for the handling and dissemination of inside information

The Board has established a policy on the procedures and internal controls for the handling and dissemination of inside information. For any material violation of this policy, the Board will decide, or designate appropriate personnel to decide the course of actions for rectifying the problems and avoiding recurrence. The Group handles and disseminates inside information with due care. Staff is required to comply with confidentiality terms. Only personnel at appropriate level can get reach of price sensitive and inside information.

Internal audit

An independent consulting firm (the "**Firm**") has been engaged to work with the Group to perform the Internal Audit functions. Key risks and internal controls for selected processes are assessed by the Firm. The review results and proposed recommendations are communicated to senior management, the Audit Committee and the Risk Management Committee. The Board, through the Audit Committee and the Risk Management Committee, has reviewed the results of the work done by the Firm in relation to the effectiveness of the internal control and risk management systems of the Group. In response to any material internal control defects identified, the Firm would provide recommendations for major observations of control weaknesses. Management will take suggestions raised by the Firm to further enhance its risk management and internal control systems.

The Board oversees the management in designing, implementing and monitoring the risk management and internal control (including financial, operational and compliance controls) systems on an on-going basis, and the management confirms with the Board (which the Board concurs) on the effectiveness and adequacy of these systems. The Board has conducted annual review on the effectiveness and adequacy of the Group's risk management and internal control systems, including changes in the nature and extent of significant risks (including environmental, social and governance risks) since the last annual review, the ability of the Group to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of risks and the internal control system, the work of internal audit function, the extent and frequency of communication of monitoring results to the Board and the Board Committees to enable the assessment of the effectiveness of the Group's risk management and internal control systems, as well as the significant control failings or weaknesses that have been identified during the year and the extent to which they have resulted in a material impact on the Group's financial performance or condition. Based on the foregoing review, the Audit Committee and the Board considered the risk management and internal control systems to be effective and adequate during the year.

AUDITOR'S REMUNERATION

The report from the auditor of the Company regarding their responsibilities and opinion on the financial statements of the Group for the year ended 31 March 2025 is set out in the "Independent Auditor's Report" in this annual report. The Board has taken steps to ensure the continued objectivity and independence of the external auditor. For the year ended 31 March 2025, the remunerations paid/payable to the external auditor of the Company were approximately HK$1.03 million in respect of audit services provided to the Group. Details of services and the fees incurred are as follows:

	HK$'000
Audit services	950
Other services	80
	1,030

PERMITTED INDEMNITY PROVISION

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the Directors and directors of the subsidiaries of the Company.

REVIEW OF THE EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has continued to oversee the management in the design, implementation and monitoring of the risk management and internal control systems. It conducted a comprehensive review of the risk management and internal control systems of the Company during the year, and continuously oversees major risks and regularly reviews the implementation of management and control measures covering the period of 2025. Based on its review and the advice from the audit committee and the risk management committee, it considered that the risk management and internal control systems are effective and adequate.

COMPANY SECRETARY

Mr. Fung Kwok Wai ("**Mr. Fung**") is the Company Secretary of the Company, whose biographical details are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. Mr. Fung has informed the Company that he has taken more than 15 hours of relevant professional training for the Reporting Year. The Company considers that the training of the Company Secretary is in compliance with the requirements under Rule 3.29 of the Listing Rules for the Reporting Year.

DIVIDEND POLICY

The Company intends to create long-term value for the Shareholders through maintaining a balance between dividend distribution, preserving adequate liquidity and reserve to meet its working capital requirements and capturing future growth opportunities. The declaration and payment of dividends by the Company is subject to any restrictions under the Companies Law of the Cayman Islands, the Company's memorandum and articles of association, and any other applicable laws and regulations.

The Board adopted a dividend policy (the "**Dividend Policy**") to provide guidance on whether to propose a dividend and to guide the Board to consider, inter alia, the following factors in determining the dividend amount:

- the Group's actual earnings performance;
- retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;
- the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and internal or external factors that may have an impact on the business, financial results and position of the Company; and
- other factors that the Board may deem appropriate and relevant.

The Board will review the Dividend Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that any dividend will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interest and rights, separate resolutions can be proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the website of The Stock Exchange and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to the articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this annual report).

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors and welcomes suggestions from investors, shareholders and the public.

Enquiries and concerns to the Board and the Company may be sent by post to the head office and principal place of business of the Company in Hong Kong at "Unit 3401, 118 Connaught Road West, Hong Kong", for the attention of the Board and/or the company secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

The Company has conducted the annual review of the implementation and effectiveness of the Shareholders' Communication Policy and concluded that the policy was implemented effectively during the year ended 31 March 2025.

The Company has established several channels to communicate with the shareholders and investors as follows:

(a) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange "www.hkexnews.hk" and the Company's website at "www.kwanonholdings.com";

(b) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(c) corporate information is made available on the Company's website;

(d) Annual general meetings and extraordinary general meetings provide an opportunity for communication between the Board and the shareholders. The Chairman of the Board as well as the Chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective Committees normally attend shareholders 'meetings of the Company to answer shareholders' questions. For further details on the Group's communication policy regarding the convening of extraordinary general meetings upon shareholder requisition, please refer to the section titled "SHAREHOLDERS' RIGHTS."; and

(e) the Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

ENVIRONMENTAL POLICY

Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group encourages environmental protection and promotes awareness towards environmental protection to the employees. Our Group implements green office practices which include double-sided printing, copying, promoting the use of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. Our Group will review the environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of our Group's business and enhance environmental sustainability.

ESG POLICIES AND PERFORMANCE

During the Reporting Year, the Group has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance ("**ESG**") Reporting Guide. Information about the Company's ESG policies and performance during the Reporting Year will be set out in the Environmental, Social and Governance Report to be available on the Company's website.

CONSTITUTIONAL DOCUMENTS

No changes were made to the amended memorandum and articles of association of the Company during the year ended 31 March 2025.

WHISTLEBLOWING POLICY

The Company has a whistleblowing policy and system in place for employees and those who deal with the Company (such as customers and suppliers) to raise concerns in confidence and anonymity. For further details, please refer to the Environmental, Social and Governance Report.

ANTI-CORRUPTION POLICY

The Company has established anti-corruption policy and system that promote and support anti-corruption laws and regulations. For further details, please refer to the Environmental, Social and Governance Report.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2025 (the "**Reporting Year**").

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 1 to the consolidated financial statements. There was no significant change in the Group's principal activities during the Reporting Year.

FINANCIAL RESULTS

The results of the Group for the Reporting Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 53 and 54 of this annual report.

BUSINESS REVIEW

Further discussion and analysis of the business activities of the Group, including a business review of the Group for the Reporting Year and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis as set out on pages 10 to 16 of this annual report. These discussions form part of this Directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, the principal risks and uncertainties faced by the Group are set out below:

Our revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of our projects would affect our operations and financial results

The majority revenue during the Reporting Year was derived from undertaking in building works in the Southeast Asia and PRC. Our engagements with customers were on a project basis and non-recurring in nature. We did not enter into any long term agreement or master service agreement with our customers as at the date of this annual report. After completion of the projects, our customers are not obliged to engage us again in subsequent projects, and we have to undergo the tendering process for every new project. There is no assurance that our existing customers will award new projects to us, nor can we guarantee that we would be able to maintain our business relationships with existing customers. In the event that we are unable to attract new customers or secure new projects from our existing customers, there may be a significant decrease in our revenue, and our operations and financial results would hence be adversely affected.

Our Group's business is labour-intensive. If we or our subcontractors experience any shortage of labour, industrial actions, strikes or material increase in labour costs, our operations and financial results would be adversely affected

Our construction works are labour-intensive in nature. During the Reporting Year, our Group and our subcontractors did not experience any material shortage of labour, industrial actions, strikes or material increase in labour costs. However, there is no assurance that we will not experience these problems in the future when the peak load of construction activities is ongoing. In the event that there is a significant increase in the costs and demand of labour and we have to retain our labour by increasing their wages, our staff cost and/or subcontracting cost will increase and thus lower our profitability. On the other hand, if we or our subcontractors fail to retain our existing labour and/or recruit sufficient labour in a timely manner to cope with our existing or future projects, we may not be able to complete our projects on schedule and within budget, our Group's operations and profitability may be adversely affected.

Our Group has been committed to exploring the business opportunity in different markets and may encounter business risk in oversea business markets

In order to enhance its overall business development and profitability, the Group has been committed to exploring business opportunities in different markets in recent years, including construction work in the Republic of the Philippines and Malaysia, and trading of chemical material business in Mainland China. Although the Group has adhered to the principle of prudent, orderly and steady advancement to the new business, the relevant business, financial condition and results of operations are still subject to risks and uncertainties in the countries in which the operations are conducted, including but not limited to international, regional and local economic and political conditions, Regulatory policies, local government policies and threshold requirements for infrastructure projects, restrictions on foreign investment and repatriation of earnings. In the event of any adverse change in these operating environments and laws, regulations or policies, the Group may be required to revoke or revise the existing arrangements in such countries, which may adversely affect its business, financial condition and results of operations.

Based on above, the Company considers the above communication policy by way of regular updates on the business and financial information of the Group through the publication of annual and interim reports, meetings with investors and face-to-face communications at annual general meetings are effective and adequate.

ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is dedicated to maintain sustainable working practices and pay close attention to ensure all resources are efficiently utilised. We strive to become an environmental-friendly corporation, and that we had placed an environmental officer in each of our contract to monitor and implement the project environmental management system.

We have an environmental management plan for each contract undertaken by our Group, which sets out our general environmental policies, organisational structure and responsibilities of our environmental protection team, in-house rules and regulations, environmental performance monitoring, implementation measures, waste management measures and review of requirements.

The Group and its business activities are subject to requirements under various laws. The Group has put in place in-house rules containing measures and work procedures to ensure that the Group's operation is in compliance with the applicable laws and regulations. Currently, the Company has engaged independent local legal advisors in various cities in Mainland China and in overseas locations such as Malaysia to seek legal advice for its projects. In addition, during the supervision of project subcontractors, the Company has also ensured that all subcontractors comply with relevant local legal requirements, including those related to environmental protection and social responsibility.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors are of view that employees, customers and business partners are the keys to the sustainable development of the Group. Our Directors believe that our Group maintains good working relations with its employees and business partners and it endeavours to improve the quality of services to the customers.

Employees are regarded as the most important and valuable assets of the Group. We provide various types of trainings to our employees, including (i) conducting in-house continuous professional development seminars; (ii) subsidising our staff in pursuing further studies in related fields; and (iii) provision of safety training programme to staff to enhance their safety awareness.

The Group also stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the largest customer accounted for approximately 20% (2024: 35%) of the Group's total revenue. The five largest customers accounted for approximately 82% (2024: 82%) of the Group's total revenue for the Reporting Year.

The Group's five largest suppliers together accounted for approximately 64% (2024: approximately 18%) of the Group's total cost of sales for the Reporting Year. The largest supplier accounted for approximately 19% (2024: approximately 6%) of the total cost of sales of the Group for the Reporting Year.

Other than as set out in the paragraph above, to the best knowledge of the Directors, neither the Directors, their close associates (as defined in the Listing Rules), nor any Shareholders, who owned more than 5% of the Company's issued voting shares, had any beneficial interest in any of the Group's five largest customers or suppliers during the Reporting Year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Year are set out in Note 14 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme (the "**Scheme**") of the Company was adopted on 16 March 2015. The Scheme will be valid and effective for a period of 10 years commencing on 16 March 2015 and was expired on 15 March 2025. There were no share option granted or agreed to be granted under the Scheme since the date of the adoption to the date of this annual report.

SHARE CAPITAL

Details of movements in share capital of the Company during the Reporting Year are set out in Note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's article of association although there are no restrictions against such rights under the laws in the Cayman Islands.

TAX RELIEF AND EXEMPTION

The Board is not aware of any relief or exemption from taxation available to our shareholders by reason of their holdings in the Shares.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Year are set out in Note 36(a) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

As at 31 March 2025, the Company's reserves of approximately HK$20,440,000 were available for distribution to the Company's shareholders.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the Reporting Year.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained public float as required under the Listing Rules.

DIRECTORS

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

Executive Directors
Mr. Chen Zhenghua *(Chairman)*
Mr. Zhang Fangbing *(Chief Executive Officer)*
Mr. Cao Lei (resigned on 2 September 2024)
Mr. Sun Xiaoran (appointed on 14 April 2025)

Non-executive Director
Ms. Li Yuping (appointed on 11 December 2024)

Independent Non-executive Directors
Prof. Lam Sing Kwong, Simon
Mr. Lum Pak Sum
Mr. Gong Zhenzhi

Pursuant to article 83(3) of the articles of association of the Company (the "**Articles**"), the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the shareholders of the Company after his appointment and be subject to re-election. 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.

Pursuant to article 84(1) 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 3), the number nearest to but not less than one-third shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

REPORT OF THE DIRECTORS

In accordance with articles 83(3) and 84(2) of the articles of association of the Company, Mr. Lum Pak Sum and Mr. Cao Lei will retire and, being eligible, offer themselves for re-election at the Company's forthcoming annual general meeting.

Biographical details of the Directors and senior management are set out in the section headed "Biographies of Directors and Senior Management". Information regarding Directors' and Chief Executive's emoluments is set out in Note 10 to the consolidated financial statements. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules have been received from each of the Independent Non-executive Directors.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 6 to 9 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors and Non-executive Director has entered into a service contract with the Company for an initial term of three years commencing from the date of appointment, as appropriate and will continue thereafter until terminated in accordance with the terms of the contract. Independent Non-executive Directors are appointed for a term of three years initially and will continue thereafter unless terminated by either party giving at least three months' notice in writing.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement or contract of significance to the Company in which a Director or an entity connected with such Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the year ended 31 March 2025.

INTERESTS IN COMPETING BUSINESS

As at the date of this annual report, none of the Directors nor their respective associates (as defined in the Listing Rules) had interests in businesses, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

The Independent Non-executive Directors have also reviewed the compliance by each of the Covenators with the Undertaking during the Reporting Year. The Independent Non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Covenators of the Undertaking given by them.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Notes 10 and 11 to the consolidated financial statements.

The Remuneration Committee of the Company will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Scheme.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in the section headed "Biographical Details of Directors and Senior Management" in this annual report, there was no change in the information of the Directors required to be disclosed under the Listing Rules for the Reporting Year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 March 2025, the interests and short positions of the Directors and CEO in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO were as follows:

Name	**Capacity**	**Number of issued shares interested**	**Approximate percentage of the issued share capital of the Company**
Mr. Chen Zhenghua ("**Mr. Chen**") *(Note 1)*	Interest of controlled corporation	1,039,456,250 (L)	55.61%

Note:

1. The interests of Mr Chen was held by Sino Coronet Group Limited ("**Sino Coronet**"), which is a wholly-owned subsidiary of Jiangsu Provincial Construction Group Co., Ltd.* (江蘇省建築工程集團有限公司) ("**Jiangsu Construction**"), which in turn is owned as to 50% by Greenland Infrastructure Group Co., Ltd.* (綠地大基建集團有限公司) ("**Greenland Infrastructure**"), 35% by Jiangsu Huayuan Investment Group Ltd.* (江蘇華遠投資集團有限公司) ("**Jiangsu Huayuan**") and 15% by Nanjing Urban Development & Equity Investment Partnership Corporation Ltd. (Limited Partnership)* (南京城開股權投資合夥企業(有限合夥)) ("**Nanjing Urban Development**"). Jiangsu Huayuan is owned as to 99% by Mr. Chen and 1% by Ms. Dou Zhenghong.

    * The English name is for identification purpose only.

Save as disclosed above, none of the Directors or Chief Executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer referred to Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31 March 2025, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and CEO.

Name	Capacity	Number of issued shares interested	Approximate percentage of the issued share capital of the Company
Sino Coronet Group Limited	Beneficial owner *(Note 1)*	1,039,456,250	55.61
Jiangsu Provincial Construction Group Co., Ltd.* 江蘇省建築工程集團有限公司	Interest of controlled corporation *(Note 1)*	1,039,456,250	55.61
Jiangsu Huayuan Investment Group Ltd.* 江蘇華遠投資集團有限公司	Interest of controlled corporation *(Note 1)*	1,039,456,250	55.61
Greenland Infrastructure Group Co., Ltd.* 綠地大基建集團有限公司	Interest of controlled corporation *(Note 1)*	1,039,456,250	55.61
Greenland Holding Group Co., Ltd.* 綠地控股集團有限公司	Interest of controlled corporation *(Note 1)*	1,039,456,250	55.61
Greenland Holdings Corporation Ltd.* 綠地控股集團股份有限公司 ("**Greenland Holdings**")	Interest of controlled corporation *(Note 1)*	1,039,456,250	55.61
Mr. Chen Zhenghua 陳正華 ("**Mr. Chen**")	Interest of controlled corporation *(Note 1)*	1,039,456,250	55.61

Notes:

1. The 1,039,456,250 Shares were held by Sino Coronet, which is wholly-owned by Jiangsu Construction, which in turn is owned as to 50% by Greenland Infrastructure, 35% by Jiangsu Huayuan and 15% by Nanjing Urban Development.

   Greenland Infrastructure is wholly–owned by Greenland Holding Group Co., Ltd.* (綠地控股集團有限公司), which in turn is owned as 95% by Greenland Holdings, a company established under the laws of the PRC and listed on the Shanghai Stock Exchange (stock code: 600606) 5% by Greenland Financial Technology Group Limited (綠地金創科技集團有限公司). Greenland Holdings is owned as to 25.88% by Shanghai Greenland Investment Corporation (Limited Partnership)* (上海格林蘭投資企業(有限合夥)), 25.82% by Shanghai Land (Group) Co., Ltd.* (上海地產(集團)有限公司) and 20.55% by Shanghai Municipal Investment (Group) Corporation* (上海城投(集團)有限公司).

   Jiangsu Huayuan is owned as to 99% by Mr. Chen and 1% by Ms. Dou Zhenghong.

   * The English name is for identification purpose only.

Save as disclosed above, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would fall to be 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 as at 31 March 2025.

CONNECTED TRANSACTIONS

Details of the significant related party and connected transactions of the Group are set out in Note 38 to the consolidated financial statements. The related party transactions set out in Note 38 to the consolidated financial statements were fully exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at 31 March 2025, a performance deposit amounted to PHP198,545,576 (equivalent to approximately HK$26,959,000) was paid to the land owner for construction project in the Republic of the Philippines. It was secured by the pledge of entire equity interests in the land owner and guaranteed by a substantial shareholder of the Company. The guarantee was conducted on normal commercial terms and is not secured by the asset of our Group.

During the year ended 31 March 2025, the amount due to a substantial shareholder amounted to HK$28,940,000, which is unsecured, interest-free, repayable on demand.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors.

EQUITY-LINK AGREEMENTS

Save as disclosed in this annual report relating to share option scheme, no equity-link agreement have been entered into during the Reporting Year or subsisted at the end of the Reporting Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries, during the year.

MANAGEMENT CONTRACTS

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

EMPLOYEES AND REMUNERATION POLICIES

The employees and remuneration policies of the Group during the Reporting Year is set out in the subsection headed "Employees and Remuneration Policies" on page 16 of this annual report. The content is part of the Management Discussion and Analysis.

There is no service contract, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation) of any director.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than shareholdings disclosed above, at no time during the Reporting Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls, risk management and financial reporting matters and the audited consolidated financial statements for the Reporting Year.

AUDITORS

The consolidated financial statements for the years ended 31 March 2025 and 2024 have been audited by Crowe (HK) CPA Limited ("**Crowe**"). A resolution will be submitted to the forthcoming annual general meeting of the Company to reappoint Crowe as auditor of the Company.

Messrs. PKF Hong Kong Limited ("**PKF**") resigned as the auditor of the Company with effect from 23 February 2023, and Crowe has been appointed as the auditor of the Company with effect from 23 February 2023 to fill in the vacancy following the resignation of PKF. The Board confirmed that there was no disagreement between PKF and the Company.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Thursday, 18 September 2025. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 11 September 2025 to Thursday, 18 September 2025 (both days inclusive), during which period no share transfers will be registered.

In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Wednesday, 10 September 2025.

On behalf of the Board
Chen Zhenghua
Chairman

Hong Kong, 30 June 2025

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF KWAN ON HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kwan On Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 53 to 163 which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 ("**HKFRSs**") 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 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.

KEY AUDIT MATTERS (continued)

A. Revenue recognition from construction contracts

Refer to note 6 to the consolidated financial statements and the accounting policies on pages 65 to 67.

The Key Audit Matter	How the matter was addressed in our audit
For the year ended 31 March 2025, the Group recognised revenue of approximately HK$393,183,000 from construction contracts. The Group's revenue from construction works is recognised over time using the input method of which the progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs. Most of the construction works take several years to complete and the scope of work may change during the construction period. Management estimates the revenue and budgeted costs at the commencement of the contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidated damages. Significant management judgements were required for estimations of revenue, budgeted costs as well as the progress of related construction works and these estimations had significant impact on the amount and timing of revenue recognised.	Our audit procedures in relation to the revenue recognition from construction contracts included the following: • understanding and evaluating the Group's process and control over contract revenue recognition and budget estimation; • testing the calculation of the revenue and profit recognised from construction contracts; • discussing with management about the progress of major projects and the forecast of contract costs, including estimated costs to completion and assessment of potential liquidated damages for major contracts; • testing, on a sample basis, the actual costs incurred on construction works during the reporting period; • testing, on a sample basis, the supporting documents of the budgets, which include subcontracting contracts, material purchase contracts/invoices and price quotations, etc.; and • comparing last year's budget against the current year's budget or actual costs incurred for major contracts on a sampling basis.

KEY AUDIT MATTERS (continued)

B. Impairment assessment on trade and other receivables and contract assets

Refer to notes 18, 19 and 34(a) to the consolidated financial statements and the accounting policies on pages 77 to 84.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2025, the Group had trade and other receivables and contract assets (including retention receivables) amounted to approximately HK$151,224,000 in aggregate, representing approximately 77% of the Group's total assets. Significant management judgement and estimates were required in assessing the recoverability of trade and other receivables and contract assets, including the assessment of the collectability from individual customers after taking into account their creditworthiness, whether they have financial difficulties, experience of default or delinquency in payments, ageing analysis and forecast of future events and economic conditions. Management judgements and estimates have a significant impact on the level of loss allowance required for trade and other receivables and contract assets. The directors of the Company assessed the impairment of trade and other receivables and contract assets based on valuation performed by an independent professional valuer (the "**Valuer**").	Our audit procedures in relation to assess the recoverability of trade and other receivables and contract assets included the following: • understanding and evaluating the design and operating effectiveness of management control over the collection and the impairment assessment of the trade and other receivables and contract assets; • testing, on a sample basis, the ageing of trade receivables at year end; • testing, on a sample basis, subsequent settlements and the latest amounts certified by quantity surveyors appointed by customers; • in respect of material trade receivable and contract asset balances, inspecting relevant contracts and correspondence with the customers, evaluating their historical progress payment records and any default or delinquency in payments, and assessing their creditworthiness with reference to publicly available information, where applicable; • evaluating the competence, capabilities and objectivity of the Valuer; • understanding and challenging the Valuer's valuation methodology, significant assumptions adopted and significant unobservable inputs used in the valuation; • testing the mathematical accuracy of the calculation of expected credit losses, on a sample basis; and • evaluating the disclosures regarding the impairment of trade and other receivables and contract assets in the respective notes to the consolidated financial statements.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 30 June 2025

Chan Wai Dune, Charles
Practising Certificate Number P00712

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Continuing operations			
Revenue	6	**316,272**	481,271
Cost of sales and services rendered		**(312,488)**	(521,068)
Gross profit/(loss)		**3,784**	(39,797)
Net impairment losses on financial and contract assets	34(a)	**(40,423)**	(3,360)
Impairment loss for property, plant and equipment	14	**(539)**	(4,479)
Gain on disposal of a subsidiary	31(b)	**4,459**	–
Other income	6	**5**	40
Other gains/(losses), net	6	**149**	(911)
Administrative expenses		**(26,444)**	(31,332)
Finance costs	7	**(286)**	(7,857)
Loss before tax		**(59,295)**	(87,696)
Income tax (expense)/credit	8	**(6,838)**	2,962
Loss for the year from continuing operations	9	**(66,133)**	(84,734)
Discontinued operations			
Loss for the year from discontinued operations	32	**(31,651)**	(105,464)
Gain on disposals of discontinued operations, net	31(a)	**18,131**	–
		(13,520)	(105,464)
Loss for the year		**(79,653)**	(190,198)
Other comprehensive expense			
Item that will not be reclassified subsequently to profit or loss:			
Fair value loss on investment in equity instrument at fair value through other comprehensive income		**(10,196)**	(10,128)
		(10,196)	(10,128)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,861)**	(5,730)
Reclassification of exchange differences upon disposals of subsidiaries		**(730)**	–
		(2,591)	(5,730)
Other comprehensive expense for the year, net of nil income tax		**(12,787)**	(15,858)
Total comprehensive expenses for the year		**(92,440)**	(206,056)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Loss for the year attributable to owners of the Company:			
From continuing operations		**(66,640)**	(49,939)
From discontinued operations		**(13,520)**	(105,464)
		(80,160)	(155,403)
Profit/(loss) for the year attributable to non-controlling interests:			
From continuing operations		**507**	(34,795)
From discontinued operations		**–**	–
		507	(34,795)
Loss for the year		**(79,653)**	(190,198)
Total comprehensive expense for the year attributable to owners of the Company:			
From continuing operations		**(81,062)**	(66,043)
From discontinued operations		**(13,278)**	(105,464)
		(94,340)	(171,507)
Total comprehensive income/(expense) for the year attributable to non-controlling interests:			
From continuing operations		**1,900**	(34,549)
From discontinued operations		**–**	–
		1,900	(34,549)
Total comprehensive expense for the year		**(92,440)**	(206,056)
Loss per share			
From continuing and discontinued operations			
Basic (HK cents)	13	**(4.29)**	(8.31)
From continuing operations			
Basic (HK cents)	13	**(3.57)**	(2.67)
From discontinued operations			
Basic (HK cents)	13	**(0.72)**	(5.64)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	**2025 HK$'000**	2024 HK$'000
Non-current assets			
Property, plant and equipment	14	**23,693**	29,148
Right-of-use assets	15	**9**	3,245
Interests in associates	16	**–**	68
Equity instrument at fair value through other comprehensive income	17	**–**	16,442
Other receivables and prepayments	18	**–**	4,339
Deferred tax asset	28	**–**	3,730
		23,702	56,972
Current assets			
Trade and other receivables	18	**92,092**	133,429
Amounts due from other partners of joint operations	30	**–**	1,903
Contract assets	19(a)	**59,519**	375,387
Equity instrument at fair value though other comprehensive income	17	**6,246**	–
Pledged bank deposits	22	**–**	56,510
Cash and cash equivalents	22	**14,487**	26,535
		172,344	593,764
Current liabilities			
Contract liabilities	19(b)	**–**	29,748
Trade and other payables	23	**98,015**	337,398
Amount due to immediate holding company	20	**28,940**	49,481
Amount due to an associate	21	**–**	24
Bank borrowings	24	**7,652**	85,058
Provisions	25	**–**	7,200
Financial guarantee contracts	26	**13,586**	–
Lease liabilities	27	**10**	3,172
Income tax payable		**4,506**	4,123
		152,709	516,204
Net current assets		**19,635**	77,560
Total assets less current liabilities		**43,337**	134,532
Non-current liabilities			
Defined benefit obligation	35(a)	**229**	229
Lease liabilities	27	**–**	234
Deferred tax liabilities	28	**39**	469
		268	932
NET ASSETS		**43,069**	133,600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	**2025 HK$'000**	2024 HK$'000
Capital and Reserves			
Share capital	29	**18,692**	18,692
Reserves		**56,979**	151,319
Equity attributable to owners of the Company		**75,671**	170,011
Non-controlling interests	37(b)	**(32,602)**	(36,411)
TOTAL EQUITY		**43,069**	133,600

The consolidated financial statements on pages 53 to 163 were approved and authorised for issue by the board of directors on 30 June 2025 and are signed on its behalf by:

Mr. Zhang Fangbing
Director

Mr. Chen Zhenghua
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	Merger reserve HK$'000 *(Note (a))*	Translation reserve HK$'000 *(Note (e))*	Contributed surplus HK$'000 *(Note (b))*	Capital reserve HK$'000 *(Note (c))*	Investment revaluation reserve HK$'000 *(Note (f))*	Reserve fund HK$'000 *(Note (d))*	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2024	**18,692**	**394,285**	**9,755**	**(22,291)**	**22,968**	**12,544**	**(25,908)**	**245**	**(240,279)**	**170,011**	**(36,411)**	**133,600**
Transfer from retained profits	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**34**	**(34)**	**–**	**–**	**–**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(80,160)**	**(80,160)**	**507**	**(79,653)**
Other comprehensive (expense)/income for the year	**–**	**–**	**–**	**(3,984)**	**–**	**–**	**(10,196)**	**–**	**–**	**(14,180)**	**1,393**	**(12,787)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(3,984)**	**–**	**–**	**(10,196)**	**–**	**(80,160)**	**(94,340)**	**1,900**	**(92,440)**
Release upon disposals of subsidiaries	**–**	**–**	**(9,755)**	**–**	**–**	**(5,091)**	**–**	**–**	**14,846**	**–**	**–**	**–**
Capital contributions from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,909**	**1,909**
At 31 March 2025	**18,692**	**394,285**	**–**	**(26,275)**	**22,968**	**7,453**	**(36,104)**	**279**	**(305,627)**	**75,671**	**(32,602)**	**43,069**
At 1 April 2023	18,692	394,285	9,755	(16,315)	22,968	12,544	(15,780)	223	(84,854)	341,518	(1,862)	339,656
Transfer from retained profits	–	–	–	–	–	–	–	22	(22)	–	–	–
Loss for the year	–	–	–	–	–	–	–	–	(155,403)	(155,403)	(34,795)	(190,198)
Other comprehensive (expense)/income for the year	–	–	–	(5,976)	–	–	(10,128)	–	–	(16,104)	246	(15,858)
Total comprehensive expense for the year	–	–	–	(5,976)	–	–	(10,128)	–	(155,403)	(171,507)	(34,549)	(206,056)
At 31 March 2024	18,692	394,285	9,755	(22,291)	22,968	12,544	(25,908)	245	(240,279)	170,011	(36,411)	133,600

Notes:

(a) The merger reserve of the Group represents the difference between the investment costs in subsidiaries and the nominal value of the issued share capital of the Group's subsidiaries. During the year ended 31 March 2025, such amount was released to accumulated losses upon disposals of subsidiaries.

(b) Contributed surplus of approximately HK$22,968,000 represents the excess of the carrying amount of the Company's share of equity value of a subsidiary acquired and the nominal amount of the Company's shares issued for such acquisition at the time of the group reorganisation which was completed on 16 March 2015.

(c) The capital reserve arose from capital contribution from equity holders resulted from the events set out below:

(i) Pursuant to a written confirmation on 23 March 2015, two of the Company's shareholders, Fortune Decade Investments Limited ("**Fortune Decade**") and Twilight Treasure Limited ("**Twilight Treasure**"), agreed to bear the listing expenses in connection with 120,000,000 sales shares sold through the placing of the Company's shares which took place during the year ended 31 March 2015 and reimbursed their share of these expenses to the Company upon the listing of shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited. The reimbursement of approximately HK$7,453,000 by these shareholders in their capacity as shareholders was accounted for as capital contribution to the Company; and

(ii) The shareholders of certain subsidiaries of the Company agreed to repay the dividends previously received by them by the way of set-off against their respective amounts receivable from those subsidiaries of the Group. Such repayment of dividends was accounted for as capital contribution to the Group. During the year ended 31 March 2025, such amount of approximately HK$5,091,000 was released to accumulated losses upon disposals of subsidiaries.

(d) Reserve fund

Pursuant to applicable PRC regulations, PRC subsidiary is required to appropriate 10% of its profit after tax (after offsetting prior years' losses) to statutory reserve until such reserve reaches 50% of the registered capital of the subsidiary. The transfer to the statutory reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilized, upon approval by the relevant authorities, to offset accumulated losses or to increase paid-in capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(e) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(f) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of equity instruments designated at fair value through other comprehensive income under HKFRS 9 that are held at the end of the reporting period.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES			
Loss before tax from continuing operations		**(59,295)**	(87,696)
Loss before tax from discontinued operations		**(31,806)**	(109,116)
Adjustments for:			
Depreciation of property, plant and equipment	9	**3,440**	6,133
Depreciation of right-of-use assets	9	**2,707**	6,043
Finance costs	7	**5,335**	17,381
Net impairment losses on financial and contract assets		**40,525**	3,420
Impairment loss for property, plant and equipment		**539**	4,479
Impairment loss for right-of-use assets		**3,358**	336
Provision for litigations	25	**2,800**	7,200
Provision for long service payments ("**LSP**")	35(a)	**–**	229
Write back of payables		**(1,488)**	(2,492)
Interest income	6	**(384)**	(644)
Gain on disposals of property, plant and equipment	6	**(418)**	(617)
Gain on disposal of a subsidiary	31(b)	**(4,459)**	–
Gain on lease modification	6	**(23)**	(18)
Loss on termination of lease	6	**285**	–
Operating cash flows before movements in working capital		**(38,884)**	(155,362)
Decrease in inventories		**–**	164,790
(Increase)/decrease in trade and other receivables		**(184,830)**	34,681
Decrease/(increase) in contract assets		**205,446**	(95,256)
Decrease/(increase) in amounts due from other partners of joint operations		**1,903**	(1,903)
Decrease in contract liabilities		**(25,211)**	(2,294)
Increase in trade and other payables		**26,660**	91,477
Increase/(decrease) in amounts due to other partners of joint operations		**5,032**	(4,056)
Cash (used in)/generated from operations		**(9,884)**	32,077
Income tax paid, net		**(243)**	(759)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(10,127)**	31,318

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(63)**	(641)
Proceeds from disposals of property, plant and equipment		**593**	670
Placement of pledged bank deposits		**(41,615)**	(51,674)
Withdrawal of pledged bank deposits		**91,657**	90,548
Net cash outflows arising from disposals of subsidiaries	31	**(7,946)**	–
Interest received		**384**	644
NET CASH GENERATED FROM INVESTING ACTIVITIES		**43,010**	39,547
FINANCING ACTIVITIES			
New bank loans raised	41	**50,513**	188,450
Repayment of bank borrowings	41	**(114,406)**	(273,375)
Capital element of lease liabilities paid	41	**(3,048)**	(8,241)
Interest element of lease liabilities paid	41	**(171)**	(412)
Advance from immediate holding company	41	**38,367**	101,175
Repayment to immediate holding company	41	**(14,059)**	(80,825)
Other interest paid	41	**(5,164)**	(16,969)
Capital contributions from non-controlling interests		**1,909**	–
NET CASH USED IN FINANCING ACTIVITIES		**(46,059)**	(90,197)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(13,176)**	(19,332)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**26,535**	47,624
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		**1,128**	(1,757)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**14,487**	26,535
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**14,487**	26,535

1. GENERAL INFORMATION

Kwan On Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 6 December 2012 as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The principal place of business is Unit 3401, 118 Connaught Road West, Hong Kong.

The Company is an investment holding company and its subsidiaries (together referred to as the "**Group**") are principally engaged in the construction related business, property development in Hong Kong and Southeast Asia and trading of construction and chemical materials.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), for the first time, which are mandatorily effective for the Group's reporting periods beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (CONTINUED)

Amendments to HKAS 1

The amendments defined that current liabilities do not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current.

Also, the classification of long-term loan arrangements with covenants by specifying that covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date.

The related Hong Kong Interpretation 5 is revised as a consequence of amendments to HKAS 1 Classification of Liabilities as Current or Non-current issued in August 2020, to align the corresponding wordings with no change in conclusion. The amendments to HKAS 1 clarify how to classify debt and other liabilities as current or non-current but do not change the existing requirements. In particular, the amendments to HKAS 1 clarify that an entity's right to defer settlement must exist at the end of the reporting period and delete the word 'unconditional' from the classification principle.

The application of the amendments does not have any significant impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective. The Group anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)[2]
Amendments to HKFRS 9 and HKFRS 7	Contract Referencing Nature-dependent Electricity[2]
Annual Improvements to HKFRS Accounting Standards 2024	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]
HKFRS 18 and consequential amendments to other HKFRSs	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

The Group is currently assessing the impact of HKFRS 18 which will affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future consolidated financial statements. The Group does not anticipate that the application of other new and amendments to HKFRSs in the future will have an impact on the Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

Revenue from contracts with customers

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

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

Contract assets and contract liabilities

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers (Continued)

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

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depicts the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration (variation order of construction work and claims for prolongation), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Existence of significant financing component (Continued)

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Principal versus agent

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Property, plant and equipment

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

When the Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives, using the straight-line method. 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.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment (Continued)

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

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 net sales proceeds and the carrying amount of the asset and is recognised in profit or loss on the date of disposal or retirement.

Impairment of non-financial assets

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

The recoverable amounts of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets (Continued)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Definition of a lease

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases. At the lease commencement date, the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less and without a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures lease liability at the present value of the lease payments (less any lease incentives receivable) that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees;
- exercise price of a purchase option if the Group is reasonably certain to exercise the option: and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The lease liability is subsequently measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

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

Right-of-use assets

The right-of-use assets recognised when a lease is capitalised is initially measured at cost, which comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement dates less lease incentives received and any initial direct costs incurred. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease terms and useful lives of the underlying assets. The depreciation starts at the commencement date of the lease.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in the foreign operations.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme for staff in Hong Kong and defined contribution retirement pension schemes for staff other than in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Defined benefit plan obligations

The Group has the LSP as defined benefit retirement plans under the Hong Kong Employment Ordinance.

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

The Group estimates the LSP obligations annually with the assistance of independent actuaries. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to government bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

When the benefits of a plan are changed, or when a plan is curtailed, current service cost for the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in the consolidated statement of profit or loss or capitalized at the earlier of when the scheme amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income and reflected immediately in retained profits. Remeasurements comprise actuarial gains and losses, the return on scheme assets in defined benefit retirement schemes (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income 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 temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary difference.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation (Continued)

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short-term deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out below.

Cash at bank excludes bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash. Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss, if any.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments

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

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

Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

– the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (Continued)

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("**ECL**"), through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the financial asset on initial recognition.

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

Interest income is recognised in profit or loss.

*Equity instruments designated as at fair value through other comprehensive income ("**FVTOCI**")*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation 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 investments, instead, they will be transferred to retained profit/(accumulated losses).

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and others items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for ECL on financial assets and other items which are subject to impairment under HKFRS 9 (including trade and other receivables, contract assets, deposits, pledged bank deposits, bank balances and cash and financial guarantee contracts). 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 (for stage 2 and stage 3). In contrast, 12-month 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 (for stage 1). Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognised lifetime ECL for trade receivables and contacts assets without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and others items subject to impairment assessment under HKFRS 9 (Continued)

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 since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk 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;

– 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and others items subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts issued by the Company, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment in the Company's financial statements. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Company considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

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

– when there is a breach of financial covenants by the debtor; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and others items subject to impairment assessment under HKFRS 9 (Continued)

Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the 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 reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. 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.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information.

Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix, and/or assesses the ECL individually for trade receivables and contract assets with significant balances, taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

For other financial assets, the Group measures the loss allowance equal to 12-month 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and others items subject to impairment assessment under HKFRS 9 (Continued)

Measurement and recognition of ECL (Continued)

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

For a financial guarantee contract issued by the Company, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts issued by the Company for which the effective interest rate cannot be determined, the Company will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Except for financial guarantee contract issued by the Company, 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 trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities including trade and other payables, amount due to immediate holding company, amount due to an associate, amounts due to other partners of joint operations, bank borrowings, and lease liabilities are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value measurement

When measuring fair value, except for the Group's share-based payment transactions, leasing transactions, value in use of property, plant and equipment and right-of-use asset for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Provisions, Contingent Liabilities and Onerous Contracts

Provisions and contingent liabilities

Provisions are recognised when the Group has a 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 expenditure expected to settle the obligation.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions, Contingent Liabilities and Onerous Contracts (Continued)

Provisions and contingent liabilities (Continued)

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 of economic benefits 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 of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

Onerous Contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental cost of fulfilling the obligation under that contract and an allocation of other costs that relate directly to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Related parties

(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 the key management personnel of the Group or the Group's parent.

(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).

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties (Continued)

(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 employees of either the Group or an entity 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 the key management personnel of the entity (or of a parent of the entity).

(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 the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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 chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

– represents a separate major line of business or geographical area of operations;

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Discontinued operations (Continued)

– is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

– is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimation (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

*Consolidation of Kwan On – U-Tech Joint Venture 1 ("**Kwan On – U-Tech 1**")*

The Group formed a legal joint venture, Kwan On – U-Tech 1, with an independent third party namely U-Tech Engineering Co. Ltd. ("**U-Tech**"), for the purpose of execution of a contract. The Group can appoint the majority of the board of directors of Kwan On – U-Tech 1 and thus direct its relevant activities. The Group shares 70% of the profits or losses of Kwan On – U-Tech 1. The directors of the Company have therefore determined the Group has control over Kwan On – U-Tech 1 and the Group's financial statements have consolidated the results of Kwan On – U-Tech 1.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying the Group's accounting policies (Continued)

Joint operations

The Group formed ten unincorporated joint ventures, Kwan On – U-Tech Joint Venture 2 ("**Kwan On – U-Tech 2**"), Kwan On – U-Tech Joint Venture 3 ("**Kwan On – U-Tech 3**"), Kwan On – U-Tech Joint Venture 4 ("**Kwan On – U-Tech 4**"), Kwan On – U-Tech Joint Venture 5 ("**Kwan On – U-Tech 5**"), Wing Lee – Univic Joint Venture, Kwan On – China Geo Joint Venture ("**Kwan On – China Geo**"), Kwan On – China Geo Joint Venture 2 ("**Kwan On – China Geo 2**"), Kwan On – China Geo Joint Venture 3 ("**KO-CG Joint Venture 1**") and Kwan On – China Geo Joint Venture 4 ("**KO-CG Joint Venture 2**") with three independent third parties namely U-Tech, Wing Lee (SK) Construction Co. Ltd. ("**Wing Lee**") and China Geo-Engineering Corporation ("**China Geo**") respectively, and Kwan On – Vernaltex Joint Venture with Vernaltex Company Limited ("**Vernaltex**") for the purpose of execution of contracts.

The Group and U-Tech jointly control over the relevant activities of Kwan On – U-Tech 2, Kwan On – U-Tech 3, Kwan On – U-Tech 4 and Kwan On – U-Tech 5. Under the joint venture agreements, the Group has a participation share of 50%, 65%, 51% and 51% respectively to the income, expenses, assets, liabilities, rights and obligations arising out of or in connection with the contracts carried out by Kwan On – U-Tech 2, Kwan On – U-Tech 3, Kwan On – U-Tech 4 and Kwan On – U-Tech 5. As decisions about the relevant activities require unanimous consent of both the Group and U-Tech, the directors of the Company have determined that the joint arrangements are joint operations.

The Group and Wing Lee jointly control over the relevant activities of Wing Lee – Univic Joint Venture. Under the joint venture agreement, the Group has a participation share of 49% to the income, expenses, assets, liabilities , rights and obligations arising out of or in connection with the contract carried out by Wing Lee – Univic Joint Venture. As decisions about the relevant activities require unanimous consent of both the Group and Wing Lee, the directors of the Company have determined that the joint arrangement is a joint operation.

The Group and China Geo jointly control over the relevant activities of Kwan On – China Geo, Kwan On – China Geo 2, KO-CG Joint Venture 1 and KO-CG Joint Venture 2. Under the joint venture agreements, the Group has a participation share of 51% to the income, expenses, assets, liabilities, rights and obligations arising out of or in connection with the contracts carried out by Kwan On – China Geo, Kwan On – China Geo 2, KO-CG Joint Venture 1 and KO-CG Joint Venture 2. As decisions about the relevant activities require unanimous consent of both the Group and China Geo, the directors of the Company have determined that the joint arrangements are joint operations.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying the Group's accounting policies (Continued)

Joint operations (Continued)

The Group and Vernaltex jointly control over the relevant activities of Kwan On – Vernaltex Joint Venture. Under the joint venture agreement, the Group has participation share of 51% to the income, expenses, assets, liabilities, rights and obligations arising out of or in connection with the contract carried out by Kwan On – Vernaltex Joint Venture. As decisions about the relevant activities require unanimous consent of both the Group and Vernaltex, the directors of the Company have determined that the joint arrangement is a joint operation.

Key sources of estimation uncertainty

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

Construction contracts revenue recognition

The Group recognises contract revenue in relation to provision of construction and maintenance works on civil engineering contracts in respect of buildings, waterworks, site formation, road works and drainage and slope upgrading according to the management's estimation of the total outcome of the contract including the assessment of profitability of on-going construction contracts as well as the progress towards complete satisfaction of construction works of individual contract. The stage of completion was determined based on the proportion of contract costs incurred for works performed to date relative to the estimated total contract costs (input method). Total contract costs are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the past experience of similar projects. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue recognised.

Principal versus agent consideration (principal)

The Group is engaged in trading of construction and chemical materials. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 March 2025, the Group recognised revenue relating to trading of construction and chemical materials amounted to HK$55,392,000 (2024: HK$72,072,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Loss allowance for trade receivables and other receivables and contract assets

The Group follows the guidance of HKFRS 9 to estimate the loss allowance for ECL on trade receivables and other receivables and contract assets based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the loss allowance calculations, based on aging analysis and/or credit rating of individual debtor as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to recognise additional impairment loss charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2025, the carrying amount of trade receivables, other receivables and contract assets are HK$50,701,000 (2024: HK$53,355,000), HK$41,004,000 (2024: HK$76,683,000) and HK$59,519,000 (2024: HK$375,387,000) respectively, net of accumulated impairment losses of HK$23,489,000 (2024: HK$590,000), HK$29,947,000 (2024: HK$27,346,000) and HK$5,297,000 (2024: HK$13,370,000) respectively. Details of the ECL calculation, credit policy and credit risk are disclosed in Notes 18, 19 and 34(a) to these consolidated financial statements.

Provisions and contingent liabilities

The Group recognises provisions when the Group has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. 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 contingent liability.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at cost less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's value; (2) whether the carrying value of an asset can be supported by the recoverable amount. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposal of the asset. When value in use calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment and right-of-use assets (Continued)

For impairment assessment of leasehold land and buildings, in the case of fair value less cost of disposal, which is determined based on the valuation performed by independent professional valuers and involves certain assumptions of market conditions, the directors of the Company have relied on the valuation report and exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, increased complexity in international trade tensions geopolitics, changes in policy direction and/or mortgage requirements would result in changes in the fair value less costs of disposal and hence the recoverable amounts of the Group's property, plant and equipment and right-of-use assets.

At 31 March 2025, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were HK$23,693,000 and HK$9,000 (2024: HK$29,148,000 and HK$3,245,000) respectively, net of impairment losses of HK$5,018,000 and HK$nil (2024: HK$4,479,000 and HK$329,000) in respect of property, plant and equipment and right-of-use assets that have been recognised respectively.

Current tax

The subsidiaries of the Company are subject to income tax in the People's Republic of China (the "**PRC**"), Hong Kong, Malaysia, the Republic of the Philippines ("**Philippines**") and the Kingdom of Cambodia ("**Cambodia**"). Significant judgement is required in determining the provision for income tax. There are many transactions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the financial period in which such determination is made.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Deferred tax asset

As at 31 March 2025, a deferred tax asset of HK$nil (2024: HK$65,000), HK$nil (2024: HK$3,730,000) and HK$nil (2024: HK$16,398,000) in relation to lease liabilities, allowances for expected credit losses and unused tax losses, respectively, for certain operating subsidiaries has been recognised in the consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or changes in facts and circumstances which result in a revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company that makes strategic decisions.

The following summary describes the operations in each of the Group's reportable segments:

Construction – the provision of construction and maintenance works on civil engineering contracts and building works contracts;

Property development – property development for sales of residential units, commercial units and car parking spaces; and

Trading – trading of construction and chemical materials.

The accounting policies of the operating segments are the same as the Group's accounting policies. The Chief Executive Officer assesses the performance of the operating segments based on the segment results from continuing and discontinued operations, which represent the profit/loss before income tax earned by each segment without allocation of gain on disposal of a subsidiary, interest income, net exchange gain/loss, finance costs from lease liabilities, finance costs from bank borrowings, central administrative costs and directors' emoluments. Segment assets consist of all operating assets and exclude equity instrument at fair value through other comprehensive income and other corporate assets, which are managed on a central basis. Segment liabilities consist of all operating liabilities and excluded bank borrowings and other corporate liabilities, which are managed on a central basis.

5. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The information of segment revenue and segment results from continuing operations and discontinued operations are as follows:

For the year ended 31 March 2025

	Continuing operations				Discontinued operations	
	Construction HK$'000	Property development HK$'000	Trading HK$'000	Sub-total HK$'000	Construction HK$'000	Total HK$'000
REVENUE						
External sales	260,880	–	55,392	316,272	132,303	448,575
RESULTS						
Segment results	(48,759)	–	(1,672)	(50,431)	(31,790)	(82,221)
Unallocated gain on disposal of a subsidiary				4,459	–	4,459
Unallocated impairment loss of property, plant and equipment				(539)	–	(539)
Unallocated finance costs from lease liabilities				(3)	–	(3)
Unallocated finance costs from bank borrowings				(250)	–	(250)
Central administrative costs and directors' emoluments				(12,531)	(16)	(12,547)
Consolidated loss before tax				(59,295)	(31,806)	(91,101)

5. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 March 2024

	Continuing operations				Discontinued operations	
	Construction HK$'000	Property development HK$'000	Trading HK$'000	Sub-total HK$'000	Construction HK$'000	Total HK$'000
REVENUE						
External sales	300,232	108,967	72,072	481,271	173,181	654,452
RESULTS						
Segment results	(4,739)	(51,490)	28	(56,201)	(100,193)	(156,394)
Unallocated interest income				35	609	644
Unallocated exchange loss, net				(575)	–	(575)
Unallocated finance costs from lease liabilities				(84)	(328)	(412)
Unallocated finance costs from bank borrowings				(7,773)	(9,196)	(16,969)
Central administrative costs and directors' emoluments				(23,098)	(8)	(23,106)
Consolidated loss before tax				(87,696)	(109,116)	(196,812)

5. SEGMENT INFORMATION (CONTINUED)

Other information

For the year ended 31 March 2025

	Continuing operations					Discontinued operations			
	Construction HK$'000	Property development HK$'000	Trading HK$'000	Unallocated HK$'000	Sub-total HK$'000	Construction HK$'000	Unallocated HK$'000	Sub-total HK$'000	Total HK$'000
Amounts included in the measure of segment results									
Gain/(loss) on disposals of property, plant and equipment	(75)	–	–	–	(75)	493	–	493	418
Gain on lease modification	–	–	–	–	–	23	–	23	23
Loss on termination of lease	–	–	–	–	–	(285)	–	(285)	(285)
Depreciation of property, plant and equipment	(200)	–	–	(658)	(858)	(2,582)	–	(2,582)	(3,440)
Depreciation of right-of-use assets	(275)	–	–	–	(275)	(2,432)	–	(2,432)	(2,707)
Impairment loss for property, plant and equipment	–	–	–	(539)	(539)	–	–	–	(539)
Impairment loss of Right-of use assets	–	–	–	–	–	(3,358)	–	(3,358)	(3,358)
Provision for litigations	–	–	–	–	–	(2,800)	–	(2,800)	(2,800)
Impairment loss of trade receivables under ECL model	(22,979)	–	–	–	(22,979)	(110)	–	(110)	(23,089)
(Impairment loss)/reversal of impairment loss of other receivables under ECL model	(25,396)	–	–	–	(25,396)	93	–	93	(25,303)
(Impairment loss)/reversal of impairment loss of contract assets under ECL model	7,952	–	–	–	7,952	(85)	–	(85)	7,867
Write-back of payables	–	–	–	–	–	1,488	–	1,488	1,488
Interest income	5	–	–	–	5	379	–	379	384
Finance costs	(33)	–	–	(253)	(286)	(5,049)	–	(5,049)	(5,335)
Amounts not included in the measure of segment results									
Gain on disposals of discontinued operations, net	–	–	–	–	–	–	18,131	18,131	18,131
Gain on disposal of a subsidiary	–	–	–	4,459	4,459	–	–	–	4,459

5. SEGMENT INFORMATION (CONTINUED)

Other information (Continued)

For the year ended 31 March 2024

	Continuing operations					Discontinued operations			
	Construction HK$'000	Property development HK$'000	Trading HK$'000	Unallocated HK$'000	Sub-total HK$'000	Construction HK$'000	Unallocated HK$'000	Sub-total HK$'000	Total HK$'000
Amounts included in the measure of segment results									
Gain/(loss) on disposals of property, plant and equipment	–	–	–	–	–	617	–	617	617
Gain on lease modification	–	–	–	–	–	18	–	18	18
Depreciation of property, plant and equipment	(172)	–	–	(658)	(830)	(5,303)	–	(5,303)	(6,133)
Depreciation of right-of-use assets	(395)	–	–	–	(395)	(4,306)	(1,342)	(5,648)	(6,043)
Impairment loss for property, plant and equipment	–	–	–	(4,479)	(4,479)	–	–	–	(4,479)
Provision for litigations	–	–	–	–	–	(7,200)	–	(7,200)	(7,200)
Impairment loss for right-of-use assets	–	–	–	–	–	–	(336)	(336)	(336)
Impairment loss of trade receivables under ECL model	(10)	–	–	–	(10)	(30)	–	(30)	(40)
(Impairment loss)/reversal of impairment loss of other receivables under ECL model	(1,878)	–	–	–	(1,878)	1	–	1	(1,877)
Impairment loss of contract assets under ECL model	(1,472)	–	–	–	(1,472)	(31)	–	(31)	(1,503)
Write-back of payables	–	–	–	–	–	2,492	–	2,492	2,492
Amounts not included in the measure of segment results									
Interest income	–	–	–	35	35	–	609	609	644
Finance costs	–	–	–	(7,857)	(7,857)	–	(9,524)	(9,524)	(17,381)

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	2025			2024		
	Construction HK$'000	Trading HK$'000	Total HK$'000	Construction HK$'000	Property development HK$'000	Total HK$'000
Reportable segment assets	166,536	307	166,843	570,619	25,636	596,255
Reportable segment liabilities	88,678	17,676	106,354	471,196	13,397	484,593

Other segment information

	2025			2024		
	Continuing operations	Discontinued operations		Continuing operations	Discontinued operations	
	Construction HK$'000	Construction HK$'000	Total HK$'000	Construction HK$'000	Construction HK$'000	Total HK$'000
Additions to non-current assets	44	3,749	3,793	463	1,065	1,528

Segment assets consist primarily of certain property, plant and equipment, right-of-use assets, trade and other receivables, amounts due from other partners of joint operations, contract assets, certain pledged bank deposits, certain bank balances and cash and deferred tax assets.

Segment liabilities consist primarily of contract liabilities, trade and other payables, amount due to a related company, certain bank borrowings, provision, lease liabilities, income tax payable and deferred tax liabilities.

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

Reconciliation of reportable segment assets to total assets is as follows:

	2025 HK$'000	2024 HK$'000
Total reportable segment assets	**166,843**	596,255
Equity instrument at fair value through other comprehensive income	**6,246**	16,442
Unallocated corporate assets – property, plant and equipment	**22,600**	23,767
Unallocated corporate assets – bank balances and cash	**137**	426
Unallocated corporate assets – pledged bank deposits	**–**	1,403
Other unallocated corporate assets	**220**	12,443
Total assets	**196,046**	650,736

Reconciliation of reportable segment liabilities to total liabilities is as follows:

	2025 HK$'000	2024 HK$'000
Total reportable segment liabilities	**106,354**	484,593
Unallocated corporate liabilities – bank borrowings	**7,652**	8,168
Unallocated corporate liabilities – financial guarantee contracts	**13,586**	–
Other unallocated corporate liabilities	**25,385**	24,375
Total liabilities	**152,977**	517,136

5. SEGMENT INFORMATION (CONTINUED)

Geographical information

All of the Group's revenue was derived from Hong Kong, the PRC, Malaysia, Philippines and Cambodia, based on the location of the customers. Information about the Group's non-current assets other than equity instrument at fair value through other comprehensive income, other receivables and deferred tax assets is presented based on the geographical location of the assets.

	2025 **HK$'000**	2024 HK$'000
Revenue from external customers		
Continuing operations		
– Hong Kong (place of domicile)	**55,392**	–
– The PRC	**30,582**	118,492
– Malaysia	**174,052**	213,214
– Philippines	**–**	149,565
– Cambodia	**56,246**	–
	316,272	481,271
Discontinued operations		
– Hong Kong (place of domicile)	**132,303**	173,181

	Non-current assets	
	2025 **HK$'000**	2024 HK$'000
– Hong Kong (place of domicile)	**22,600**	30,983
– Cambodia	**9**	–
– Malaysia	**1,093**	1,410
– Thailand	**–**	68
	23,702	32,461

5. SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025					2024				
	Continuing operations			Discontinued operations		Continuing operations			Discontinued operations	
	Construction HK$'000	Trading HK$'000	Sub-total HK$'000	Construction HK$'000	Total HK$'000	Construction HK$'000	Property development HK$'000	Sub-total HK$'000	Construction HK$'000	Total HK$'000
Customer A	–	–	–	86,791	86,791	–	–	–	163,851	163,851
Customer B	–	55,392	55,392	–	55,392	–	–	–	–	–
Customer C	76,508	–	76,508	–	76,508	–	–	–	–	–*
Customer D	91,190	–	91,190	–	91,190	193,737	–	193,737	–	193,737
Customer E	–	–	–	–	–	–	108,967	108,967	–	108,967
Customer F	56,246	–	56,246	–	56,246	–	–	–	–	–

* Less than 10% of the Group's revenue in the respective year.

6. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Revenue

The Group's revenue represents amount received and receivable from contract works performed and trading of construction and chemical materials.

(i) Disaggregation of revenue from contracts with customers

	Continuing operations		Discontinued operations		Total	
	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:						
– Provision of construction and maintenance works on civil engineering contracts and building works contracts, recognised over time	260,880	300,232	132,303	173,181	393,183	473,413
– Sales of properties, recognised at a point in time	–	108,967	–	–	–	108,967
– Trading of construction and chemical materials, recognised at a point in time	55,392	72,072	–	–	55,392	72,072
	316,272	481,271	132,303	173,181	448,575	654,452

6. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Revenue (Continued)

(ii) Performance obligations for contracts with customers

Construction

The Group provides construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on input method.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones or the value of construction work has to be agreed with the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the Group issues invoice to the customers based on the value of work certified by independent quantity surveyors.

6. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Revenue (Continued)

(ii) Performance obligations for contracts with customers (Continued)

Construction (Continued)

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which range from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

Trading of construction and chemical materials

The Group sells construction and chemical materials directly to corporate customers. Revenue is recognised when control of the goods has been transferred, being at the point in time when the goods are delivered to the customer's specific location.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at 31 March 2025 and 2024 and the expected timing of recognising revenue are as follows:

	2025 **HK$'000**	2024 HK$'000
Construction services		
Within one year	**196,245**	205,776
More than one year	**–**	16,930
	196,245	222,706

The construction period varies from one to four years. The amounts disclosed above represent the Group's expectation on the timing of construction services provided.

6. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Other income and other gains/(losses), net

An analysis of the Group's other income and other gains/(losses), net recognised during the year is as follows:

	Continuing operations		Discontinued operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other income						
Bank interest income	**5**	35	**379**	609	**384**	644
Sales of scrap materials	**–**	–	**3,360**	3,810	**3,360**	3,810
Insurance compensation	**–**	–	**627**	1,084	**627**	1,084
Write back of payables	**–**	–	**1,488**	2,492	**1,488**	2,492
Sundry income	**–**	5	**366**	968	**366**	973
	5	40	**6,220**	8,963	**6,225**	9,003
Other gains/(losses), net						
(Loss)/gain on disposal of property, plant and equipment	**(75)**	–	**493**	617	**418**	617
Gain on lease modification	**–**	–	**23**	18	**23**	18
Loss on termination of lease	**–**	–	**(285)**	–	**(285)**	–
Impairment loss for right-of-use assets	**–**	(336)	**(3,358)**	–	**(3,358)**	(336)
Exchange gain/(loss)	**224**	(575)	**–**	–	**224**	(575)
	149	(911)	**(3,127)**	635	**(2,978)**	(276)

7. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest on bank borrowings *(Note 41)*	**273**	7,773	**4,891**	9,196	**5,164**	16,969
Interest on lease liabilities *(Note 41)*	**13**	84	**158**	328	**171**	412
Total interest expenses	**286**	7,857	**5,049**	9,524	**5,335**	17,381

8. INCOME TAX EXPENSE/(CREDIT)

	Continuing operations		Discontinued operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current tax:						
Hong Kong	**–**	–	**202**	–	**202**	–
The PRC	**124**	195	**–**	–	**124**	195
Malaysia	**2,675**	90	**–**	–	**2,675**	90
Philippines	**–**	483	**–**	–	**–**	483
Cambodia	**214**	–	**–**	–	**214**	–
	3,013	768	**202**	–	**3,215**	768
Under/(over)-provision in prior years:						
Malaysia	**192**	–	**–**	–	**192**	–
Hong Kong	**–**	–	**47**	(4,989)	**47**	(4,989)
	192	–	**47**	(4,989)	**239**	(4,989)
Deferred tax *(Note 28)*	**3,633**	(3,730)	**(404)**	1,337	**3,229**	(2,393)
Income tax expense/(credit) for the year	**6,838**	(2,962)	**(155)**	(3,652)	**6,683**	(6,614)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Hong Kong Profits Tax is calculated at 16.5% of assessable profit for the year ended 31 March 2025.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from Hong Kong for the year ended 31 March 2024.

The PRC subsidiary is subject to income tax at 25% for both years under Enterprise Income Tax Law ("**EIT law**").

8. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The Corporate Income Tax in Philippines is calculated at 25% of assessable profit for both years.

The Corporate Income Tax in Malaysia is calculated at 24% of assessable profit for both years.

The Corporate Income Tax in Cambodia is calculated at 20% of assessable profit for the year ended 31 March 2025.

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

	Continuing operations		Discontinued operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Loss before tax	**(59,295)**	(87,696)	**(31,806)**	(109,116)	**(91,101)**	(196,812)
Notional tax on loss before taxation, calculated at applicable tax rate	**(13,766)**	(20,406)	**(5,246)**	(18,004)	**(19,012)**	(38,410)
Tax effect of income not taxable for tax purpose	**(736)**	(26)	**(62)**	(512)	**(798)**	(538)
Tax effect of expenses not deductible for tax purpose	**13,819**	18,658	**4**	52	**13,823**	18,710
Tax effect of tax losses not recognised	**276**	–	**4,978**	18,078	**5,254**	18,078
Tax effect of utilisation of tax losses	**–**	–	**(938)**	(774)	**(938)**	(774)
Tax effect of unrecognised temporary differences	**7,053**	(1,188)	**1,062**	2,497	**8,115**	1,309
Over-provision in prior years	**192**	–	**47**	(4,989)	**239**	(4,989)
Income tax expense/(credit) for the year	**6,838**	(2,962)	**(155)**	(3,652)	**6,683**	(6,614)

Details of deferred tax are set out in Note 28.

9. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging:

	Continuing operations		Discontinued operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Carrying amount of goods sold	**55,330**	231,812	**–**	–	**55,330**	231,812
Cost of construction services rendered *(Note i)*	**257,158**	289,256	**144,459**	251,639	**401,617**	540,895
Auditor's remuneration						
– audit services	**950**	1,200	**–**	–	**950**	1,200
– other services	**80**	180	**–**	–	**80**	180
Depreciation of property, plant and equipment *(Note i)*	**858**	830	**2,582**	5,303	**3,440**	6,133
Depreciation of right-of-use assets *(Note i)*	**275**	395	**2,432**	5,648	**2,707**	6,043
Short-term lease expenses *(Note i)*	**405**	621	**4,341**	5,913	**4,746**	6,534
Emoluments of directors and chief executive *(Note 10)*	**926**	1,218	**–**	–	**926**	1,218
Salaries, wages and other benefits (excluding directors' emoluments)	**13,872**	16,324	**33,610**	73,864	**47,482**	90,188
Retirement benefits schemes contributions (excluding directors)	**429**	170	**428**	1,263	**857**	1,433
Total staff costs *(note i)*	**15,227**	17,712	**34,038**	75,127	**49,265**	92,839

Note:

(i) Cost of construction services rendered includes depreciation of HK$3,164,000 (2024: HK$8,215,000), staff costs of HK$24,608,000 (2024: HK$61,599,000) and short-term lease expenses of HK$3,030,000 (2024: HK$3,691,000), which are also included in the respective total amounts disclosed separately above.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 7 (2024: 6) directors (including the chief executive) were as follows:

For the year ended 31 March 2025

	Chief executive officer	Executive directors			Non-executive director	Independent non-executive directors			
	Mr. Zhang Fangbing HK$'000	Mr. Chen Zhenghua HK$'000	Mr. Cao Lei (resigned on 2 September 2024) HK$'000	Mr. Sun Xiaoran (appointed on 14 April 2025) HK$'000	Ms. Li Yuping (appointed on 11 December 2024) HK$'000	Mr. Gong Zhenzhi HK$'000	Mr. Lam Sing Kwong Simon HK$'000	Mr. Lum Pak Sum HK$'000	Total HK$'000
Emoluments paid and payable in respect of a person's services as a director of the Company									
Fees	–	–	–	–	–	60	150	150	360
Emoluments paid and payable in respect of director's other services or chief executive's service in connection with the management of the affairs of the Company and its subsidiary undertakings									
Other emoluments									
Salaries	440	–	120	–	–	–	–	–	560
Discretionary bonus	–	–	–	–	–	–	–	–	–
Contributions to retirement benefits schemes	–	–	6	–	–	–	–	–	6
Total emoluments	440	–	126	–	–	60	150	150	926

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 March 2025 and 2024.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 31 March 2024

	Chief executive officer	Executive director		Independent non-executive directors			
	Mr. Zhang Fangbing HK$'000	Mr. Chen Zhenghua HK$'000	Mr. Cao Lei (resigned on 2 September 2024) HK$'000	Mr. Gong Zhenzhi HK$'000	Mr. Lam Sing Kwong Simon HK$'000	Mr. Lum Pak Sum HK$'000	Total HK$'000
Emoluments paid and payable in respect of a person's services as a director of the Company							
Fees	–	–	–	60	150	150	360
Emoluments paid and payable in respect of director's other services or chief executive's service in connection with the management of the affairs of the Company and its subsidiary undertakings							
Other emoluments							
Salaries	480	–	360	–	–	–	840
Discretionary bonus	–	–	–	–	–	–	–
Contributions to retirement benefits schemes	–	–	18	–	–	–	18
Total emoluments	480	–	378	60	150	150	1,218

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none (2024: none) was chief executive/director of the Company whose emoluments are included in Note 10 above. The emoluments of the remaining five (2024: five) individuals were as follows:

	2025	2024
	HK$'000	HK$'000
Salaries and other benefits	**5,999**	7,049
Retirement benefits schemes contributions	**54**	54
	6,053	7,103

Their emoluments were within the following bands:

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

During the years ended 31 March 2025 and 2024, no emoluments were paid by the Group to any of the directors or chief executive 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.

12. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

13. LOSS PER SHARE

The calculation of the basic loss per share from continuing operations and discontinued operations attributable to the owners of the Company is based on the following data:

Loss

	2025	2024
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company:		
– Continuing operations	**(66,640)**	(49,939)
– Discontinued operations	**(13,520)**	(105,464)
	(80,160)	(155,403)

Number of ordinary shares

	2025	2024
	'000	'000
Weighted average number of ordinary shares	**1,869,160**	1,869,160

Since there were no potential ordinary shares in issue during the years ended 31 March 2025 and 2024, no diluted loss per share is presented.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2023	32,882	1,340	5,489	19,065	19,615	78,391
Additions	–	–	180	137	324	641
Disposals	–	–	(640)	(2,232)	(3,637)	(6,509)
Exchange adjustments	–	–	(7)	(8)	(73)	(88)
At 31 March 2024 and 1 April 2024	32,882	1,340	5,022	16,962	16,229	72,435
Additions	–	–	12	–	51	63
Disposals	–	–	(2,670)	(3,356)	(3,827)	(9,853)
Disposals of subsidiaries *(Note 31(a))*	–	(330)	(2,209)	(13,422)	(10,728)	(26,689)
Exchange adjustments	–	–	8	9	69	86
At 31 March 2025	**32,882**	**1,010**	**163**	**193**	**1,794**	**36,042**
ACCUMULATED DEPRECIATION						
At 1 April 2023	3,948	1,340	4,909	14,406	14,533	39,136
Charge for the year	658	–	117	2,535	2,823	6,133
Eliminated on disposals	–	–	(640)	(2,232)	(3,584)	(6,456)
Exchange adjustments	–	–	–	(1)	(4)	(5)
At 31 March 2024 and 1 April 2024	4,606	1,340	4,386	14,708	13,768	38,808
Charge for the year	658	–	139	1,476	1,167	3,440
Eliminated on disposals	–	–	(2,670)	(3,356)	(3,652)	(9,678)
Disposals of subsidiaries *(Note 31(a))*	–	(330)	(1,794)	(12,752)	(10,377)	(25,253)
Exchange adjustments	–	–	3	2	9	14
At 31 March 2025	**5,264**	**1,010**	**64**	**78**	**915**	**7,331**
ACCUMULATED IMPAIRMENT						
At 1 April 2023	–	–	–	–	–	–
Impairment loss for the year	4,479	–	–	–	–	4,479
At 31 March 2024 and 1 April 2024	4,479	–	–	–	–	4,479
Impairment loss for the year	539	–	–	–	–	539
At 31 March 2025	**5,018**	**–**	**–**	**–**	**–**	**5,018**
CARRYING VALUES						
At 31 March 2025	**22,600**	**–**	**99**	**115**	**879**	**23,693**
At 31 March 2024	23,797	–	636	2,254	2,461	29,148

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	50 years or over the lease terms, whichever is shorter
Leasehold improvements	38% or over the lease terms, whichever is shorter
Furniture and fixtures	20% – 25%
Machinery	15% – 25%
Motor vehicles	25%

As at 31 March 2025, the Group's leasehold land and building with carrying amount amounting to approximately HK$22,600,000 (2024: HK$23,797,000) was pledged to secure banking facilities granted to the Group (Note 24).

As at 31 March 2025, included in the property, plant and equipment is the Group's leasehold land and building under long lease located in Hong Kong of HK$22,600,000 (2024: HK$23,797,000) of which the Group is the registered owner of this property interest, including the underlying leasehold land. Lump sum payments were made upfront to acquire the property interest. The leasehold land component of this property interest is presented separately only if the payments made can be allocated reliably.

The directors considered that there was an indication of impairment for property, plant and equipment as the market value of the Group's leasehold land and building decreased during the year. An independent valuer was appointed to assess the recoverable amount of the leasehold land and building, which is based on the fair values less costs to sell, using direct comparison approach by reference to recent transaction price of similar properties, adjusted for differences such as building age, floor level and size etc..

As at 31 March 2025, the unobservable input, being the price per square feet, was HK$16,224 (2024: HK$17,085).

The fair value less cost to sell of the leasehold land and building is categorised into level 3 of the fair value hierarchy as defined in HKFRS 13, Fair value measurement. During the years ended 31 March 2024 and 2025, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3.

As a result, an impairment loss of HK$539,000 (2024: HK$4,479,000) was made for the year ended 31 March 2025.

15. RIGHT-OF-USE ASSETS

	Leasehold properties HK$'000
COST	
At 1 April 2023	29,055
Additions	887
Termination of lease	(1,712)
Exchange adjustments	(225)
At 31 March 2024 and 1 April 2024	28,005
Additions	1,265
Modification of lease	2,465
Termination of lease	(8,494)
Disposals of subsidiaries *(Note 31(a))*	(22,462)
Exchange adjustments	(1)
At 31 March 2025	**778**
ACCUMULATED DEPRECIATION	
At 1 April 2023	19,826
Charge for the year	6,043
Termination of lease	(1,281)
Exchange adjustments	(157)
At 31 March 2024 and 1 April 2024	24,431
Charge for the year	2,707
Termination of lease	(7,599)
Disposals of subsidiaries *(Note 31(a))*	(18,775)
Exchange adjustments	5
At 31 March 2025	**769**
ACCUMULATED IMPAIRMENT	
At 1 April 2023	–
Impairment loss for the year	336
Exchange adjustments	(7)
At 31 March 2024 and 1 April 2024	329
Impairment loss for the year	3,358
Disposals of subsidiaries *(Note 31(a))*	(3,687)
At 31 March 2025	**–**
CARRYING VALUES	
At 31 March 2025	**9**
At 31 March 2024	3,245

15. RIGHT-OF-USE ASSETS (CONTINUED)

The Group has obtained the right to use other properties as its office premises through tenancy agreements. These leases typically run for an initial period of 2 to 5 years.

As at 31 March 2025 and 2024, the Group had no lease with variable lease payment. The lease agreements do not impose any extension options which are exercisable only by the Group and not by the respective lessors.

Details of the maturity analysis of lease liabilities are set out in Note 27 to these consolidated financial statements.

The total cash outflow for leases for the year ended 31 March 2025 was HK$7,965,000 (2024: HK$15,187,000), as below:

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2025	2024
	HK$'000	HK$'000
Within		
Operating cash flows	**4,746**	6,534
Financing cash flows	**3,219**	8,653
	7,965	15,187

Those amounts relate to the following:

	2025	2024
	HK$'000	HK$'000
Lease rentals paid	**7,965**	15,187

As at 31 March 2025, the Group is committed to approximately HK$565,000 (2024: HK$213,000) for short-term leases.

16. INTERESTS IN ASSOCIATES

	2025 HK$'000	2024 HK$'000
Costs of investment in associates	–	3,024
Share of post-acquisition losses and other comprehensive expense	–	(2,956)
	–	68
Loan to an associate *(Note (b))*	–	5,000
	–	5,068
Impairment on loan to an associate *(Note (c))*	–	(5,000)
	–	68

Notes:

(a) As at 31 March 2025, the interests in associates were derecognised upon disposals of subsidiaries (Note 31(a)).

(b) The loan to an associate was unsecured, interest-free and not repayable within one year.

(c) In addition to the loan to an associate described in Note 16(a), the Group periodically reviewed the aggregate exposures to associates to assess whether there was any potential impairment over its interests in associates.

As at 31 March 2025 and 2024, the Group had interests in the following associates:

Name of entity	Form of entity	Country of incorporation/ place of operation	Class of shares held	Proportion of ownership interests or participating shares held by the Group		Proportion of voting power held		Principal activity
				2025	2024	**2025**	2024	
Ever Capital Holdings Limited ("**Ever Capital**")	Incorporated	Hong Kong/ Hong Kong	Ordinary	**N/A**	34.5%	**N/A**	34.5%	Investment holding
Jun An Construction (Thailand) Co., Limited ("**Jun An**")	Incorporated	Thailand/ Thailand	Ordinary	**N/A**	49%	**N/A**	49%	Provision of construction services

17. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	HK$'000	HK$'000
Common shares listed on The Philippine Stock Exchange, Inc., at fair value	**6,246**	16,442
Classified as:		
Current assets	**6,246**	–
Non-current assets	**–**	16,442
	6,246	16,442

The amount represents the fair value of 200,000,000 common shares in Philippine Infradev Holdings, Inc., a company listed on The Philippine Stock Exchange, Inc. (Stock Code: IRC) ("**IRC**"). As at 31 March 2025 and 2024, the Group held approximately 3.3% equity interest of IRC. The Group intended to hold the equity instrument for long-term strategic purpose instead of held-for-trading. As at 31 March 2025, the equity instrument is classified as current assets as the Group intends to dispose of the equity investment within twelve months from the reporting period.

Details of the fair value measurements of the equity instrument are set out in Note 34(f) to these consolidated financial statements.

The trading of IRC has been suspended on 17 May 2024 and resumed on 4 September 2024.

18. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables *(Note (d))*	**74,190**	53,945
Less: impairment loss recognised of trade receivable under ECL model	**(23,489)**	(590)
Net trade receivables	**50,701**	53,355
Performance deposits *(Note (a))*	**67,082**	72,763
Other receivables *(Note (b))*	**3,429**	26,771
	70,511	99,534
Less: impairment loss recognised of other receivables under ECL model	**(29,947)**	(27,346)
Net other receivables	**40,564**	72,188
Other tax receivables	**83**	60
Prepayments to subcontractors *(Note (c))*	**–**	2,955
Other prepayments	**304**	4,715
Other deposits	**440**	4,495
Total trade and other receivables	**92,092**	137,768
Less: classified under non-current assets	**–**	(4,339)
	92,092	133,429

Notes:

(a) Included in the performance deposits amounted to PHP198,545,576 (equivalent to approximately HK$26,959,000) (2024: HK$27,665,000) paid to the land owner for construction project in Philippines. The balance was interest-free, repayable upon the completion of construction project, secured by the pledge of entire equity interest in the property project company held by the land owner and guaranteed by a substantial shareholder of the Company.

Included in the performance deposits amounted to RMB37,350,000 (equivalent to approximately HK$40,021,000) (2024: HK$40,480,000) paid to the land owners for construction projects in the PRC. The balance was unsecured, interest-free, repayable upon the completion of construction projects.

Included in the performance deposits amounted to MYR58,000 (2024: MYR2,787,000) (equivalent to approximately HK$102,000 (2024: HK$4,618,000)) paid to a financial institution in Malaysia for the provision of the guarantee for the construction projects in Malaysia. The balance was unsecured, interest-free, repayable upon the completion of construction projects.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) Included in other receivables of the Group was amount due from a sub-contractor of the Group amounting to HK$nil as at 31 March 2025 (2024: HK$22,684,000). The balance represented construction and material purchase cost paid on behalf of the sub-contractor. This sub-contractor had worked for the Group since July 2022. However, during the year ended 31 March 2023, the sub-contractor failed to perform the sub-contracting work up to the Group's satisfaction. Accordingly the Group terminated the sub-contracting arrangement with the sub-contractor. As at 31 March 2024, the Group was in a litigation with the sub-contractor which it claimed the Group for the sub-contracting fee payable to it and compensation upon the termination of sub-contracting whereas the Group will counter-claim the amount due by the sub-contractor. This balance is long outstanding and full allowance for ECL of HK$22,684,000 as at 31 March 2024 was made. As at 31 March 2025, the balance was derecognised upon disposals of subsidiaries.

(c) The amount represented the prepayments made to subcontractors for the construction and material purchase cost and was expected to be settled against the sub-contracting fee payable by the Group upon performance of the related contracts by the sub-contractors. As at 31 March 2025, the balance was derecognised upon disposals of subsidiaries.

(d) Trade receivables

The Group allows an average credit period of 30 to 45 days (2024: 30 to 45 days) to its trade customers. Normally, the Group does not obtain collateral from customers. The following is an aging analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2025 **HK$'000**	2024 HK$'000
Within 30 days	**54,627**	53,362
61 to 90 days	**5,402**	–
181 to 365 days	**13,578**	–
Over 1 year	**583**	583
	74,190	53,945

Aging analysis of trade receivables by due dates are as follows:

	2025 **HK$'000**	2024 HK$'000
Not past due	**20,637**	53,362
Past due for less than 3 months	**39,392**	–
Past due for 6 months to 1 year	**13,578**	–
Past due for over 1 year	**583**	583
	74,190	53,945

Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in Note 34(a) to these consolidated financial statements.

19. CONTRACT ASSETS/CONTRACT LIABILITIES

(a) Contract assets

	At 31 March 2025 HK$'000	At 31 March 2024 HK$'000	At 1 April 2023 HK$'000
Analysed as current:			
Unbilled revenue of construction contracts *(Note (a))*	**45,996**	331,709	269,147
Retention receivables of construction contracts *(Note (b))*	**18,820**	57,048	35,097
Total contract assets	**64,816**	388,757	304,244
Less: impairment loss recognised of contract assets	**(5,297)**	(13,370)	(12,432)
Net contract assets	**59,519**	375,387	291,812

	2025 HK$'000	2024 HK$'000
Retention receivables of construction contracts		
Due after one year	**18,820**	57,048

Notes:

(a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

(b) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

19. CONTRACT ASSETS/CONTRACT LIABILITIES (CONTINUED)

(a) Contract assets (Continued)

The Group classifies these contract assets under current assets because the Group expects to realise them in its normal operating cycle.

The significant decrease in the contract assets is the result of construction progress billed to customers and disposals of subsidiaries during the year.

Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 34(a) to these consolidated financial statements.

(b) Contract liabilities

	At 31 March 2025 HK$'000	At 31 March 2024 HK$'000	At 1 April 2023 HK$'000
Contract liabilities arising from:			
Construction contracts	–	29,748	32,977

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified as current.

Revenue from construction contracts recognised during the year ended 31 March 2025 that was included in the contract liabilities at the beginning of the year was HK$29,748,000 (2024: HK$32,977,000).

20. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company is unsecured, interest-free, repayable on demand and denominated in Renminbi, United States dollars and Hong Kong dollars.

21. AMOUNT DUE TO AN ASSOCIATE

As at 31 March 2024, the amount was unsecured, interest-free, repayable on demand and denominated in Thai baht. As at 31 March 2025, the balance was derecognised upon disposals of subsidiaries.

22. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Pledged bank deposits amounting to HK$nil (2024: HK$56,510,000) have been pledged to secure short-term bank loans/undrawn facilities (Note 24).

As at 31 March 2024, the pledged bank deposits carry interest rate ranging from 0.89% to 1.30% per annum. As at 31 March 2025, the pledged bank deposits were derecognised upon disposals of subsidiaries.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables	**63,814**	117,009
Retention payables	**1,934**	40,421
Amount due to non-controlling interest of a subsidiary *(Note (a))*	**12,598**	12,929
Accrued construction cost	**16,743**	141,013
Other tax payables	**132**	4,623
Other payables and accruals	**2,794**	17,549
Delay damages payable *(Note (b))*	**–**	3,854
	98,015	337,398

Notes:

(a) The balance is unsecured, non-interest bearing and repayable on demand. None of the balances are denominated in currencies other than functional currencies of the respective group entities.

(b) During the year ended 31 March 2024, a project had been terminated by a customer of the Group due to the delay in completion of various jobs as required by the customer. The amount represents the liquidated damages payable to the customer in accordance with the relevant terms and conditions set out in the agreement with the customer, which is estimated by an external independent surveyor. As at 31 March 2025, the delay damages payable was derecognised upon disposals of subsidiaries.

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2025 HK$'000	2024 HK$'000
Within 30 days	**26,087**	48,217
More than 30 days but within 90 days	**12,184**	5,222
More than 90 days	**25,543**	63,570
	63,814	117,009

The credit period on purchases of goods is 30 to 45 days.

24. BANK BORROWINGS

	2025 HK$'000	2024 HK$'000
Unsecured bank loans	**–**	23,390
Secured bank loans	**7,652**	61,668
	7,652	85,058

None of the bank borrowings are denominated in currencies other than functional currencies of the respective group entities.

Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:

	2025 HK$'000	2024 HK$'000
Within one year	**546**	77,399
More than one year, but not exceeding two years	**561**	527
More than two years, but not exceeding five years	**1,779**	1,690
More than five years	**4,766**	5,442
	7,652	85,058
Less: Amounts shown under current liabilities		
– Carrying amount of bank borrowings that are not repayable within one year but contain a repayment on demand clause	**(7,106)**	(7,659)
– Carrying amount of bank borrowings repayable within one year and contain a repayable on demand clause	**(546)**	(77,399)
	(7,652)	(85,058)
Amounts classified as non-current portion	**–**	–

At 31 March 2025, secured bank borrowings bore floating interest rates of 2.75% (2024: 3.38% to 8.55%) per annum.

Certain bank borrowings are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the draw down facilities would become repayable on demand. In addition, the Group's certain loan agreements contain clauses which give the lenders the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

24. BANK BORROWINGS (CONTINUED)

The management regularly monitors its compliance with these covenants and does not consider that it is probable that the banks will exercise their discretionary rights to demand immediate repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in Note 34(d) to these consolidated financial statements.

As at 31 March 2024, the Group's bank borrowings of HK$23,390,000 were in breach of certain covenants:

– Failed to maintain an average minimum bank balance of HK$10,000,000 placed to a bank; and

– Failed to maintain tangible net wealth of not less than HK$350,000,000.

Upon the breach of certain covenants, the bank may request immediate repayment of the bank borrowings.

The Group negotiated with the bank for revising the loan covenants and not demanding immediate repayment of existing bank borrowings due to the breach of covenants.

On 30 April 2024, the Group reached a new banking facilities agreement with the bank, pursuant to which:

– the Group will repay all outstanding bank borrowings in 11 monthly instalments from 30 April 2024 until 28 February 2025; and

– the bank has removed all of the above covenants that were breached by the Group.

As at 31 March 2024, the Directors were of the opinion that given the new repayment arrangement and the removal of these covenants, the probability that the bank will demand immediate repayment from the Group is remote.

During the year ended 31 March 2025, the Group repaid all bank borrowings which were in breach of the above covenants.

As at 31 March 2025, the Group's bank borrowings and other banking facilities are secured by:

(a) Bank borrowings of HK$7,652,000 (2024: HK$8,168,000) are secured by the leasehold land and building with carrying amount of HK$22,600,000 (2024: HK$23,797,000) *(Note 14)*;

(b) Bank borrowings of HK$nil (2024: HK$30,000,000) are secured by deposits of HK$nil (2024: HK$30,000,000) and guaranteed by the Company;

(c) Bank borrowings of HK$nil (2024: HK$23,390,000) are guaranteed by the Company; and

(d) Bank borrowings of HK$nil (2024: HK$23,500,000) are secured by leasehold land and building with carrying amount of approximately HK$nil (2024: approximately HK$23,797,000) (*Note 14)* and corporate guarantee executed by the Company.

The unutilised banking facilities as at 31 March 2025 amounted to HK$nil (2024: HK$156,541,000).

25. PROVISIONS

	2025	2024
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current liabilities	**–**	7,200

	Provision for litigations *(Note (a))* HK$'000	**Provision for onerous contracts** *(Note (b))* HK$'000	**Total** HK$'000
At 1 April 2023	–	8,269	8,269
Provision made	7,200	–	7,200
Reversal of provision	–	(8,269)	(8,269)
At 31 March 2024 and 1 April 2024	7,200	–	7,200
Provisions made	2,800	–	2,800
Disposal of subsidiaries *(Note 31(a))*	(10,000)	–	(10,000)
At 31 March 2025	**–**	**–**	**–**

Notes:

(a) During the years ended 31 March 2024 and 2025, various parties have filed litigation against the Group for the settlement of outstanding construction-related services and daily operation payables. Among them, there were 12 (2024: 12) cases with individual claim amounts exceeding HK$1 million, and the aggregated claim amounts of these cases amounted to approximately HK$188 million (2024: HK$184 million). The Directors have considered the advice of the Group's legal counsels, and have assessed the impact of the litigation on the consolidated financial statements for the year ended 31 March 2025, by assessing the possibility of any outflow of resources in settling these claims and/or sufficiency of the insurance policies are maintained to cover the loss, if any. The Directors concluded that provisions for litigations of HK$2,800,000 and HK$7,200,000 were made during the years ended 31 March 2025 and 2024 respectively. At 31 March 2025, the accrued provisions for litigations of HK$10,000,000 was derecognised upon disposal of subsidiaries.

(b) The provision for onerous contracts relates to certain construction contracts with customers under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received due to anticipated increase in certain construction costs.

26. FINANCIAL GUARANTEE CONTRACTS

	2025 HK$'000	2024 HK$'000
Financial guarantees	**13,586**	–

On 27 March 2025, the Company entered into the sales and purchase agreement with Ming Jia Investment Holdings Limited ("**Ming Jia**"), an independent third party. Pursuant to the agreement, the Company undertook the irrevocably guarantee to the Ming Jia the repayment obligations of the Company or Kwan On Construction Company Limited ("**Kwan On Construction**") under two facility agreements dated 6 September 2019 and 19 December 2022 entered into between a bank and Kwan On Construction with respect to the provision of an uncommitted fixed term loan by the bank to Kwan On Construction (the "**Bank Facility**"). In any event, the guarantee amounts to be payable to Ming Jia shall not exceed HK$17,000,000.

As at 31 March 2025, the total value of the guaranteed borrowings outstanding was HK$13,586,000. The Group has considered the risk of such guarantee to be exercised by the financial institution against the Group, and recognised financial guarantee contracts of HK$13,586,000, being the maximum exposure according to the contractual obligation.

The duration of the guarantee will continue until the full repayment of the Bank Facility or until the borrower is successfully changed from Kwan On Construction to any of the companies of the Group, whichever occurs earlier.

The guarantee covers the repayment of both the principal and the accrued interest under the Bank Facility.

As at 31 March 2025, the Group recognised the provision for financial guarantee contracts of HK$13,586,000 (2024: HK$nil), representing the maximum exposure according to the contractual obligation.

27. LEASE LIABILITIES

	2025 HK$'000	2024 HK$'000
Lease liabilities payable:		
Within one year	**10**	3,172
In the second year	**–**	234
	10	3,406
Less: Amounts due within one year shown under current liabilities	**(10)**	(3,172)
Amounts shown under non-current liabilities	**–**	234

None of the balances are denominated in currencies other than functional currencies of the respective group entities.

As at 31 March 2024, the effective interest rates of lease liabilities were 6.98% (2024: 3.76% to 7.49%).

28. DEFERRED TAX

(a) Deferred tax assets and liabilities recognised

The following is the major deferred tax liabilities/(assets) recognised and movements thereon during the current and prior years:

	Right-of-use assets HK$'000	Lease liabilities HK$'000	Accelerated depreciation allowances HK$'000	Allowances for expected credit losses HK$'000	Unbilled revenue for work completed but not yet billed HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2023	–	–	2,313	(3,181)	13,095	(13,095)	(868)
Charged/(credited) to profit and loss *(Note 8)*	65	(65)	(1,844)	(549)	3,303	(3,303)	(2,393)
At 31 March 2024 and 1 April 2024	65	(65)	469	(3,730)	16,398	(16,398)	(3,261)
Charged/(credited) to profit and loss *(Note 8)*	(65)	65	(501)	3,730	(647)	647	3,229
Disposals of subsidiaries *(Note 31(a))*	–	–	71	–	(15,751)	15,751	71
At 31 March 2025	**–**	**–**	**39**	**–**	**–**	**–**	**39**

28. DEFERRED TAX (CONTINUED)

(a) Deferred tax assets and liabilities recognised (CONTINUED)

Reconciliation to the consolidated statement of financial position

	2025 **HK$'000**	2024 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**–**	3,730
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(39)**	(469)
	(39)	3,261

(b) Deferred tax assets not recognised

As at 31 March 2025, the Group had the following unrecognised deductible temporary differences:

	2025 **HK$'000**	2024 HK$'000
Deductible temporary differences	**28,124**	7,790
Unutilised tax losses	**1,675**	150,678
	29,799	158,468

The Group has not recognised deferred tax assets in respect of unutilised tax losses and deductible temporary differences as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

(c) Deferred tax liabilities not recognised

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

At the end of the reporting period, the Group has taxable temporary difference of approximately HK$279,000 (2024: HK$245,000), arising from undistributed profit in the PRC subsidiary. Deferred tax liability has not been recognised in respect of the taxable temporary difference as the Group is able to control the dividend policy of the PRC subsidiary and will not distribute dividends in the foreseeable future.

29. SHARE CAPITAL

	Number	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024 and 31 March 2025	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024 and 31 March 2025	1,869,159,962	18,692

30. JOINT OPERATIONS

Details of investments in joint operations as at 31 March 2025 and 2024 are as follows:

Name	Place and date of establishment	Principal place of business	Principal activities	Participating interests 2025	Participating interests 2024
Kwan On - U-Tech 3	Unincorporated joint operation operating in Hong Kong, 25 July 2016	Hong Kong	Civil engineering construction	**N/A**	65%
Kwan On - U-Tech 4	Unincorporated joint operation operating in Hong Kong, 26 July 2017	Hong Kong	Civil engineering construction	**N/A**	51%
Kwan On - U-Tech 5	Unincorporated joint operation operating in Hong Kong, 1 September 2021	Hong Kong	Civil engineering construction	**N/A**	51%
Kwan On - Vernaltex Joint Venture	Unincorporated joint operation operating in Hong Kong, 1 December 2017	Hong Kong	Civil engineering construction	**N/A**	51%
Wing Lee - Univic Joint Venture	Unincorporated joint operation operating in Hong Kong, 30 March 2021	Hong Kong	Civil engineering construction	**N/A**	49%

30. JOINT OPERATIONS (continued)

The above table lists the joint operations of the Group which, in the opinion of the directors, principally affect the income and expenses for the year or constitute a substantial portion of the assets and liabilities of the Group. To give details of other joint operations would, in the opinion of the directors, result in particulars of excessive length.

Pursuant to the terms of the joint venture agreement, the profit or loss sharing for each year of the joint operation shall be distributed to the joint operators in proportion to their respective participating interests.

Amounts from/due to other partners of joint operations are unsecured, non-interest bearing, repayable on demand and are denominated in Hong Kong dollars.

31. DISPOSALS OF SUBSIDIARIES

(a) Disposals of Win Vision Holdings Limited and its subsidiaries

On 27 March 2025, the Company entered into the sales and purchase agreement with Ming Jia, pursuant to which the Company agreed to sell, and Ming Jia agreed to acquire:

– the entire interest in Win Vision Holdings Limited, the wholly-owned subsidiary of the Company before the disposal; and

– the unsecured and interest-free loan provided by the Company to Win Vision Holdings Limited of approximately HK$32,430,000.

The consideration of the disposal was HK$100, which is satisfied by cash. The disposal was completed on 31 March 2025.

31. DISPOSALS OF SUBSIDIARIES (continued)

(a) Disposals of Win Vision Holdings Limited and its subsidiaries (continued)

Net liabilities at the date of disposal of Win Vision Holdings Limited and its subsidiaries were as follows:

	Notes	HK$'000
Property, plant and equipment	14	1,436
Right-of-use assets	15	–
Interests in associates	16	68
Prepayments		3,655
Deferred tax assets	28(a)	71
Trade and other receivables		21,912
Contract assets		118,780
Pledged bank deposits		6,451
Cash and cash equivalents		7,936
Contract liabilities		(5,536)
Trade and other payables		(106,585)
Amounts due to group companies		(32,430)
Amount due to immediate holding company		(44,845)
Amount due to an associate		(24)
Amounts due to other partners of joint operations		(5,032)
Bank borrowings		(13,513)
Provisions	25	(10,000)
Lease liabilities		(3,434)
Income tax payable		(2,843)
Net liabilities disposed of		(63,933)

Gain on disposals of discontinued operation is calculated as follows:

	HK$'000
Total consideration	–*
Net liabilities disposed of	63,933
Release of exchange reserve	214
Waiver of receivables from the discontinued operations	(32,430)
Gain on disposals	31,717
Less: Financial guarantee contracts recognised	(13,586)
Net gain on disposals	18,131

Direct cost to the disposal is immaterial.

Net cash outflow arising on disposal:	
Cash consideration received	–*
Cash and cash equivalents disposed of	(7,936)
	(7,936)

* Amount of less than HK$1,000.

31. DISPOSALS OF SUBSIDIARIES (CONTINUED)

(b) Disposal of New Zealand Kwan On Construction Limited

On 31 March 2025, the Company entered into the sale and purchase agreement with an independent third party (the "**Purchaser**"), pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire the entire interest in New Zealand Kwan On Construction Limited, a wholly-owned subsidiary of the Company before the disposal, at a consideration NZD1 (approximately HK$5), which is satisfied by cash. The disposal was completed on 31 March 2025.

Net liabilities at the date of disposal were as follows:

	HK$'000
Other receivables	24
Cash and cash equivalents	10
Other payables	(3,977)
Net liabilities disposed of	(3,943)

Gain on disposal of a subsidiary is calculated as follows:

	HK$'000
Total consideration	–*
Net liabilities disposed of	3,943
Release of exchange reserve	516
Gain on disposal of a subsidiary	4,459

Direct cost to the disposal is immaterial.

Net cash outflow arising on disposal:	
Cash consideration received	–*
Cash and cash equivalents disposed of	(10)
	(10)

* Amount of less than HK$1,000.

32. DISCONTINUED OPERATIONS

On 31 March 2025, the Group disposed of Win Vision Holdings Limited and its subsidiaries, and discontinued all the businesses of provision of engineering constructions in Hong Kong.

The results of discontinued operations are as follows:

	Notes	2025 HK$'000	2024 HK$'000
Revenue	6	**132,303**	173,181
Cost of sales and services rendered		**(144,459)**	(251,639)
Gross loss		**(12,156)**	(78,458)
Net impairment losses on financial and contract assets		**(102)**	(60)
Provision for litigations		**(2,800)**	(7,200)
Other income	6	**6,220**	8,963
Other (losses)/gains, net	6	**(3,127)**	635
Administrative expenses		**(14,792)**	(23,472)
Finance costs	7	**(5,049)**	(9,524)
Loss before income tax	9	**(31,806)**	(109,116)
Income tax credit	8	**155**	3,652
Loss for the year from discontinued operations		**(31,651)**	(105,464)

The cash flows of discontinued operations are as follows:

	2025 HK$'000	2024 HK$'000
Cash flows generated from operating activities	**6,114**	3,891
Cash flows generated from investing activities	**48,493**	2,083
Cash flows used in financing activities	**(68,490)**	(22,376)
Net cash flows	**(13,883)**	(16,402)

33. 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategies remain unchanged from prior year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of (i) net debt, which includes the bank borrowings, amount due to immediate holding company and lease liabilities, net of cash and cash equivalents; and (ii) equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure using gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as the total of amount due to immediate holding company, bank borrowings and lease liabilities and less unpledged bank balances and cash. Capital includes equity attributable to owners of the Company. The Group's policy is to maintain the gearing ratio at not more than 40% (2024: 40%), which is determined and reviewed with reference to the funding needs of the Group periodically.

	2025 **HK$'000**	2024 HK$'000
Total debt	**36,602**	137,945
Less: Unpledged bank balances and cash	**(14,487)**	(26,535)
Net debt	**22,115**	111,410
Equity attributable to owners of the Company	**75,671**	170,011
Net debt and equity	**97,786**	281,421
Gearing ratio	**23%**	40%

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Trade and other receivables	**91,705**	130,038
Amounts due from other partners of joint operations	**–**	1,903
Pledged bank deposits	**–**	56,510
Cash and bank balances	**14,487**	26,535
Financial assets at amortised cost	**106,192**	214,986
Financial assets at fair value through other comprehensive income		
Equity instrument at fair value through other comprehensive income	**6,246**	16,442
Financial liabilities		
Trade and other payables	**97,883**	332,775
Amount due to immediate holding company	**28,940**	49,481
Amount due to an associate	**–**	24
Bank borrowings	**7,652**	85,058
Financial guarantee contracts	**13,586**	–
Financial liabilities at amortised cost	**148,061**	470,744

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The main risks arising from the Group's financial instruments are credit risk, currency risk, interest rate risk, equity price risk and liquidity risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, contract assets, amounts due from other partners of joint operations, loan to associate, pledged bank deposits, bank balances and financial guarantee contracts. Except as disclosed in note 18, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The Group's exposure to credit risk arising from cash and cash equivalents and pledged bank deposits is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies, which the Group considers the credit risk as low. The Group's exposure to credit risk arising from refundable rental deposits (included in other deposits) is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 45 days (2024: 30 to 45 days) from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 54% (2024: 45%) of the total trade receivables and contract assets at 31 March 2025. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 16% (2024: 10%) and 40% (2024: 86%) of the total trade receivables and contract assets are due from the Group's largest customer and the five largest customers respectively within the construction segment.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group segments its trade receivables and contract assets based on geographic regions, due to different loss patterns experienced in the different regions.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its construction business because these customers consist of various number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets. Certain debtors have been assessed individually as the Group considers the balances due from those debtors are significant or have been credit-impaired. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

Allowance for ECL

	2025 **HK$'000**	2024 HK$'000
Non-credit impaired	**28,203**	13,377
Credit impaired	**583**	583
	28,786	13,960

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Trade receivables and contract assets (continued)

Allowance for ECL (continued)

	2025 Expected loss rate	2025 Gross carrying amount HK$'000	2025 Loss allowance HK$'000	2024 Expected loss rate	2024 Gross carrying amount HK$'000	2024 Loss allowance HK$'000
Hong Kong						
Assessed based on provision matrix						
Current (not past due)	**N/A**	**–**	**–**	0.03%	131,992	35
Assessed individually						
Past due for more than 1 year	**100%**	**6**	**6**	100%	39	39
		6	**6**		132,031	74
PRC						
Assessed individually						
Current (not past due)	**11%**	**46,764**	**5,280**	0%	205,190	13,322
Past due for less than 1 year	**46%**	**33,990**	**15,566**	N/A	–	–
		80,754	**20,846**		205,190	13,322
Philippines						
Assessed individually						
Past due for less than 1 year	**54%**	**13,578**	**7,314**	0.01%	47,321	5
Malaysia						
Assessed based on provision matrix						
Current (not past due)	**0.11%**	**17,779**	**18**	0.03%	57,616	15
Past due for less than 1 year	**0.11%**	**5,402**	**5**	N/A	–	–
Assessed individually						
Past due for more than 1 year	**100%**	**577**	**577**	100%	544	544
		23,758	**600**		58,160	559
Cambodia						
Assessed based on provision matrix						
Current (not past due)	**0.11%**	**20,910**	**20**	N/A	–	–
		139,006	**28,786**		442,702	13,960

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Trade receivables and contract assets (continued)

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

Movements in the loss allowance account in respect of lifetime ECL recognised for trade receivables during the years are as follows:

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 April 2023	2	586	588
Transfer from lifetime ECL (not credit-impaired)	(2)	2	–
Changes due to financial instruments recognised at 1 April 2023:			
– Impairment loss recognised	7	33	40
Exchange adjustments	–	(38)	(38)
At 31 March 2024 and 1 April 2024	7	583	590
New financial assets originated	22,979	–	22,979
Changes due to financial instruments			
– Impairment loss recognised	149	–	149
– Impairment loss reversed	(9)	(30)	(39)
Disposals of subsidiaries	(142)	(2)	(144)
Exchange adjustments	(78)	32	(46)
At 31 March 2025	**22,906**	**583**	**23,489**

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Trade receivables and contract assets (continued)

Movements in the loss allowance account in respect of lifetime ECL recognised for contract assets during the years are as follows:

	Lifetime ECL (not credit-impaired) HK$'000
At 1 April 2023	12,432
New financial assets originated	6
Changes due to financial instruments recognised at 1 April 2023:	
– Impairment loss recognised	2,401
– Impairment loss reversed	(904)
Exchange adjustments	(565)
At 31 March 2024 and 1 April 2024	13,370
Changes due to financial instruments	
– Impairment loss recognised	2,681
– Impairment loss reversed	(10,548)
Disposals of subsidiaries	(116)
Exchange adjustments	(90)
At 31 March 2025	**5,297**

Other receivables

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that, other than the credit-impaired receivable as mentioned below which provided for lifetime ECL, there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Other receivables (Continued)

Movements in the loss allowance in respect of 12-month ECL and lifetime ECL recognised for other receivables during the years are as follows:

	12-month ECL (not credit-impaired) HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 April 2023	2,971	–	22,684	25,655
New financial assets originated	295	–	–	295
Changes due to financial instruments recognised at 1 April 2023:				
– Impairment loss recognised	1,697	–	–	1,697
– Impairment loss reversed	(115)	–	–	(115)
Exchange adjustments	(186)	–	–	(186)
At 31 March 2024 and 1 April 2024	4,662	–	22,684	27,346
Transfer from 12-month ECL (not credit-impaired)	(4,373)	4,373	–	–
New financial assets originated	–	–	2,052	2,052
Changes due to financial instruments				
– Impairment loss recognised	–	23,644	–	23,644
– Impairment loss reversed	(300)	–	(93)	(393)
Disposals of subsidiaries	–	–	(22,591)	(22,591)
Exchange adjustments	11	(106)	(16)	(111)
At 31 March 2025	**–**	**27,911**	**2,036**	**29,947**

As disclosed in note 19(b), included in other receivables of the Group was amount due from a sub-contractor of the Group amounting to HK$22,684,000 as at 31 March 2024. The balance represented construction and material purchase cost paid on behalf of the sub-contractor. This sub-contractor had worked for the Group since July 2022. However, during the year ended 31 March 2023, the sub-contractor failed to perform the sub-contracting work up to the Group's satisfaction. Accordingly the Group terminates the sub-contracting arrangement with the sub-contractor and the balance becomes due immediately by the sub-contractor. As at 31 March 2024, the Group is in a litigation with the sub-contractor which it claimed the Group for the sub-contracting fee payable to it and compensation upon the termination of sub-contracting whereas the Group will counter-claim the amount due by the sub-contractor. Through the information developed internally and from the external resources, the director of the Company considered that the balance is credit-impaired and hence made an impairment loss for the full amount due from the sub-contractor. As at 31 March 2025, such impairment loss was derecognised upon disposals of subsidiaries.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Amounts due from other partners of joint operations and loan to associate

The Group assessed that there is no significant increase in credit risk in respect of amounts due from other partners of joint operations since initial recognition and provided impairment based on 12-month ECL. For the years ended 31 March 2024 and 2025, the Group assessed that ECL for the amounts due from other partners of joint operations to be insignificant.

The Group considered the credit risk on loan to associate at the end of the reporting period using the past due information. Accordingly, the Group considered the amount is credit-impaired and lifetime ECL is provided, loan to associate of HK$5,000,000 has been fully impaired as at 31 March 2024. As at 31 March 2025, such impairment was derecognised upon disposals of subsidiaries.

(b) Currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through receivables, payables and bank balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollar ("**HK$**"), United States dollars ("**US$**"), Thai baht ("**THB**") and Malaysia Ringgits ("**MYR**"). The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised monetary financial assets and monetary financial liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Currency risk (continued)

(i) Exposure to currency risk (continued)

At 31 March 2025

	Functional currency of the group companies	Exposure to foreign currencies (expressed in HK$) HK$ HK$'000	MYR HK$'000	US$ HK$'000	PHP HK$'000	Total HK$'000
Bank balances and cash	Philippine Peso ("**PHP**")	**–**	**–**	**869**	**–**	**869**
Amounts due to group companies	HK$	**–**	**(1,152)**	**(1,846)**	**(26,507)**	**(29,505)**
Amounts due to group companies	PHP	**(163,846)**	**–**	**–**	**–**	**(163,846)**
Amounts due to group companies	Renminbi ("**RMB**")	**(98,100)**	**–**	**–**	**–**	**(98,100)**
		(261,946)	**(1,152)**	**(977)**	**(26,507)**	**(290,582)**

At 31 March 2024

	Functional currency of the group companies	Exposure to foreign currencies (expressed in HK$) HK$ HK$'000	MYR HK$'000	US$ HK$'000	THB HK$'000	Total HK$'000
Bank balances and cash	HK$	–	–	877	–	877
Amount due to an associate	HK$	–	–	–	(24)	(24)
Amounts due to group companies	HK$	–	(1,166)	–	–	(1,166)
Amounts due to group companies	PHP	(168,137)	–	–	–	(168,137)
Amounts due to group companies	New Zealand dollars ("**NZD**")	(1,632)	–	–	–	(1,632)
Amounts due to group companies	RMB	(110,890)	–	–	–	(110,890)
		(280,659)	(1,166)	877	(24)	(280,972)

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	Increase/ (decrease) in foreign exchange rate	Increase/ (decrease) in loss after tax HK$'000	Increase/ (decrease) in accumulated losses HK$'000
2025			
If PHP weakens against US$	**5%**	**(43)**	**(43)**
If PHP strengthens against US$	**(5%)**	**43**	**43**
If HK$ weakens against MYR	**5%**	**58**	**58**
If HK$ strengthens against MYR	**(5%)**	**(58)**	**(58)**
If HK$ weakens against PHP	**5%**	**1,325**	**1,325**
If HK$ strengthens against PHP	**(5%)**	**(1,325)**	**(1,325)**
If PHP weakens against HK$	**5%**	**8,193**	**8,193**
If PHP strengthens against HK$	**(5%)**	**(8,193)**	**(8,193)**
If RMB weakens against HK$	**5%**	**4,905**	**4,905**
If RMB strengthens against HK$	**(5%)**	**(4,905)**	**(4,905)**
2024			
If HK$ weakens against THB	5%	1	1
If HK$ strengthens against THB	(5%)	(1)	(1)
If HK$ weakens against MYR	5%	58	58
If HK$ strengthens against MYR	(5%)	(58)	(58)
If PHP weakens against HK$	5%	8,407	8,407
If PHP strengthens against HK$	(5%)	(8,407)	(8,407)
If NZD weakens against HK$	5%	82	82
If NZD strengthens against HK$	(5%)	(82)	(82)
If RMB weakens against HK$	5%	5,545	5,545
If RMB strengthens against HK$	(5%)	(5,545)	(5,545)

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Currency risk (continued)

(ii) Sensitivity analysis (continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit or loss after tax and equity measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those monetary financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2024.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances *(Note 22)* and bank borrowings at prevailing market rates *(Note 24)*.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate other receivables *(Note 18(b))*, pledged bank deposits *(Note 22)* and lease liabilities *(Note 27)*.

The Group currently does not use derivatives to hedge against the interest rate risk. However, the Group will monitor interest rate exposure and consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the related banks' Hong Kong Dollars Prime Rate and 1-year BVAL rate arising from the Group's Hong Kong dollars denominated bank borrowings and Philippines peso denominated bank borrowings respectively.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (continued)

Interest rate risk profile

The following table, as reported to the management of the Group, details of the interest rate risk profile of the Group as at 31 March 2025 and 2024:

	At 31 March 2025		At 31 March 2024	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Fixed rate financial assets				
Pledged bank deposits	**–**	**N/A**	0.89%-1.30%	56,510
Fixed rate financial liabilities				
Lease liabilities	**6.98%**	**(10)**	3.76%-7.49%	(3,406)
Variable rate financial assets				
Bank balances	**0.01-0.20%**	**14,487**	0.01%-0.88%	26,535
Variable rate financial liabilities				
Bank borrowings	**2.75%**	**(7,652)**	3.38%-8.55%	(85,058)
		6,825		(5,419)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points (2024: 50 basis points) increase or decrease is used on bank borrowings when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

No interest rate sensitivity analysis is disclosed for bank balances as in the opinion of the directors of the Company, the interest rate sensitivity does not give additional value in view of insignificant exposure of interest bearing bank balances as at the end of the reporting period.

If interest rates on bank borrowings had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss would increase/decrease by approximately HK$34,000 (2024: HK$293,000).

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses, and the raising of loans to cover expected cash demands, subject to the Company's board approval. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate prevailing at the end of each reporting period.

	On demand or within one year HK$'000	More than one year but not exceeding two years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2025				
Non-derivative financial liabilities				
Trade and other payables	**97,883**	**–**	**97,883**	**97,883**
Amount due to immediate holding company	**28,940**	**–**	**28,940**	**28,940**
Bank borrowings	**7,652**	**–**	**7,652**	**7,652**
Lease liabilities	**10**	**–**	**10**	**10**
	134,485	**–**	**134,485**	**134,485**
Financial guarantee issued: Maximum amount guaranteed *(Note 26)*	**17,000**	**–**	**17,000**	**13,586**
As at 31 March 2024				
Non-derivative financial liabilities				
Trade and other payables	332,775	–	332,775	332,775
Amount due to immediate holding company	49,481	–	49,481	49,481
Amount due to an associate	24	–	24	24
Bank borrowings	85,058	–	85,058	85,058
Lease liabilities	3,257	240	3,497	3,406
	470,595	240	470,835	470,744

Bank borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2025, the carrying amount of these bank borrowings amounted to HK$7,652,000 (2024: HK$85,058,000). As at 31 March 2025, as disclosed in Note 24, the Group's bank borrowings of HK$nil (2024: HK$23,390,000) were in breach of certain covenants. Under the breach of covenant, the bank may request the immediate payment of the bank borrowings. Other than such breach of covenants, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment of other bank borrowings. The directors of the Company believe that all bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk (Continued)

The maturity analysis of the bank borrowings with a repayment on demand clause based on agreed scheduled repayment dates set out in the loan agreements is as follows:

	Within one year HK$'000	More than one year but not exceeding two years HK$'000	More than two years but not exceeding five years HK$'000	Over five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2025						
Bank borrowings	**749**	**749**	**2,248**	**5,246**	**8,992**	**7,652**
As at 31 March 2024						
Bank borrowings	77,667	777	2,331	6,216	86,991	85,058

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(e) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity security and this investment is classified in the consolidated statement of financial position as equity instrument at fair value through other comprehensive income *(Note 17)*. The management will consider hedging the risk exposure should the need arise.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If the share price of the listed investment classified as equity instrument at fair value through other comprehensive income had been increased/decreased by 20% (2024: 20%) and all other variables were held constant, the other comprehensive expense would decrease/increase by approximately HK$1,249,000 (2024: HK$3,288,000) and investment revaluation reserve as at 31 March 2025 would increase/decrease by approximately HK$1,246,000 (2024: HK$3,288,000) resulting from the changes in fair value of equity instrument at fair value through other comprehensive income.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurements of financial instruments

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: fair values measured using Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date

– Level 2 valuations: fair values measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: fair values measured using significant unobservable inputs

	Fair value measurement categorised into			
	Level 1	**Level 2**	**Level 3**	**Fair value**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2025				
Equity instrument at FVOCI	**6,246**	**–**	**–**	**6,246**
As at 31 March 2024				
Equity instrument at FVOCI	16,442	–	–	16,442

During the year ended 31 March 2025 and 2024, there were no transfers between financial instruments in Level 1 and Level 2, or transfers into or out of Level 3.

Fair value of the Group's financial assets and financial liabilities carried at other than fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis and considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

35. RETIREMENT BENEFITS PLANS

(a) Defined benefit plan

Under the Hong Kong Employment Ordinance, employees in Hong Kong are entitled to LSP if the eligibility criteria are met.

The LSP is a defined benefit plan. The analysis of the carrying amount of defined benefit plan obligation is as follows:

	2025	2024
	HK$'000	HK$'000
LSP liabilities, classified as non-current liabilities	**229**	229

Movements of the defined benefit obligation is as follows:

	2025	2024
	HK$'000	HK$'000
At the beginning of the year	**229**	–
Current service cost	**–**	229
At the end of the year	**229**	229

(b) Defined contribution plans

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees. The Group has no further obligations for the actual payment of post retirement benefits beyond the contributions.

The employees in the subsidiary in the PRC are members of state-managed retirement benefit scheme (the "**Social Insurance Scheme**") operated by the PRC government. The subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefit. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the Social Insurance Scheme. The Group has no further obligations for the actual payment of post retirement benefits beyond the contributions.

35. RETIREMENT BENEFITS PLANS (continued)

(b) Defined contribution plans (continued)

The Group is required by Malaysian law to make monthly contributions to the EPF, a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' applicable remuneration. Contributions are charged to profit or loss in the period in which they relate. The contributions to EPF are disclosed separately and the contributions to EPF are included in salaries, bonuses, allowances and other staff benefits. Once the contributions have been paid, the Group has no further payment obligations. No forfeited contribution is available to reduce the contribution payable in future year.

The total cost charged to profit or loss of approximately HK$863,000 (2024: HK$1,451,000) represents contributions payable to these schemes by the Group in respect of the current accounting period. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment		**–**	–
Investments in subsidiaries	37	**73,774**	95,099
		73,774	95,099
Current assets			
Other receivables		**71**	71
Amounts due from immediate holding company *(Note)*		**–**	12,331
Cash and cash equivalents		**123**	405
		194	12,807
Current liabilities			
Other payables		**1,403**	1,200
Bank borrowings		**7,652**	8,168
Amounts due to subsidiaries *(Note)*		**1,152**	1,152
Amounts due to immediate holding company *(Note)*		**11,043**	–
Financial guarantee contracts		**13,586**	11,106
		34,836	21,626
Net current liabilities		**(34,642)**	(8,819)
Net assets		**39,132**	86,280
Capital and reserves			
Share capital	29	**18,692**	18,692
Reserves	36(a)	**20,440**	67,588
Total equity		**39,132**	86,280

Note:

The amounts are unsecured, non-interest bearing and repayable on demand.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements. Movements in the Company's reserves during the current and prior years are as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	394,285	22,968	7,453	(120,526)	304,180
Loss for the year	–	–	–	(236,592)	(236,592)
At 31 March 2024 and 1 April 2024	394,285	22,968	7,453	(357,118)	67,588
Loss for the year	–	–	–	(47,148)	(47,148)
At 31 March 2025	**394,285**	**22,968**	**7,453**	**(404,266)**	**20,440**

Note:

Pursuant to a written confirmation on 23 March 2015, the reimbursement of the Company's listing expenses of approximately HK$7,453,000 by two shareholders, Fortune Decade and Twilight Treasure, in their capacity as shareholders, was accounted for as capital contribution to the Company.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the list of the following contains only the particulars of principal subsidiaries which principally affect the revenue, results, assets, liabilities or business prospects of the Group.

Details of the Company's principal subsidiaries at 31 March 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation and registration/ operation	Issued and fully paid share capital/ registered capital	Percentage of nominal value of issued ordinary share capital/registered capital held by the Company				Form of legal entity	Principal activities
			2025 Directly %	2024 Directly %	**2025 Indirectly %**	2024 Indirectly %		
Win Vision Holdings Limited	BVI/Hong Kong	US$1	**N/A**	100	**N/A**	–	Wholly-owned foreign company	Investment holding
Capital Prospect Holdings Limited	BVI/Hong Kong	US$1	**100**	100	**–**	–	Wholly-owned foreign company	Investment holding
Kwan on Construction Company Limited	Hong Kong/ Hong Kong	HK$24,850,000	**N/A**	–	**N/A**	100	Private limited company	Civil engineering construction
Univic Engineering Limited	Hong Kong/ Hong Kong	HK$76,300,200	**N/A**	–	**N/A**	100	Private limited company	Provision of contracting work on civil plumbing, fire protection, insulation, concrete repairs and related activities
Univic Engineering and Construction Limited	Hong Kong/ Hong Kong	HK$1,403,500	**N/A**	–	**N/A**	100	Private limited company	Provision of civil, plumbing and fire protection engineering contract services
Univic Earthworks Limited	Hong Kong/ Hong Kong	HK$90,000	**–**	–	**100**	100	Private limited company	Provision of civil and plumbing engineering contract services
Regent Engineering Company Limited (formerly known as: Univic Building Contractors Limited)	Hong Kong/ Hong Kong	HK$10,000	**N/A**	–	**N/A**	100	Private limited company	Provision of construction site workmen services
Univic Construction Resources Limited	Hong Kong/ Hong Kong	HK$999	**N/A**	–	**N/A**	100	Private limited company	Provision of construction site workmen services
Nanjing Univic Engineering Construction Limited (南京義年益建築工程有限公司)*	Nanjing/Nanjing	RMB12,500,000	**–**	–	**100**	100	Private limited company	Construction of buildings and trading of chemical products
China Tunnel Engineering Co. Limited (formerly known as: Univic Fireproofing & Construction Limited)	Hong Kong/ Hong Kong	HK$2	**N/A**	–	**N/A**	100	Private limited company	Trading of diesel and provision of construction site workmen services

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(a) General information of subsidiaries (Continued)

Details of the Company's principal subsidiaries at 31 March 2025 and 2024 are as follows: (Continued)

Name of subsidiary	Place of incorporation and registration/ operation	Issued and fully paid share capital/ registered capital	Percentage of nominal value of issued ordinary share capital/registered capital held by the Company				Form of legal entity	Principal activities
			2025 Directly %	2024 Directly %	**2025 Indirectly %**	2024 Indirectly %		
Kwan On-U-Tech 1	Hong Kong/ Hong Kong	Not applicable	**N/A**	–	**N/A**	70	Unincorporated joint venture	Civil engineering construction
Alpha Gold Investments Limited	Seychelles/ Hong Kong	US$1	**100**	100	**–**	–	Private limited company	Property holding
Greenland Hua Yuan (HK) Limited	Hong Kong/ Hong Kong	HK$100	**–**	–	**100**	100	Private limited company	Administrative centre of the Group
New Zealand Kwan On Construction Limited	New Zealand/ New Zealand	NZD100	**N/A**	–	**N/A**	100	Private limited company	Construction
Jovial Elm Limited	BVI/Hong Kong	US$1	**100**	100	**–**	–	Wholly-owned foreign company	Investment holding
Kwan On Holdings (Philippines) Inc.	The Republic of the Philippines/ The Republic of the Philippines	PHP 11,000,000	**–**	–	**100**	100	Private limited company	Civil engineering construction
Kwan On Construction (Malaysia) Sdn Bhd	Malaysia/ Malaysia	RM1,000,000	**–**	–	**100**	100	Private limited company	Construction of building
Anncore Properties Group Corp.#	The Republic of the Philippines/ The Republic of the Philippines	PHP 62,500	**–**	–	**40**	40	Private limited company	Investment holding
Metrocity Properties Group Inc.#	The Republic of the Philippines/ The Republic of the Philippines	PHP 300,000,000	**–**	–	**40**	40	Private limited company	Property development
CJPCI Cambodia Co., Ltd.	Cambodia/ Cambodia	KHR2,000,000	**–**	N/A	**51**	N/A	Private limited company	Construction of buildings

* The English name of the Company registered in the PRC represents the best efforts of the management of the Company in directly translating the Chinese name of the company as no English name has been registered.

The Group has the power to appoint more than half of the directors in the board of the companies, thus the Group has dominant control of the companies and thus they are regarded as subsidiaries of the Group.

None of the subsidiaries had issued any debt securities at the end of both reporting periods.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(b) Non-controlling interests

The following table lists out the information relating to certain subsidiaries of the Group which has material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

Metrocity Properties Group, Inc

	2025	2024
	HK$'000	HK$'000
NCI percentage	**60%**	60%
Current assets	**12,432**	40,994
Current liabilities	**(38,427)**	(67,981)
Net liabilities	**(25,995)**	(26,988)
Carrying amount of NCI	**(36,966)**	(37,651)

	2025	2024
	HK$'000	HK$'000
Revenue	**–**	115,922
Profit/(loss) for the year	**301**	(58,425)
Total comprehensive income/(loss)	**692**	(59,280)
Profit/(loss) allocated to NCI	**181**	(35,055)
Dividend paid to NCI	**–**	–
Cash flows generated from operating activities	**24,669**	99,008
Cash flows generated from investing activities	**–**	–
Cash flows used in financing activities	**(24,669)**	(98,237)

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(b) Non-controlling interests (Continued)

CJPCI Cambodia Co. Ltd.

	2025 HK$'000	2024 HK$'000
NCI percentage	49%	N/A
Non-current assets	9	N/A
Current assets	25,047	N/A
Current liabilities	(20,334)	N/A
Net assets	4,722	N/A
Carrying amount of NCI	2,324	N/A

	2025 HK$'000	2024 HK$'000
Revenue	56,246	N/A
Profit for the year	834	N/A
Total comprehensive income	825	N/A
Profit allocated to NCI	408	N/A
Dividend paid to NCI	–	N/A
Cash flows used in operating activities	(2,820)	N/A
Cash flows generated from investing activities	–	N/A
Cash flows generated from financing activities	3,873	N/A

38. RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transactions with related parties:

Name of related party	**Nature of transactions/ balances**	*Notes*	**2025 HK$'000**	2024 HK$'000
Jiangsu Provincial Construction Group Co., Ltd.* 江蘇省建築工程集團有限公司	Financial guarantee provided to the Group	(a)	**26,959**	27,665
Sino Coronet Group Limited ("**Sino Coronet**")	Amount due to immediate holding company	20	**28,940**	49,481

* The English name is for identification purpose only.

Notes:

(a) Jiangsu Provincial Construction Group Co., Ltd., an immediate holding company of Sino Coronet, is a substantial shareholder of the Group.

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
Short term employee benefits	**4,808**	4,728
Post-employment benefits	**69**	54
	4,877	4,782

39. SHARE OPTION SCHEME

Shareholders of the Company have approved and adopted a share option scheme (the "**Scheme**") on 16 March 2015.

A summary of the Scheme is set out as below:

The Scheme became effective for a period of 10 years commencing on 16 March 2015. Under the Scheme, the directors of the Company shall, in its absolute discretion, select, make an offer to any eligible participants to subscribe for shares of the Company at a subscription price being not less than the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange's daily quotation sheet on the offer date; or (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the share on the offer date. The offer of a grant of options may be accepted within 21 days from the date of the offer grant.

The maximum number of shares to be issued upon the exercise of all outstanding options granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of the issued share capital of the Company at the date of the approval of the Scheme. No options have been granted since the adoption of the scheme.

40. MAJOR NON-CASH TRANSACTIONS

On 31 March 2025, the Group entered into a tri-party settlement agreement with a customer in the PRC and a subcontractor in the PRC, pursuant to which the trade receivables of the customer of approximately HK$155,457,000 had been settled by offsetting with the trade payable of the subcontractor of approximately HK$155,457,000 as at 31 March 2025.

On 31 March 2024, the Group entered into an offsetting agreement with Sino Coronet Group Limited, the immediate holding company of the Group, pursuant to which the amount due from the immediate holding company of HK$12,331,000 had been settled by offsetting with the amounts due to immediate holding company at aggregate amount of HK$12,331,000 as at 31 March 2024.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to immediate holding company HK$'000 *(Note 20)*	Bank borrowings HK$'000 *(Note 24)*	Lease liabilities HK$'000 *(Note 27)*	Total HK$'000
At 1 April 2024	49,481	85,058	3,406	137,945
Changes from financing cash flows:				
New bank loans raised	–	50,513	–	50,513
Repayment of bank borrowings	–	(114,406)	–	(114,406)
Interest paid	–	(5,164)	–	(5,164)
Capital element of lease liabilities paid	–	–	(3,048)	(3,048)
Interest element of lease liabilities paid	–	–	(171)	(171)
Advance from immediate holding company	38,367	–	–	38,367
Repayment to immediate holding company	(14,059)	–	–	(14,059)
Total changes from financing cash flows	24,308	(69,057)	(3,219)	(47,968)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	1,265	1,265
Modification of lease	–	–	2,442	2,442
Termination of lease	–	–	(610)	(610)
Interest expenses *(Note 7)*	–	5,164	171	5,335
Disposals of subsidiaries	(44,845)	(13,513)	(3,434)	(61,792)
Exchange realignment	(4)	–	(11)	(15)
Total other changes	(44,849)	(8,349)	(177)	(53,375)
At 31 March 2025	28,940	7,652	10	36,602

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Amount due to immediate holding company HK$'000 *(Note 20)*	Bank borrowings HK$'000 *(Note 24)*	Lease liabilities HK$'000 *(Note 27)*	Total HK$'000
At 1 April 2023	29,156	170,022	11,006	210,184
Changes from financing cash flows:				
New bank loans raised	–	188,450	–	188,450
Repayment of bank borrowings	–	(273,375)	–	(273,375)
Interest paid	–	(16,969)	–	(16,969)
Capital element of lease liabilities paid	–	–	(8,241)	(8,241)
Interest element of lease liabilities paid	–	–	(412)	(412)
Advance from immediate holding company	101,175	–	–	101,175
Repayment to immediate holding company	(80,825)	–	–	(80,825)
Total changes from financing cash flows	20,350	(101,894)	(8,653)	(90,197)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	887	887
Termination of lease	–	–	(175)	(175)
Interest expenses *(Note 7)*	–	16,969	412	17,381
Exchange realignment	(25)	(39)	(71)	(135)
Total other changes	(25)	16,930	1,053	17,958
At 31 March 2024	49,481	85,058	3,406	137,945

42. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 March 2025, the directors consider the immediate parent and ultimate controlling party of the Group to be Sino Coronet Group Limited and Greenland Holdings Corporation Ltd. ("**Greenland Holdings**")(literal translation of 綠地控股集團股份有限公司), which are incorporated in the BVI and the PRC respectively. Sino Coronet Group Limited does not produce financial statements available for public use while Greenland Holdings, a company listed on the Shanghai Stock Exchange (stock code: 600606), produces financial statements available for public use.

43. EVENTS AFTER THE REPORTING PERIOD

Apart from the events as disclosed elsewhere in the consolidated financial statements, the Group did not have other material events after the reporting period and up to the date of this report.

FIVE YEARS' FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2021	2022	2023	2024	**2025**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	538,732	515,361	624,187	481,271*	**316,272**
Loss before income tax expense	(22,398)	(70,998)	(112,350)	(87,696)*	**(59,295)**
Income tax (expense)/credit	(2,179)	2,144	128	2,962*	**(6,888)**
Loss for the year	(24,577)	(68,854)	(112,222)	(190,198)	**(79,653)**
Continuing operations	–	–	–	(84,734)	**(66,133)**
Discontinued operations	–	–	–	(105,464)	**(13,520)**
Profit/(loss) attributable to:					
Owners of the Company	(24,405)	(67,965)	(111,719)	(155,403)	**(80,160)**
Non-controlling interests	(172)	(889)	(503)	(34,795)	**507**
	(24,577)	(68,854)	(112,222)	(190,198)	**(79,653)**

ASSETS AND LIABILITIES

	As at 31 March				
	2021	2022	2023	2024	**2025**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	959,065	808,940	854,537	650,736	**196,046**
Less: Total liabilities	(437,912)	(382,797)	(514,881)	(517,136)	**(152,977)**
Total equity	521,153	426,143	339,656	133,600	**43,069**
Less: Non-controlling interests	(548)	(1,384)	(1,862)	(36,411)	**(32,602)**
Equity attributable to owners of the Company	521,701	427,527	341,518	170,011	**75,671**

* On 31 March 2025, the Group disposed of Win Vision Holdings Limited and its subsidiaries and discontinued all the businesses of provision of engineering constructions in Hong Kong. Comparative figures for the year ended 31 March 2024 were restated accordingly.