

RONGZUN INTERNATIONAL HOLDINGS GROUP LIMITED

榮尊國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1780)

ANNUAL REPORT

2025





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Hiroshi Kaneko (*Chief Executive Officer*)

Mr. Wang Shuai (*resigned on 10 July 2024*)

Non-Executive Directors

Mr. Wang Xueyan (*Chairman*)

(*appointed on 24 September 2024*)

Ms. Song Ningning

(*appointed on 19 December 2024*)

Mr. Zhang Yanfeng (*resigned on 8 April 2024*)

Independent non-executive Directors

Mr. Yiu To Wa

Mr. Jin Fan

Mr. Sung Ka Woon

AUDIT COMMITTEE

Mr. Yiu To Wa (*Chairman*)

Mr. Jin Fan

Mr. Sung Ka Woon

REMUNERATION COMMITTEE

Mr. Sung Ka Woon (*Chairman*)

Mr. Yiu To Wa

Mr. Jin Fan

NOMINATION COMMITTEE

Mr. Sung Ka Woon (*Chairman*)

Mr. Yiu To Wa

Dr. Hiroshi Kaneko

COMPANY SECRETARY

Mr. Tsang King Sun

AUTHORISED REPRESENTATIVES

Dr. Hiroshi Kaneko

Mr. Tsang King Sun

REGISTERED OFFICE IN CAYMAN ISLANDS

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2803-2803A, Asia Trade Centre

No. 79 Lei Muk Road

Kwai Chung

New Territories

Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

PATRICK MAK & TSE

Rooms 901-905, 9th Floor,

Wing On Centre,

111 Connaught Road Central,

Hong Kong

Corporate Information

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKER

Shanghai Commercial Bank Limited
Shop G1-2, Ground Floor, Metro City Plaza III
The Metropolis
8 Mau Yip Road, Tseung Kwan O
New Territories
Hong Kong

COMPANY WEBSITE

www.bnd-strategic.com.hk

STOCK CODE

1780



Chairman's Statement

Dear Esteemed Shareholders,

On behalf of the Board of Directors of RONGZUN INTERNATIONAL HOLDINGS GROUP LIMITED (formerly known as B & D Strategic Holdings Limited, hereinafter referred to as the “**Company**”) and its subsidiary entities (collectively designated as the “**Group**”), I am delighted to present the annual report encapsulating the fiscal year concluded on the 31st of March 2025.

Despite global economic uncertainty and subdued sentiment in Hong Kong's property market, we are proud to affirm that the Group leverages over two decades of specialised expertise to maintain a preeminent position as a provider of alteration and addition (A&A) works and civil engineering services within Hong Kong's dynamic construction market. Our successful listing on the Main Board of the Hong Kong Stock Exchange in 2019 represented a pivotal strategic achievement. This milestone has significantly elevated our market stature, consolidated our entrenched market presence, and strengthened our capital foundation to strategically advance our growth initiatives.

For the fiscal year under review, the Group's aggregate revenue amounted to approximately HK\$88.4 million, representing an decrease of 61.5% in comparison to the preceding year, however, the Group maintained a gross profit of approximately HK\$4.2 million when compared with last year of approximately HK\$4.4 million. Amid an exceptionally challenging 2024 Hong Kong property market characterized by the transactions decline, downward adjustment of price in residential segments and increase in shop's vacancy rates, the Group navigated significant headwinds in A&A works, including intensified competition and reduced private-sector contracts. However, sustained demand for public infrastructure projects underpinned robust momentum in our civil engineering segment. Strategically pivoting toward these public sector opportunities while diversifying into niche A&A segments positions us to capitalise on recovery and offset cyclical volatility.

As Hong Kong's property development sector projects a moderate recovery in 2025—driven by stabilised interest rates and government stimulus – our Group is positioned to capitalise on emerging opportunities while mitigating persistent risks. In the A&A segment, we anticipate gradual demand recovery from retail and hospitality refurbishments of shopping malls, though competition and labour constraints remain key challenges. Conversely, the civil engineering sector will see accelerated growth, fuelled by the Hong Kong government's commitment to infrastructure spending. To harness these dynamics, we will expand our business network and diversify our customer base toward public-sector contracts and ESG-focused developments. While maintaining vigilance over market volatility, including interest rate fluctuations and supply chain disruptions, we remain cautiously optimistic about the industry's prospects. Leveraging our rigorous cost control measures, long-standing relationships with key customers/suppliers, diverse service capabilities, established market presence, and seasoned management team, we are poised to secure larger-scale projects and strengthen our competitive positioning in Hong Kong's evolving construction landscape.

Lastly, I would like to express my sincere gratitude to the Board, the management team, and the dedicated staff for their unwavering efforts during this challenging year. I also extend my heartfelt appreciation to our valued customers and esteemed shareholders for their steadfast support to the Group.

Dr. Hiroshi Kaneko

Executive Director and Chief Executive Officer

Hong Kong, 27 June 2025

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

We are a contractor specialising in alteration and addition works and civil engineering works in Hong Kong. In order to emphasise the specification on different fields of construction works, among our principal operating subsidiaries, Ka Shun Contractors Limited ("**Ka Shun Contractors**") mainly focuses on the provision of alteration and addition works, while Ka Shun Civil Engineering Company Limited ("**Ka Shun Civil Engineering**") and Ka Construction Company Limited ("**Ka Construction**") mainly focus on the provision of civil engineering works which generally include site formation works and foundation works.

We have obtained all material licenses, permits and registration required for carrying on our business activities, including the Registered General Building Contractors and Specialist Contractors–Site Formation Works granted by Buildings Department; the Approved Contractors for Public Works (Roads and Drainage) and the Approved Contractors for Public Works (Site Formation) both under Group B (probationary) granted by Works Branch of the Development Bureau of the Government of Hong Kong; and Subcontractor Registration Scheme of the Construction Industry Council under the group of general civil works.

As at 31 March 2025, the Group had 8 contracts on hand (including contracts in progress and contracts which are yet to commence) with a total original contract value of approximately HK\$178.8 million. As at 31 March 2024, we had 6 contracts on hand with a total original contract value of approximately HK\$408.7 million.

In general, our customers primarily include property asset management companies, property developers and contractors in Hong Kong. We engage in projects in both public and private sectors. Public sector projects refer to projects of which the customer is a Government department, a statutory body or a Government controlled entity. During the year ended 31 March 2025, we focused on undertaking projects in the private sector.



Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK\$229.9 million for the year ended 31 March 2024 to approximately HK\$88.4 million for the year ended 31 March 2025, representing a decrease of approximately 61.5%.

The decrease was primarily because less construction works were performed during the year ended 31 March 2025 than that during the year ended 31 March 2024.

Direct Costs

Our direct costs decreased from approximately HK\$225.5 million for the year ended 31 March 2024 to approximately HK\$84.2 million for the year ended 31 March 2025, representing a decrease of approximately 62.7%. The direct costs were generally decreased because of less construction works were performed when compared with last year.

Gross Profit and Gross Profit Margin

Our gross profit amounted to approximately HK\$4.2 million for the year ended 31 March 2025 and approximately HK\$4.4 million for the year ended 31 March 2024, representing a decrease of approximately 4.5%.

Accordingly, the gross profit margin increased from approximately 1.9% for the year ended 31 March 2024 to approximately 4.7% for the year ended 31 March 2025.

Other Income

Our other income decreased from approximately HK\$2.7 million for the year ended 31 March 2024 to approximately HK\$1.8 million for the year ended 31 March 2025. Such decrease was mainly due to the decrease in bank interest income from approximately HK\$2.7 million for the year ended 31 March 2024 to HK\$1.8 million for the year ended 31 March 2025.

Administrative Expenses

Our administrative expenses amounted to approximately HK\$16.5 million for the year ended 31 March 2025 which are comparable to that of approximately HK\$16.3 million for the year ended 31 March 2024.

Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Loss Before Tax

Our loss before tax of approximately HK\$9.5 million for the year ended 31 March 2025 which are comparable to that of approximately HK\$9.3 million for the year ended 31 March 2024.

Our income tax expenses remained nil for the years ended 31 March 2025 because there is no assessable profits for both years.

Loss and Total Comprehensive Expense for the Year

The increase in loss and total comprehensive expense for the year ended 31 March 2025 to approximately HK\$22.5 million compared to loss and total comprehensive expense for the year ended 31 March 2024 of approximately HK\$9.3 million was mainly due to the increase in fair value loss on equity instrument at fair value through other comprehensive income.

Key Financial Ratio

	Notes	As at 31 March 2025	As at 31 March 2024
Current ratio	1	5.5 times	3.7 times
Return on total assets	2	-4.8%	-3.7%
Return on equity	3	-5.8%	-5.0%
Net loss margin	4	-10.8%	-4.1%

Notes:

1. Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.
2. Return on total assets is calculated as loss for the year divided by the total assets as of the respective reporting dates.
3. Return on equity is calculated as loss for the year divided by the total equity attributable to owners of the Company as of the respective reporting dates.
4. Net loss margin is calculated as loss for the year divided by the revenue for the respective reporting years.



Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Current Ratio

Our current ratio increased from approximately 3.7 times as at 31 March 2024 to approximately 5.5 times as at 31 March 2025. The increase was mainly due to the decrease in contract liabilities and hence the current liabilities decreased.

Return on Total Assets

Our return on total assets decreased from approximately -3.7% for the year ended 31 March 2024 to approximately -4.8% for the year ended 31 March 2025. The decrease was mainly due to the Group incurred loss for the year ended 31 March 2025 as discussed above.

Return on Equity

Our return on equity decreased from approximately -5.0% for the year ended 31 March 2024 to approximately -5.8% for the year ended 31 March 2025. The decrease was mainly due to the Group incurred loss for the year ended 31 March 2025 as discussed above.

Net Loss Margin

Our Group's net profit margin decreased from approximately -4.1% for the year ended 31 March 2024 to approximately -10.8% for the year ended 31 March 2025. The decrease was primarily due to the Group incurred loss for the year ended 31 March 2024 as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2025, the Company's issued capital was HK\$6.2 million and the number of its issued ordinary shares was 620,000,000 shares of HK\$0.01 each.

As at 31 March 2025, the Group had total cash and cash equivalents and restricted bank deposits of approximately HK\$129.9 million and HK\$2.5 million respectively (31 March 2024: cash and cash equivalents of approximately HK\$123.9 million and restricted bank deposits of approximately HK\$26.7 million respectively).

The Group has funded the liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities for the year ended 31 March 2025.

FOREIGN EXCHANGE EXPOSURES

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollars, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange exposure for the year ended 31 March 2025 as well as for the year ended 31 March 2024.

Management Discussion and Analysis

GEARING RATIO

Gearing ratio is calculated as total debt divided by total equity as at the year ended date and expressed as a percentage. The gearing ratio of the Group as at 31 March 2025 remained 1.2% (31 March 2024: 1.1%).

DEBTS AND CHARGES ON ASSETS

As at 31 March 2025, the Group had no performance bonds (2024: a performance bond of approximately HK\$26.7 million) given by a bank, in favour of the Group's customer as security for the due performance and observance of the Group's obligations under the contract entered into between the Group and its customer.

As at 31 March 2025, there was performance bond of HK\$2.5 million given by the bank were granted under the bank facilities of the Group and secured by restricted bank deposits and personal guarantee given by director of the subsidiaries of the Company. Mr. Tang Wing Kwok ("**Mr. Tang**") amounted to HK\$2.5 million (2024: secured by restricted bank deposits and personal guarantee given by the directors of the subsidiaries of the Company, Mr. Lo Wing Hang ("**Mr. Lo**") and Mr. Tang amounted to HK\$24.2 million and HK\$2.5 million respectively).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group had no material capital commitments and contingent liabilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2025, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

There was no plans for material investments or capital assets as at 31 March 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, we employed a total of 49 full-time employees (including one executive director but excluding two non-executive directors and three independent non-executive directors), as compared to a total of 49 full-time employees (including two executive Directors but excluding one non-executive director and three independent non-executive Directors) as at 31 March 2024. The remuneration packages that the Group offers to employees include salary, discretionary bonuses, staff benefits, contributions and retirement schemes as well as other cash subsidies. In general, the Group determines employee's salaries based on each employee's qualifications, position, experience and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the year ended 31 March 2025 was approximately HK\$25.2 million compared to approximately HK\$28.5 million in the corresponding year ended 31 March 2024.

Management Discussion and Analysis

FINAL DIVIDENDS

The Board has recommended to pay final dividends of HK4.0 cents per share (2024: Nil), to shareholders whose names appear on the register of members of the Company on 19 September 2025. The final dividend will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the “**AGM**”) of the Company to be held on 9 September 2025.

Share Option Scheme

Pursuant to written resolutions passed on 4 April 2019, the Company adopted a share option scheme (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Under the Share Option Scheme, the board of directors of the Company may, at its discretion, grant options to subscribe for ordinary shares of the Company to eligible participants (“**Eligible Participants**”) who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which any member of the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the ordinary share capital of the Company in issue from time to time. The total number of ordinary shares which may be allotted and issued upon exercise of all options to be granted under Share Options Scheme and any other share option of the Group must not in aggregate exceed 10% of the ordinary shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the ordinary shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s ordinary shares at the date of the grant) in excess of HK\$5,000,000, within any twelve-month period, are subject to shareholders’ approval in advance in a general meeting.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. The exercise period of the share options granted is determinable by the directors of the Company, save that such period shall not be more than ten years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme.

Management Discussion and Analysis

FINAL DIVIDENDS (continued)

Share Option Scheme (continued)

Unless otherwise determined by the directors of the Company at their absolute discretion, there is no requirement of a minimum period for which an option must be held before an option can be exercised. In addition, there is no performance target which must be achieved before any of the options can be exercised.

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's ordinary shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's ordinary shares for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Company's ordinary shares on the date of the offer.

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption (i.e. 4 April 2019) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the shareholders in general meeting. As at 31 March 2025, the remaining life of the Share Option Scheme was more than five years.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between the adoption date of the Share Option Scheme and the date of this announcement, no share option has been granted, exercised, cancelled or lapsed. There was no outstanding share option under the Share Option Scheme as at 31 March 2025 and the date of this announcement. As at 31 March 2025 and the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 62,000,000, representing 10% of the entire issued share capital of the Company.

The Company does not have any other share scheme other than the Share Option Scheme adopted on 4 April 2019.

Purchase, Sale or Redemption of the Company's Listed Securities

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries for the year ended 31 March 2025 and up to the date of this announcement.

Events after the year ended 31 March 2025

As of the date of this announcement, the Group does not have any material subsequent events after the reporting period.

Biographical Details of Directors and Senior Management

Executive Directors

Dr. Hiroshi Kaneko (“**Dr. Kaneko**”) (formerly known as Jin Song), aged 60, has been appointed as an executive Director and the chief executive officer of the Company since 4 December 2023.

Dr. Kaneko has extensive research experience in the field of environment, development and economic science in Japan, China and Northern America. He has been engaged in comprehensive utilisation of environmental friendly materials and international trade. He is currently a vice president and chief financial officer of Kyosei-Bank Co* (共生バンク株式会社) and is mainly responsible for overseeing the financial aspects of new business development.

Dr. Kaneko has received a Master of Engineering from Dalian University of Technology in 1989 and a doctoral degree in Engineering from the Department of the Advanced Interdisciplinary Studies from University of Tokyo in 1997.

Dr. Kaneko has acted as the executive director and the chief executive officer of Japan Kyosei Group Company Limited (Stock Code: 0627), the shares of which are listed on Main Board of the Stock Exchange, since 26 July 2023 and he had acted as the executive director of Hong Wei (Asia) Holdings Company Limited (stock code: 8191), the shares of which are listed on GEM of the Stock Exchange, from 19 November 2021 to 4 October 2023.

Dr. Kaneko the director of Kyosei Technology Inc., which is the substantial shareholder of the Company and it currently owns 465,000,000 shares of the Company.

Non-executive Directors

Mr. Wang Xueyan (“**Mr. Wang**”), aged 38, has been appointed as Chairman and a non-executive Director of the Company since 24 September 2024.

Mr. Wang was a general manager of Guangzhou Yingzheng Culture Communication Company Limited* (廣州瀛正文化傳播有限公司) during the period from 2015-2021 and he has been a general manager of Yingzheng Culture (Guangdong) Company Limited* (瀛正文化(廣東)有限公司) since 2021.

Miss Song Ningning (“**Ms. Song**”), aged 37, has been appointed as a non-executive Director of the Company since 19 December 2024.

Ms. Song possesses extensive experience in managing hotels and the public relations service industry. Her leadership skills and strategic insights have significantly contributed to the success and growth of numerous projects within these sectors. She is a highly valued professional in her field. She graduated from Harbin University of Science and Technology with a bachelor's degree in laws in 2010.

* For identification purpose only

Biographical Details of Directors and Senior Management

Independent non-executive Directors

Mr. Jin Fan ("Mr. Jin"), aged 37, has been appointed as an Independent Non-Executive Director of the Company since 4 December 2023.

Mr. Jin was the legal representative (法定代表人) of Suzhou Jinjude Information Consulting Co., Ltd.* (蘇州金聚德信息諮詢有限公司) during the period from December 2020 to September 2021, and the materials department specialist of Suzhou Rail Transit Operation Company* (蘇州軌道交通有限公司運營分公司) from July 2012 to July 2015. Mr. Jin graduated from Jilin University in July 2015 with a bachelor's degree in administration.

Mr. Sung Ka Woon ("Mr. Sung"), (previously known as **Song Li**), aged 53, has been appointed as an Independent Non-Executive Director of the Company since 4 December 2023.

Mr. Sung has extensive experience of social services and corporate management. Mr. Sung is currently an independent non-executive director of Simcere Pharmaceutical Group Limited (stock code: 2096) and China Harmony Auto Holding Limited (stock code: 3836), both of which are companies listed on the Main Board of the Stock Exchange.

Mr. Sung obtained an executive master of business and administration degree from Antai College of Economics & Management, Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the People's Republic of China (the "PRC") in December 2011, completed the part-time postgraduate studies majoring in economic management from Party School of the Central Committee of CPC (中共中央黨校) in the PRC in January 1996 and obtained a bachelor's degree of machinery design and automation from Northeastern University (東北大學) (previously known as Northeastern Institute of Technology (東北工學院)) in the PRC in July 1993.

Mr. Yiu To Wai ("Mr. Yiu"), aged 42, has been appointed as an Independent Non-Executive Director of the Company since 4 December 2023.

Mr. Yiu obtained his bachelor's degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 15 years of experience in financial accounting and auditing of listed companies in Hong Kong. Mr. Yiu is currently an independent non-executive director of China Environmental Energy Investment Limited (stock code: 986) and Yuk Wing Group Holdings Limited (stock code: 1536), both of which are listed on the Main Board of the Stock Exchange. He was an executive director of DeTai New Energy Group Limited (stock code: 559), which is listed on the Main Board of the Stock Exchange, from May 2021 to July 2021.

Senior management

Mr. Tang Wing Kwok (鄧永國), aged 56, is our former chairman and former executive Director. Mr. Tang is responsible for giving strategic advice and guidance on the construction business, including the operations, project planning, budgeting, execution of daily management and administration of our construction business and operations.

Mr. Tang has accumulated over 30 years of experience in the civil engineering industry in Hong Kong. He has been an authorised signatory of Ka Shun Civil Engineering since Ka Shun Civil Engineering has been registered in the register of the general building contractors maintained by the Buildings Department. Mr. Tang obtained a bachelor degree of Science in Quantity Surveying from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in November 1991. Mr. Tang has been a Professional Associate of The Royal Institution of Chartered Surveyors since January 1995, an Associate of The Hong Kong Institute of Surveyors since June 1998, a member of the Association for Project Management since March 1999 and a Registered Professional Surveyor in the Quantity Surveying Division of the Surveyors Registration Board since October 2001.

* For identification purpose only

Biographical Details of Directors and Senior Management

Senior management (continued)

Mr. Lo Wing Hang (勞永亨), aged 69, is our former vice-chairman of our Board, the former chief executive officer and former executive Director. Mr. Lo is responsible for overall business development, project planning, budgeting, contract administration, overseeing execution of projects and managing quality management system on our construction business.

Mr. Lo has accumulated over 45 years of experience in the construction industry in Hong Kong. He has been an authorised signatory of Ka Shun Contractors since Ka Shun Contractors has been registered in the register of the general building contractors maintained by the Buildings Department in July 2011. Mr. Lo obtained a degree of Bachelor of Applied Science (Construction management and economics) from the Curtin University of Technology, Australia in February 2010. Mr. Lo was admitted a member of the Hong Kong Institute of Construction Managers in May 2012, a Registered Construction Manager of the Hong Kong Institute of Construction Managers in September 2014, a Chartered Building Engineer and a member of the Chartered Association of Building Engineers in December 2014 and became a fellow member in March 2018, and a member of the National Council of The Australian Institute of Building in March 2015.

Mr. Lo is the father of Mr. Lo Wai Man, a member of our senior management.

Mr. Leung Kin Fung Stephen (梁建豐) (formerly known as **Leung Kin San Stephen (梁建新)**), aged 64, is a technical director and authorised signatory of our Group. Mr. Leung joined our Group in February 2000 and is responsible for overseeing technical engineering-related matters of our Group. Mr. Leung has been the technical director of Ka Shun Civil Engineering in the register of the general building contractors maintained with the Buildings Department, since June 2000. He has also been the authorised signatory and the technical director of Ka Shun Civil Engineering in the register of specialist contractor in site formation category maintained with the Buildings Department since May 2000. Mr. Leung has accumulated over 22 years of experience in practicing as an engineer with our Group. Prior to joining our Group, Mr. Leung worked as a site engineering for Kirin Civil Engineering Contractors Limited from June 1991 to October 1994, an Assistant Engineer with Blyth & Blyth Service Company Limited from August 1990 to April 1991 and a structural engineer with Birkett Stevens Colman Partnership from October 1986 to July 1990.

Mr. Leung obtained a bachelor degree of Engineering from the Middlesex Polytechnic, the United Kingdom, in July 1986 and a degree of Master of Business Administration from American City University in June 2012. He was admitted as a member of The Institution of Structural Engineers in March 1992, a Chartered Engineer of The Institution of Structural Engineers in August 1993 and a member of the Hong Kong Institution of Engineers in April 1999. He has been registered as a Registered Professional Engineer (Structural) of the Engineers Registration Board since December 1999. Mr. Leung has been a Regional Commander (Des)/KE of the Auxiliary Medical Service since July 2015.

Mr. Lau Kwun Ho (劉冠豪), aged 44, is a project manager of our Group. Mr. Lau joined our Group from November 2004 to February 2012 and re-joined our Group in September 2012. He is responsible for overall project and site supervision and monitoring. Mr. Lau has been the authorised signatory of Ka Construction in the register of general building contractors maintained with the Building Department since September 2017.

Mr. Lau obtained a higher diploma in Building Studies from the Hong Kong Institute of Vocational Education in June 2006 and a bachelor degree of Science in Construction Project Management from the University of Central Lancashire in December 2013. Prior to his re-joining our Group in September 2012, he worked with Sanfield (Management) Ltd. from March 2012 to August 2012 and his last position was a coordinator.

Mr. Lo Wai Man (勞瑋文), aged 39, is a project manager of our Group. Mr. Lo Wai Man joined our Group as an assistant project engineer in June 2010 and was promoted to the present position in February 2012. He is responsible for overall project supervision and management. He has accumulated over 11 years of experience in supervising and managing our projects. Mr. Lo Wai Man is the son of Mr. Lo Wing Hang. He has been appointed as a director of Joy Goal, Ka Shun Civil Engineering and Ka Shun Contractor since January 2018, January 2018 and April 2015, respectively.



Directors' Report

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2025 (the **"Financial Statements"**).

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 24 April 2018.

The Company is domiciled in Hong Kong and has a principal place of business at Units 2803–2803A, Asia Trade Centre, No. 79 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the year ended 31 March 2025 are set out in Note 30 to the Financial Statements.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 30 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 March 2025.

SEGMENT INFORMATION

Details of segment reporting are set out in Note 6 to the Financial Statement.

BUSINESS REVIEW

The business review and outlook of the Group for the year ended 31 March 2025 are set out in the section headed "Management Discussion and Analysis" on pages 5 to 11 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 69 of this annual report.

FINAL DIVIDENDS

The Board has recommended to pay final dividends of HK4.0 cents per share (2024: Nil), to shareholders whose names appear on the register of members of the Company on 19 September 2025. The final dividend will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the **"AGM"**) of the Company to be held on 9 September 2025.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Tuesday, 9 September 2025. A notice convening the meeting will be published in the Company's website of www.bnd-strategic.com.hk and despatched to the Shareholders in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the **"Listing Rules"**) in due course.



Directors' Report

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 9 September 2025, the register of members of the Company will be closed from Thursday, 4 September 2025 to Tuesday, 9 September 2025, both days inclusive, during which period no transfer of the shares can be registered. Shareholders whose names appear on the register of members of the Company on Tuesday, 9 September 2025 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 3 September 2025.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risk and uncertainties identified by the Group relating to our business:

We had a concentration of customers

During the years ended 31 March 2025 and 2024, a significant portion of the Group's revenue was derived from a limited number of customers. For each of the years ended 31 March 2025 and 2024, our largest customer accounted for approximately 43.2% and 38.7% of the Group's revenue, respectively, while our five largest customers in aggregate accounted to approximately 97.9% and 93.6% of the Group's revenue, respectively.

There is no assurance that we will be able to maintain or improve the relationship with our major customers. There is also no assurance that we will be able to diversify the composition of our customer base. If any of our major customers materially reduces, delays or terminates its projects with us, we may not be able to secure projects on similar terms in a timely manner from other customers. As a result, there may be a material and adverse effect on our business, financial condition, results of operations as well as prospect.

Our revenue was mostly derived from contracts which are non-recurring in nature and there is no guarantee that our customers will award new contracts to us in the future

For the years ended 31 March 2025 and 2024, we generally derived our revenue from contracts which are non-recurring in nature and we did not enter into long-term agreement with our customers. As the contracts awarded are on a project-by-project basis, our customers are under no obligation to award contracts to us. As such, there is no assurance that our existing customers will continue to engage us in their upcoming projects after the completion of the current contracts. The number and scale of projects and the amount of revenue we are able to derive therefrom may therefore vary significantly from period to period. If we cannot continue to maintain the amounts of contracts at a similar level or obtain new projects of similar or even larger contract sum, our business, financial conditions, results of operation as well as business prospects may be materially and adversely affected.

We may not be able to maintain or increase our tender success rate

During the years ended 31 March 2025 and 2024, our projects were generally obtained through tendering process. For each of the years ended 31 March 2025 and 2024, our tender success rate was approximately 3.8% and 3.8% respectively. There is no guarantee that we will receive tender invitation from our customers or our tenders will be selected by our customers. As such, there is no assurance that we will be able to maintain or increase our tender success rate in the future. In that case, we may have to adjust our pricing strategy or offer more favourable terms to our customers to increase the competitiveness of our tenders. Failure to maintain our success rate on project tendering and to adjust our costs accordingly may materially or adversely affect our profitability and results of operations.

Directors' Report

KEY RISKS AND UNCERTAINTIES (continued)

We determine the tender price based on our estimated construction time and costs which may deviate from the actual time and costs and any inaccurate costs estimation and cost overrun may adversely affect our financial results

When preparing our tenders, we determine our tender price on a case-by-case basis by adopting a costs-plus pricing model. To estimate our costs of undertaking a project, we consider factors including (i) the nature, scope and complexity of the work involved; (ii) the project schedule; (iii) the availability of our manpower and resources; and (iv) the estimated material and subcontracting costs. There is no assurance that the actual time and costs would not exceed our estimation during the performance of our projects. The actual time and costs to complete our construction projects may vary substantially from our original estimates due to factors such as (i) shortage or costs escalation of materials or labour during the project period; (ii) unexpected technical problems or adverse weather condition; and (iii) failure of performance by our subcontractors that in turn forces us to incur additional costs in replacing the defaulting subcontractor or carrying out rectification works.

During the years ended 31 March 2025 and 2024, our revenue was generally derived from certified value of works under the contracts which were determined on a fixed-price basis upon the signing of the contract. If we cannot maintain our costs within our original estimations throughout the course of carrying out the contract, or pass on our customers any increases in costs, our business, financial condition and result of operation may be materially and adversely affected.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years, as set out on page 124 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2025 are set out in Note 15 to the Financial Statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2025 was 620,000,000 ordinary shares of HK\$0.01 per share. As at the date of this annual report, the share capital of the Company was 620,000,000 ordinary shares of HK\$0.01 per share.

Details of movements during the year ended 31 March 2025 in the share capital of the Company are set out in Note 25 to the Financial Statements.

DEBENTURES

The Company did not issue any debenture during the year ended 31 March 2025.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2025 are set out in the consolidated statement of changes in equity on page 71 of this annual report.

As at 31 March 2025, the Company has reserves amounted to approximately HK\$103.1 million available for distribution (2024: approximately HK\$107.9 million).



Directors' Report

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2025, the Company's reserves available for distribution to the Shareholders are approximately HK\$103.1 million (2024: approximately HK\$107.9 million) as calculated in accordance with statutory provisions applicable in the Cayman Islands.

DONATION

No donation for charitable and other donations was made by the Group during the years ended 31 March 2025 and 2024.

DIRECTORS

The Directors who held office for the year ended 31 March 2025 and up to the date of this annual report are:

Executive Directors

Dr. Kaneko (*Chief Executive Officer*)

Mr. Wang Shuai (*resigned on 10 July 2024*)

Non-Executive Directors

Mr. Wang Xueyan (*Chairman*) (*appointed on 24 September 2024*)

Ms. Song Ningning (*appointed on 19 December 2024*)

Mr. Zhang Yanfeng (*Chairman*) (*resigned on 8 April 2024*)

Independent non-executive Directors

Mr. Yiu To Wa

Mr. Jin Fan

Mr. Sung Ka Woon

As for Dr. Kaneko, Mr. Yiu To Wa, Mr Jin Fan and Mr. Sung Ka Woon, each of the Directors has entered into a contract for appointment with the Company for an initial term of two years on 4 December 2023, which may also be terminated by either party by written notice of one month.

Mr. Wang Xueyan has entered into a contract for appointment with the Company for an initial term of three years on 24 September 2024, which may also be terminated by either party by written notice of one month.

Ms. Song Ningning has entered into a contract for appointment with the Company for an initial term of three years on 19 December 2024, which may also be terminated by either party by written notice of one month.

CONFIRMATION OF INDEPENDENCE

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

Directors' Report

MANAGEMENT CONTRACTS

No contracts, other than the appointment contracts and employment 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 year ended 31 March 2025.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 31 March 2025, the interest and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), notified to the Company and the Stock Exchange were as follow:

Long position in the shares

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested in	Percentage of shareholding
Dr. Kaneko (Note)	Interest in controlled corporation	465,000,000	75%

Note:

These 465,000,000 shares are held by Kyosei Technology Inc. Dr. Kaneko beneficially owns 28.05% of the entire issued share capital of Kyosei Technology Inc.. Therefore, Dr. Kaneko is therefore deemed to have an interest in the above shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Dr. Kaneko is the director of Kyosei Technology Inc., the substantial shareholder of the Company.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES (continued)

Substantial shareholders' interests and short positions in shares and underlying shares

As at 31 March 2025, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the Section 336 of the SFO, or which would be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

Name	Capacity	Total (Note 1)	Approximate percentage of the Company's issued share capital
Mr. Kenichi Yanase (Note 3)	Interest in controlled corporation	465,000,000 (L)	75% (Note 2)
Kyosei Technology Inc.	Beneficial owner	465,000,000 (L)	75% (Note 2)

Notes:

- (L) represents long position in shares/underlying shares.
- The total number of 620,000,000 shares in issue as at 31 March 2025 has been used for the calculation of the approximate percentage.
- 465,000,000 shares are beneficially owned by Kyosei Technology Inc.. Kyosei Technology Inc. is owned as to 65.45% by Mr. Kenichi Yanase and therefore Mr. Kenichi Yanase is deemed to be interested in the same number of shares held by Kyosei Technology Inc.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO as at 31 March 2025.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and chief executive's interest in securities" above and the paragraph headed "Share Option Scheme" below, at no time during the year ended to 31 March 2025 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the company, its holdings company, or/and any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights by means of the acquisition of shares in or debentures of the Company of any other body corporate.

Directors' Report

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business by the Group are set out in Notes 22 and 29 to the Financial Statements, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the year ended 31 March 2025, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

Save as disclosed under the "Related Party Transactions" in Notes 22 and 29 to the Financial Statements, there were no transaction, arrangement or contract of significance, to which the company any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director of any entity connected with a Director had a material interest, whether directly and indirectly, subsisted as at 31 March 2025 or any time during the year ended 31 March 2025, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a Controlling Shareholder or any of its subsidiaries.

FINANCIAL ASSISTANCE FROM A FORMER CONTROLLING SHAREHOLDER

During the year ended 31 March 2025, the Group had the following financial assistance from a former controlling shareholder which was fully exempted from independent Shareholders' approval, annual review and all disclosure requirements of Chapter 14A of the Listing Rules.

As disclosed in Note 20 to the Financial Statements, as at 31 March 2025, the Group had performance bond of approximately HK\$2.5 million given by a bank in favour of a Group's customer as security for the due performance and observance of the Group's obligations under a contract entered into between the Group and its customers. The performance bond issued by the bank was granted under the bank facilities of the Group which was secured by the restricted bank deposits of approximately HK\$2.5 million and a personal guarantee given by Mr. Tang Wing Kwok, a former controlling shareholder, a former executive Director, former Vice Chairman and a former chief executive officer of the Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the bank is a bank as defined under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), an independent third party (as defined under the Listing Rules) and not connected with the Company and its connected persons (as defined under the Listing Rules) as at the date of this report. Save for Mr. Tang Wing Kwok, none of the connected persons have any interest, whether directly or indirectly, in the performance bond.

Mr. Tang Wing Kwok has not and will not receive any form of consideration from the Group for the provision of the personal guarantee.

As Mr. Tang Wing Kwok is a former executive Director and a former controlling shareholder, the provision of the personal guarantee constituted a connected transaction in the form of financial assistance in favour of the Group. However, as the personal guarantee is not secured by any assets of the Group, and as the Directors consider that the personal guarantee is on normal commercial terms or better, the personal guarantee is fully-exempt from the shareholders' approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Listing Rules.



Directors' Report

FINANCIAL ASSISTANCE FROM A FORMER CONTROLLING SHAREHOLDER (continued)

The independent non-executive Directors have reviewed the above financial assistance received by the Group and confirmed that the transaction has been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the third amended and restated articles of association of the Company adopted on 26 January 2024, every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate directors' and officers' liability insurance in respect of legal actions against them arising out of corporate activities and such permitted indemnity provision for the benefit of the Directors currently in force.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 March 2025, the aggregate purchase attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 13.6% and 52.2% (2024: approximately 23.1% and 50.5%) respectively of the Group's total purchases for the year ended 31 March 2025. Revenue attributable to the Group's largest customers and the five largest customers in aggregate accounted for approximately 43.2% and 97.9% (2024: approximately 38.7% and 93.5%) respectively of the Group's total revenue for the year ended 31 March 2025.

To the best of the Directors' knowledge, none of the Directors, their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares capital of the Company) had an interest in the Group's five largest suppliers or customers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

Employees

The Group considers its employees the key to sustainable business growth and also recognises its employees as its valuable assets. Further, in light of the shortage of skilled labour in the local construction industry, it is crucial to maintain a competitive remuneration package and fringe benefits for our potential and existing employees. In this regard, the Group provides comprehensive remuneration package which includes salary, discretionary bonuses and other cash subsidies to attract, motivate and retain appropriate and suitable employees to serve the Group. In general, our Group determines employee salaries based on each employee's qualifications, position and seniority. Our Group has designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. The Group also provides on-the-job training and development opportunities to enhance its employees' career development and learning.

Directors' Report

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS (continued)

Customers

The Group are aware of the risk of customer concentration, and sought to reduce the reliance on major customer by undertaking more sizable projects for other customers. A summary of the customer concentration of the Group and the list of the Group's major customers were set out in the section headed "Business – Customer concentration" and "Business – Our major customers" of the Prospectus, respectively.

The Group believes that we have maintained a close relationship with our major customers and it is also our priority to work with reputable customers, which in turn tend to undertake sizeable projects. Working with these customers can allow us to secure future business opportunities with them and bolster our job reference.

Besides that, the Group has no intention to limit ourselves to serve our major customers and, with our presence in the industry, the Group believes that we are able to extend our services to other customers.

As such, the Group is of the view that, despite the customer concentration, our business model is sustainable.

Suppliers and subcontractors

The Group has developed stable and strong working relationships with suppliers and subcontractors to meet the Group's customers' needs in an effective and efficient manner. The Group works closely with the suppliers and subcontractors to make sure the tendering, procurement and subcontracting are conducted in an open, fair and just manner. The Group's requirements and standards are also well communicated to them before the commencement of projects.

ENVIRONMENTAL POLICIES

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws of Hong Kong. The laws and regulations which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Waste Disposal (Charges for Disposal of Construction Waste) Regulation.

In order to comply with the applicable environmental protection laws, we had implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001:2015 since November 2003 (for Ka Shun Civil Engineering) and since September 2012 (for Ka Shun Contractors), respectively. Apart from following the environmental protection policies formulated and required by our customers, we have also established our environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both our employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal. During the year ended 31 March 2025, we did not incur any material costs on environmental compliance.



Directors' Report

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 March 2025, as far as the Board and the management are aware, there was no material breach of the applicable laws and regulations by the Group that has material impact on the business and operation of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available and with the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed minimum public float under the Listing Rules as at the date of this annual report.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries for the year ended 31 March 2025 and up to the date of this annual report.

NON-COMPETITION UNDERTAKING

In order to avoid any possible competition between our Group and our former controlling shareholders, each of Mr. Tang Wing Kwok, Mr. Lo Wing Hang and Sky Winner Holdings Limited as former controlling shareholders entered into a deed of non-competition with our Company (for itself and as trustee for subsidiaries of our Group) on 4 April 2019. Pursuant to the deed of non-competition, each of the former controlling shareholders has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, as long as the deed on non-competition remains effective, he/it shall not, and shall procure his or its close associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether on its own account or with each other or in conjunction with or on behalf of any person or company or otherwise, the development, participation, management and operation of any existing business which in competition with or likely to be in competition, whether directly or indirectly, with the existing business activity of any member of our Group or such other business activity our Group may engage from time to time in future.

The former controlling shareholders have confirmed to the Company of their compliance with the deed of non-competition dated 4 April 2019 for disclosure in this annual report for the year ended 31 March 2025 and up to the date of this annual report.

All the independent non-executive Directors are delegated with the authority to review the deed of non-competition given by the former controlling shareholders. The independent non-executive Directors were not aware of any non-compliance of the deed of non-competition for the year ended 31 March 2025 and up to the date of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors confirm that neither the Controlling Shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business for the year ended 31 March 2025 and up to the date of this annual report, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Directors' Report

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2025, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries and associated companies.

SHARE OPTION SCHEME

Pursuant to written resolutions passed on 4 April 2019, the Company adopted a share option scheme (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Under the Share Option Scheme, the board of directors of the Company may, at its discretion, grant options to subscribe for ordinary shares of the Company to eligible participants (“**Eligible Participants**”) who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which any member of the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the ordinary share capital of the Company in issue from time to time. The total number of ordinary shares which may be allotted and issued upon exercise of all options to be granted under Share Options Scheme and any other share option of the Group must not in aggregate exceed 10% of the ordinary shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the ordinary shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's ordinary shares at the date of the grant) in excess of HK\$5,000,000, within any twelve-month period, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. The exercise period of the share options granted is determinable by the directors of the Company, save that such period shall not be more than ten years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme.



Directors' Report

SHARE OPTION SCHEME (continued)

Unless otherwise determined by the directors of the Company at their absolute discretion, there is no requirement of a minimum period for which an option must be held before an option can be exercised. In addition, there is no performance target which must be achieved before any of the options can be exercised.

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's ordinary shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's ordinary shares for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Company's ordinary shares on the date of the offer.

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption (i.e. 4 April 2019) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the shareholders in general meeting. As at 31 March 2025, the remaining life of the Share Option Scheme was more than five years.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between the adoption date of the Share Option Scheme and the date of this annual report, no share option has been granted, exercised, cancelled or lapsed. There was no outstanding share option under the Share Option Scheme as at 31 March 2025 and the date of this annual report. As at 31 March 2025 and the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 62,000,000, representing 10% of the entire issued share capital of the Company.

The Company does not have any other share scheme other than the Share Option Scheme adopted on 4 April 2019.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements were entered into for the year ended 31 March 2025.

BORROWINGS

There are no borrowings of the Group as at 31 March 2025 and 31 March 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the third amended and restated memorandum and articles of association of the Company and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Share on a pro-rata basis to the existing shareholders of the Company.

Directors' Report

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in Note 27 to the Financial Statements.

REMUNERATIONS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals are set out in the Notes 12 and 13, respectively, to the Financial Statements.

The emoluments of the Directors and senior management of the Group are determined by the remuneration committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments for the year ended 31 March 2025 and up to the date of this annual report.

EMOLUMENT POLICY

Remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

The Company has adopted Share Option Scheme as incentive to eligible employees, details of the schemes are set out in the section headed "Share Option Scheme".

Details of the emoluments of the Directors and five highest paid individuals are set out in Notes 12 and 13, respectively, to the Financial Statements respectively. Details of the retirement benefit scheme are set out in Note 27 to the Financial Statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 29 to 39 of this annual report.

DISCLOSURES UNDER RULES 13.20 TO 13.22 OF THE LISTING RULES

As at 31 March 2025, the Group had no circumstances which would give rise to a disclosure obligation under Rule 13.20 to 13.22 of the Listing Rules.



Directors' Report

AUDIT COMMITTEE

The Company established the audit committee on 4 April 2019 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the Corporate Governance Code (the “**CG code**”) as set out in Appendix C1 of the Listing Rules. The audit committee consists of three independent non-executive Directors, namely, Mr. Yiu To Wa, Mr. Jin Fan and Mr. Sung Ka Woon. Mr. Yiu To Wa currently serves as the chairman of the audit committee.

The audit committee had reviewed, together with the management and the Company's auditors Deloitte Touche Tohmatsu, the accounting principles and policies adopted by the Group and the Financial Statements for the year ended 31 March 2025.

The Group's audited consolidated financial statements for the year ended 31 March 2025 have been reviewed and approved by the audit committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

AUDITORS

Deloitte Touche Tohmatsu has acted as the auditors of the Group for the year ended 31 March 2025. The Financial Statements have been audited by Deloitte Touche Tohmatsu, who shall retire in the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution for their re-appointment as auditors for the coming year will be proposed at the forthcoming annual general meeting. There is no change in auditors since the Listing Date.

By order of the Board

Dr. Hiroshi Kaneko

Executive Director and Chief Executive Officer

Hong Kong, 27 June 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

Save as disclosed below, the Group has complied with the code provisions set out in Appendix C1 (the “**CG Code**”) to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange throughout the Year and, where appropriate, the applicable recommended best practices of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a designated position of Chairman for the period from 8 April 2024 to 23 September 2024. The responsibilities of the chairman and the chief executive officer of the Company are currently vested in Dr. Hiroshi Kaneko (the executive director and the chief executive officer of the Company). As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. As at 24 September 2024, Mr. Wang Xueyan was appointed as the Chairman of the Board, while Dr. Hiroshi Kaneko served as the Chief Executive Officer of the Company. The Chairman provides leadership to the Board and discharges those duties set out in code provision C.2.1 of the CG Code. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Save for the above, the Company had complied with all code provisions as set out in the CG Code throughout the Year and, where appropriate, the applicable recommended best practices of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

CORPORATE CULTURE AND STRATEGY

The Group aims to build up a long-term sustainable business where Shareholders and other stakeholders can benefit in the shared value of corporate success. The Board aligns the purpose, values and strategic direction of the Group by establishing an organizational culture to maintain and develop an effective corporate governance framework with stringent corporate governance practices, including but not limited to employee retention and training, whistleblowing and anti-corruption policies etc, across all levels of the Group’s operations, policies and procedures.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as a code of conduct of the Company regarding Directors’ securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the year ended 31 March 2025 and up to the date of this annual report.

BOARD OF DIRECTORS

Board Composition

As at the date of this Annual Report, the Board comprises one executive Director, namely Dr. Hiroshi Kaneko (Chief Executive Officer), two non-executive Directors, namely Mr. Wang Xueyan and Ms. Song Ningning, and three independent non-executive Directors, namely Mr. Yiu To Wa, Mr. Sung Ka Woon and Mr. Jin Fan.

The biographies of the current Directors and their relationship, if any, are set out in “Biographical Details of Directors and Senior Management” on pages 10 to 12 of this Annual Report.

Corporate Governance Report

BOARD OF DIRECTORS (continued)

Board Composition (continued)

The Board meets regularly to discuss and formulate the overall strategy as well as operation and financial performance of the Group. The company secretary of the Company (the “**Company Secretary**”) assists the CEO in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly, and regular board meetings should be held at least four times per year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications.

The attendance record of each Director at the Board and the committee meetings held and resolutions resolved for the year ended 31 March 2025 is set out in the table below:

Name of Director	Board	Attendance/Number of Meetings			
		Annual General Meeting	Audit Committee	Nomination Committee	Remuneration Committee
Dr. Hiroshi Kaneko	2/2	1/1	–	1/1	–
Mr. Wang Shuai (Note 1)	1/1	–	–	–	–
Mr. Zhang Yanfen (Note 2)	–	–	–	–	–
Mr. Wang Xueyan (Note 3)	1/1	1/1	–	–	–
Ms. Song Ningning (Note 4)	–	1/1	–	–	–
Mr. Yiu To Wa	2/2	1/1	2/2	1/1	1/1
Mr. Jin Fan	2/2	1/1	2/2	–	1/1
Mr. Sung Ka Woon	2/2	1/1	2/2	1/1	1/1

Note 1: Mr. Wang Shuai was resigned on 10 July 2024.

Note 2: Mr. Zhang Yanfeng was resigned on 8 April 2024.

Note 3: Mr. Wang Xueyan was appointed as an Non-executive Director of the Company on 24 September 2024.

Note 4: Ms. Song Ningning was appointed as an Non-executive Director of the Company on 19 December 2024.

Corporate Governance Report

BOARD OF DIRECTORS (continued)

Board Composition (continued)

The roles of the chairman and the chief executive officer of the Group are clearly defined and segregated to ensure independence and proper checks and balances. The chairman focuses on the business strategy and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The chief executive officer is accountable to the Board for the overall implementation of the Company's strategies and the co-ordination of overall business operations.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not have a designated position of Chairman for the period from 8 April 2024 to 23 September 2024. The responsibilities of the chairman and the chief executive officer of the Company are currently vested in Dr. Hiroshi Kaneko (the executive director and the chief executive officer of the Company). As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. As at 24 September 2024, Mr. Wang Xueyan was appointed as the Chairman of the Board, while Dr. Hiroshi Kaneko served as the Chief Executive Officer of the Company. The Chairman provides leadership to the Board and discharges those duties set out in code provision C.2.1 of the CG Code.

During the year ended 31 March 2025, the Board has at all times met the requirements of rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Company has three independent non-executive Directors and one of the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise.

The three independent non-executive Directors represent more than half of the Board, the proportion of which is higher than what is required by Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one third of the board.

Each of the executive and independent non-executive Directors has signed an appointment contract with the Company which is subject to termination provisions therein and provisions on retirement by rotation and re-election of Directors as set out in the third amended and restated memorandum and articles of association of the Company (the **"Restated Articles"**).

The Company has received written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent. The Board reviews annually the implementation and effectiveness of the above independent mechanism and believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

During the year ended 31 March 2025, one meeting was held between the Chairman and the independent non-executive Directors without the presence of other Directors.



Corporate Governance Report

BOARD OF DIRECTORS (continued)

Responsibilities of the Directors

The Board takes the responsibility collectively to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the audit committee (the **"Audit Committee"**), the nomination committee (the **"Nomination Committee"**) and the remuneration committee (the **"Remuneration Committee"**) (together, the **"Board Committees"**).

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge, and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations, and are invited to serve on the Audit Committee, the Nomination Committee and the Remuneration Committee.

The Board has delegated to the management, consisting of executive Directors along with other senior executives, with the responsibilities for implementing the strategy and direction adopted by the Board from time to time and conducting the day-to-day management and operations of the Group.

The Board has delegated to the Board Committees responsibilities as set out in their respective terms of references. Further details of the Board Committees are set out in the sections headed "Audit Committee", "Nomination Committee" and "Remuneration Committee" below.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the **"Board Diversity Policy"**) which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to the talent, skill, regional and industry experience, background, gender and other qualities.

When identifying potential candidates to the Board of Directors, the Nomination Committee and the Board of Directors will, among others, (i) consider the current level of representation of women on the Board and the senior management when making recommendations for nominees as well as succession planning to the Board of Directors and senior management; (ii) consider the criteria that promotes diversity by references to the code of practices on employment published by the Equal Opportunities Commission from time to time; (iii) communicate the Board Diversity Policy to the Nomination Committee and encourage a cooperative approach to ensure diversity on the Board.

Corporate Governance Report

BOARD DIVERSITY POLICY (continued)

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board has reviewed the Board Diversity Policy for the year ended 31 March 2025. Having reviewed the Board composition, the Board recognises the importance and benefits of gender diversity at the Board level and will continue to identify female candidate(s) to enhance the gender diversity among the Board members.

The Company's diversity philosophy including the gender diversity was generally followed in the workforce throughout the Group for the year ended 31 March 2025. As of the date of this report, all of the Directors and approximately 76.9% of total workforce were male. Following the resignation of Ms. Li Yuen Shan as independent non-executive Director on 4 December 2023, there is no female Director in the Board. Since the appointment of Miss Song Ningning as a non-executive Director of the Company on 19 December 2024, the Board has maintained gender diversity and does not have any single-gender concerns. The Company will promote diversity at workforce levels by timely review the gender diversity of the workforce with the business development of the Group. The Nomination Committee review the Board Diversity Policy annually to ensure its continued effectiveness.

NOMINATION POLICY

The Board has adopted a nomination policy (the **"Nomination Policy"**) which sets out the criteria and process in the nomination and appointment of directors of the Company, aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and to ensure the Board's continuity and appropriate leadership. The Nomination Committee shall identify candidates who are qualified/suitable to become a member of the Board and to make recommendations to the Board on the selection of candidates nominated for directorships. The selection of candidates will be based on a range of selection criteria as set out in the Nomination Policy, including but not limited to, character and integrity, qualification, potential contributions the candidate can bring to the Board in terms of qualifications, skill, experience, independence and gender diversity, the candidate's willingness and ability to devote adequate time to discharge duties as a member of the Board.

For the appointment of Directors, the Nomination Committee will first identify individual(s) suitably qualified to become Board members and assesses the independence of the proposed independent non-executive Director(s). Then, the Nomination Committee will make recommendation to the Board for the Board to consider, having regard to the Board Diversity Policy and the Nomination Policy. The Board will confirm the appointment of the suitable candidate or recommend the candidate to stand for election at a general meeting of the Company. The candidate(s) who is/are appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by the Shareholders at the next annual general meeting after initial appointment in accordance with the Restated Articles.

For the re-appointment of Directors, the Nomination Committee will also consider the retiring Directors based on the Board Diversity Policy and the Nomination Policy, and assess their independence before the Nomination Committee makes recommendation to the Board to consider. After the Board considers each retiring Director, the Board will recommend the suitable retiring Director(s) to stand for re-election at the annual general meeting in accordance with the Restated Articles. The Shareholders will approve the re-election of Directors at the annual general meeting.

The Nomination Committee shall review the structure, size, composition (including skills, knowledge, experience and length of service) of the Board on a regular basis at least annually and diversity of the Board to ensure that it has a balance of expertise, skills and experience and diversity of perspective appropriate to the requirements for the business of the Company.

Corporate Governance Report

DIVIDEND POLICY

The Company has set up a dividend policy (the “**Dividend Policy**”) with an aim to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors:

- (a) the Company’s operating results, actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the level of the Group’s debts to equity ratio, return on equity and the relevant financial covenants;
- (d) any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- (e) the Group’s expected working capital requirements, capital expenditure requirements and future expansion plans;
- (f) the Group’s liquidity position;
- (g) general economic conditions, business cycle of the Group’s business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and
- (h) any other factors that the Board may deem appropriate and relevant.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Companies Laws of the Cayman Islands, any applicable laws, rules and regulations and the Restated Articles. The declaration and payment of future dividend under the Dividend Policy are subject to the Board’s determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Group acknowledges the importance of continuing professional development for the Directors for a sound and effective corporate governance and internal control system. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance. 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.

All Directors have confirmed that they had complied with CG Code provision C.1.4 during the year ended 31 March 2025 by attending seminars and briefings and reading relevant materials. During the year ended 31 March 2025, the Directors participated in the continuous professional developments in relation to regulatory update, the duties and/or responsibility of the directors and the business of the Group, including reading relevant Listing Rules, the general business or responsibilities of the directors and other relevant training materials; and/or attended seminars and/or lectures.

Corporate Governance Report

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to, among other things, (i) make recommendations to the Board on the appointment, reappointment and removal of external auditors; (ii) review and monitor the external auditors' independence and objectivity; (iii) review the effectiveness of the Company's internal audit activities, internal controls and risk management systems; (iv) develop and implement policy on engaging external auditor to supply non-audit services, and to review and monitor the extent of the non-audit works undertaken by external auditors; and (v) monitor the integrity of the financial statements and the annual report and accounts and half-year report and to review significant financial reporting judgments contained in them.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Yiu To Wa, Mr. Sung Ka Woon and Mr. Jin Fan. Mr. Yiu To Wa currently serves as the chairman of the Audit Committee.

The Audit Committee convened three meetings during the year ended 31 March 2025.

The Audit Committee performed the following works during the year ended 31 March 2025:

- (a) reviewed the Group's annual audited financial statements for the year ended 31 March 2024 and unaudited interim financial statements for the six months ended 30 September 2024;
- (b) reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;
- (c) reviewed the Group's risk management, internal control system and related matters; and
- (d) considered and made recommendations on the re-appointment of the external auditors of the Group, and the terms of engagement.

The Company's annual results for the year ended 31 March 2025 have been reviewed by the Audit Committee.

There had been no disagreement between the Board and the Audit Committee.

Corporate Governance Report

BOARD COMMITTEES (continued)

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to, among other things, (i) make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) make recommendation to the Board on the remuneration of independent non-executive Directors; (iii) review and make recommendations to our Board on other remuneration-related matters, including benefits-in-kinds and their compensation payable to our Directors and senior management; (iv) review performance based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration; and (v) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries.

The Remuneration Committee consists of three members, namely Mr. Sung Ka Woon, Mr. Yiu To Wa and Mr. Jin Fan. Mr. Sung Ka Woon currently serves as the chairman of the Remuneration Committee.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his/her own remuneration.

The Remuneration Committee convened three meetings during the year ended 31 March 2025 for reviewing the remuneration packages of the executive Directors and independent non-executive Directors and the performance of them.

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended 31 March 2025 are as follows:

	Number of employee(s)
Not exceeding HKD1,000,000	2*
HKD1,000,001 to HKD2,000,000	2
HKD2,000,001 to HKD3,000,000	–

* This banding include the remuneration of two senior management who were also two former Directors of the Company excluding the remuneration as the capacities of former Directors.

Further details of the remuneration of the Directors and the five highest paid employees are set out in Notes 12 and 13, respectively, to the consolidated financial statements.

Corporate Governance Report

BOARD COMMITTEES (continued)

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to, among other things, (i) review the structure, size, composition and diversity of our Board on a regular basis; (ii) identify individual suitably qualified to become Board members; (iii) assess the independence of independent non-executive Directors; (iv) make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors; and (v) make recommendations to our Board regarding candidates to fill vacancies on our Board and/or senior management.

The Nomination Committee consists of three members, namely Mr. Sung Ka Woon, Mr. Yiu To Wa and Dr. Hiroshi Kaneko. Mr. Sung Ka Woon currently serves as the chairman of the Nomination Committee.

The Nomination Committee convened three meetings during the year ended 31 March 2025 for reviewing the independence of the independent non-executive Directors, considering the qualifications of the retiring directors standing for election at the forthcoming annual general meeting of the Company, reviewing the structure, size, and composition of the Board and reviewing the Board Diversity Policy and the Nomination Policy.

The Nomination Committee considered that the independent non-executive Directors are independent and the aforesaid policies have been maintained up to 31 March 2025.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

As at 31 March 2025, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

DIRECTORS' AND AUDITORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 March 2025 in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The statements of the independent auditor of the Group about their reporting responsibilities on the consolidated financial statements of the Group are set out "Independent Auditor's Report" of this annual report.

EXTERNAL AUDITOR'S REMUNERATION

For the year ended 31 March 2025, the remunerations paid or payable to the external auditors, Deloitte Touche Tohmatsu in respect of its audit and non-audit services for the Company are approximately HK\$699,000 and HK\$87,500 respectively.



Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain effective risk management and internal control systems in order to safeguard the Group's assets and investments and the Shareholders' interest and conducts a review on an ongoing basis. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board conducted review of the effectiveness of the risk management and internal control systems of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions through the effort of the Audit Committee.

The Group currently has no internal audit function and the Board reviewed that it is more cost effective to engage an external independent consultant instead of recruiting a team of internal audit staff to perform such annual review function.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("ESG") strategy and reporting. The Board is responsible for the Group's environmental, social and governance risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. Detailed information on the environmental, social and governance practices adopted by the Group is set out in the headed "Environmental, Social and Governance Report" ("ESG Report") of this annual report.

COMPANY SECRETARY

Mr. Tsang King Sun, who is delegated by an external secretarial service provider, I-SOL Limited, has been appointed as the Company Secretary of the Company with effect from 4 December 2023. During the year ended 31 March 2025, Mr. Tsang King Sun has confirmed that he has taken no less than 15 hours of relevant professional training.

INSIDE INFORMATION POLICY

The Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information. Such policy provides, among others, notification of regular blackout period, securities dealing restrictions to Directors and employees, dissemination of information to specified persons on a need-to-know basis and use for identified projects.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and potential investors is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company has adopted the Shareholders' communication policy with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including the financial performance, strategic goals and plans, material development, governance and risk profile). The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and potential investors to make the informed investment decisions.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS (continued)

To promote effective communication, the Company maintains the website of www.bnd-strategic.com.hk; where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information of the Group including annual and interim reports, announcements and other corporate communications which will be sent to Shareholders and/or published are updated on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website in a timely fashion. The Company has reviewed the shareholder communication policy for the year ended 31 March 2025 and will review it annually to ensure its continued effectiveness. By reasons as set out in the paragraphs of "Shareholders' Rights" and "Enquiries to the Board" below, the Company considers that the Shareholders' communication policy is implemented effectively during the year ended 31 March 2025.

The forthcoming annual general meeting of the Company will be held on Tuesday, 9 September 2025. The notice of the annual general meeting, setting out details of each proposed resolutions, voting procedures and other relevant information, will be sent to Shareholders at least 21 days before the annual general meeting.

SHAREHOLDERS' RIGHTS

Pursuant to article 64 of the Restated Articles, an extraordinary general meeting shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions in the Restated Articles or the Cayman Islands Company Law for Shareholders to move new resolution at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a Director, please refer to the "Procedure for Shareholders to Propose a Person for Election as a Director" of the Company which is posted on the Company's website.

ENQUIRIES TO THE BOARD

Shareholders may send their enquiries or requests to the Board through the Company's principal place of business in Hong Kong at Units 2803–2803A, Asia Trade Centre, No. 79 Lei Muk Road, Kwai Chung, New Territories (email: info@bnd-strategic.com.hk).

CONSTITUTIONAL DOCUMENTS

An up-to-date version of the third amended and restated Memorandum and articles of association of the Company is available on the websites of the Stock Exchange and the Company.



Environmental, Social and Governance Report

INTRODUCTION

Rongzun International Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is a construction contractor principally engaged in providing (i) alteration and addition works; and (ii) civil engineering works, solely in Hong Kong.

The Group is committed to conducting its business operations in a sustainable manner, placing a strong emphasis on minimising its environmental footprint resulting from construction activities, while simultaneously generating value for the community, its employees, and other stakeholders. With the above objective in mind, the Group has implemented comprehensive policies spanning several areas, including but not limited to, environmental sustainability, human resources, occupational health and safety, and quality control. These policies serve as a framework for establishing and maintaining the necessary operational standards, ensuring compliance with all relevant laws, regulations, and best practices. The Group recognises the dynamic nature of the business landscape and acknowledges the evolving nature of technology, legislation and regulations. Consequently, the policies will be reviewed and updated annually to adapt to any emerging changes. By regularly assessing and refining its policies, the Group strives to continuously improve its sustainability practices and remain at the forefront of responsible and ethical business conduct.

This is the sixth Environmental, Social and Governance Report (the “**ESG Report**” or “**Report**”) of the Group, which demonstrates to both internal and external stakeholders its efforts on sustainability developments. The ESG Report has been prepared in compliance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities of the Stock Exchange. The ESG Report discloses the Group’s performance and initiatives implemented regarding environmental, social and governance (“**ESG**”) issues and relevant key performance indicators (“**KPIs**”) for the period from 1 April 2024 to 31 March 2025 (the “**Reporting Period**”). The reporting scope covers its business operation of Ka Construction Company Limited, Ka Shun Civil Engineering Company Limited and Ka Shun Contractors Limited which are located in Hong Kong.

Governance Structure

We believe that a high standard of corporate governance is fundamental to the success of our ESG and sustainability strategy, as well as fostering effective communication channels between the Board, management, and operational levels. The group has adopted a comprehensive top-down approach in addressing sustainability matter, with the Board of Directors (The “**Board**”) taking ultimate responsibility for the Group’s ESG strategy and reporting. It ensures that we integrate ESG considerations in our business decision-making process and provides oversight to the sustainability performance of the group.

The Board is also responsible for evaluating and determining the Group’s ESG related risks and ensuring that appropriate and effective ESG risk management are in place. The Board is also responsible for formulating ESG management policies, strategies, goals, annual reporting and promoting related implementation. They also identify, evaluate, review, and manage major ESG issues, risks and opportunities while other departments are responsible for organising, promoting, and implementing various ESG related tasks under the Group’s ESG management policies and strategies. All tasks will be reported to the Board regularly in order to review and reformulate the policies and plans for achievement of goals and targets.

Environmental, Social and Governance Report

Reporting Principles

The ESG Report has been prepared based on four reporting principles which as set out in the HKEX ESG Reporting Guide to define the report content and to ensure the quality of information presented in this Report, including:

- Materiality:** All information deemed ESG important is covered in this Report. The Group has also conducted an annual stakeholder engagement and identified the material ESG issues during the Reporting Period. The result of the materiality assessment has been confirmed by the management and the Board. For more information, please refer to the section headed “Materiality Assessment” of this Report.
- Quantitative:** KPIs are recorded and disclosed in quantitative terms with narrative and comparative figures, whenever possible. Information on the standards, methodologies, assumptions and source of conversion factors used for the calculation of environmental data are also disclosed in this Report. For all standards and methods adopted for calculating the KPI (if applicable), please refer to the relevant sections in the Report.
- Balance:** The ESG Report is prepared in an unbiased manner, with clear explanations of positive and negative impacts, enabling stakeholders to make a reasonable assessment of the Group’s overall performance.
- Consistency:** Unless otherwise specified, The ESG Report presents information on a consistent basis. The Group will provide necessary information and/or explanation to enhance disclosure when there are any changes to the methodologies, calculations, or any other factors that affect meaningful comparison.

Environmental, Social and Governance Report

Stakeholder Engagement

Engaging with stakeholders to understand their needs serves as a crucial foundation for the Group's capacity to generate long-term value to its stakeholders. Therefore, the Group regularly communicates to stakeholders to understand stakeholders' expectations, interest and information needs, in assessing the materiality on each aspect of the ESG issues as listed out in the Guide. The table below sets forth the channels used for communication with respective stakeholders.

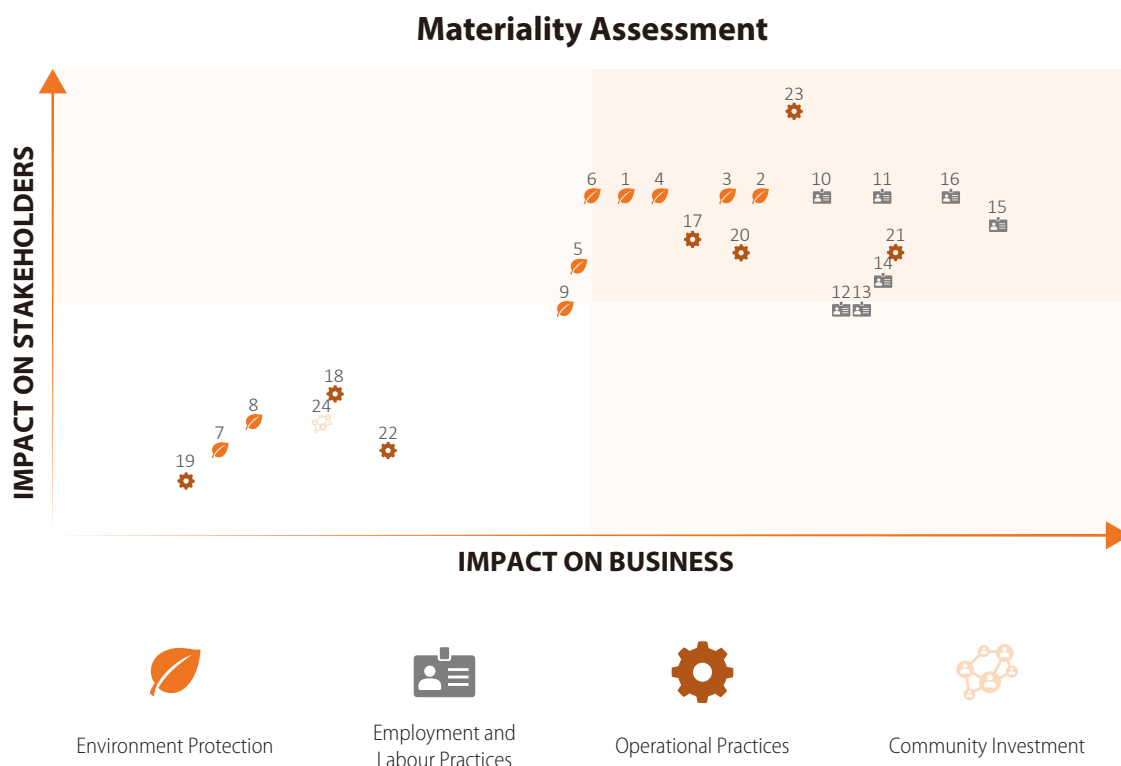
Group	Key Stakeholders	Engagement Channels
Funding and capital	<ul style="list-style-type: none">• Investors• Shareholders• Lenders	<ul style="list-style-type: none">• Annual general meetings• Annual and interim reports• Announcements and circulars• Corporate website
License for operation	<ul style="list-style-type: none">• Government departments• Regulators	<ul style="list-style-type: none">• Application procedures• Working meetings• Written responses
Our Services	<ul style="list-style-type: none">• Employers• Main contractors	<ul style="list-style-type: none">• Customer satisfaction surveys• Project meetings and engagements
Building materials, services, equipment	<ul style="list-style-type: none">• Suppliers• Subcontractors	<ul style="list-style-type: none">• Project meetings and engagements• Supplier performance evaluations• Site inspection
Operate our business	<ul style="list-style-type: none">• Employees	<ul style="list-style-type: none">• Annual appraisal• Employee feedback channels• Management meeting

Environmental, Social and Governance Report

Materiality Assessment










The Group has maintained close communication with its stakeholders to identify and understand its stakeholders' main concerns and material interests for the ESG Report. Stakeholders with high level of influence and dependence on the Group were selected and invited to express their views and concerns on a list of sustainability issues. Through multiple discussions and direct communications, the Group understands the core issues that matter most to its stakeholders. By understanding the critical issues from both internal and external perspectives through stakeholders, the Group developed its corporate strategies, goals, targets and programs to advance business sustainability. The assessment started from identifying corporate social responsibility issues from four different aspects, including environmental protection, employment and labour practices, operation practices and community investment. Based on the 24 issues identified, interviews and questionnaires were conducted to collect opinions from internal and external stakeholders.

A materiality matrix was developed based on the replies from stakeholders, which 16 critical issues were identified.








Environmental, Social and Governance Report

Details of the 24 issues identified for materiality assessment are listed below:

1	Environment protection <i>Air emission</i>	
2	Environment protection <i>Noise pollution</i>	
3	Environment protection <i>Wastes management</i>	
4	Environment protection <i>Dust pollution</i>	
5	Environment protection <i>Water use and efficiency</i>	
6	Environment protection <i>Energy use and efficiency</i>	
7	Environment protection <i>Packaging materials</i>	
8	Environment protection <i>Natural resource management</i>	
9	Environment protection <i>Climate change</i>	
10	Employment and labour practices <i>Employment management</i>	
11	Employment and labour practices <i>Discrimination and equal opportunity</i>	
12	Employment and labour practices <i>Promotion and compensation system</i>	
13	Employment and labour practices <i>Other benefits and welfare</i>	
14	Employment and labour practices <i>Prevention of child labour and forced labour</i>	
15	Employment and labour practices <i>Safety working environment and occupational hazards</i>	
16	Employment and labour practices <i>Development and training</i>	
17	Operational practices <i>Quality assurance</i>	
18	Operational practices <i>Protection of intellectual property rights</i>	
19	Operational practices <i>Customer data protection</i>	

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20	Operational practices <i>Anti-corruption</i>	
21	Operational practices <i>Whistle-blowing policy</i>	
22	Operational practices <i>Supply chain management</i>	
23	Operational practices <i>Sub-contractor management</i>	
24	Community investment <i>Community investment</i>	

Feedback

The Group values your opinion and feedback on our ESG Report, and we would like to hear from you on how we could further improve our performance. Readers are welcome to share valuable views and opinions with the Group at info@bnd-strategic.com.hk.

ENVIRONMENTAL PROTECTION

The Group is committed to continually improve its environmental performance and, ultimately, to minimise and prevent any environmental impacts from its operations, activities, products, and services. The Group identifies materials, processes, products and wastes that cause or may cause pollution, and implements measures to avoid, reduce or control pollution where technically and economically viable.

To effectively achieve this objective, the Group has established an integrated management system which includes various measures and work procedures governing the standard of works of its employees and subcontractors in environmental aspect. This systematic approach ensures that environmental considerations are integrated into all aspects of the Group's operations. By providing clear guidelines and protocols, the management system helps to foster a culture of environmental responsibility throughout the organisation. The environmental management system in two of its subsidiaries has been certified in accordance with the requirements of the ISO 14001 standards since 2003 and 2012 respectively.

Our construction works are subject to certain environment requirements pursuant to the laws in Hong Kong. Certain laws and regulations that have a significant impact on the Group includes Air Pollution Control Ordinance (Chapter 311R of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong). During the Reporting Period, the Group did not record any non-compliance that resulted in prosecution, conviction or penalty being brought against us in relation to environment aspects. The potential impacts to the Group and measures to ensure compliance with such laws and regulations will be discussed in turn below.



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Emissions

The Air Pollution Control Ordinance is the principal legislation in Hong Kong governing the control of the emission of air pollutants. The Air Pollution Control Ordinance provides that the owner of any premises, which includes a contractor who has possession of a site for the purpose of construction work shall use best practicable means for preventing the emission of noxious or offensive emissions from such premises.

Private cars, lorry cranes and non-road mobile machineries (including hydraulic excavators and breakers) are the major combustion sources which generate air pollutants resulted from our daily transportation, waste disposal cycles and construction works. The Group recognises the importance of ensuring the optimal performances of these vehicles and machineries for efficient operations, workplace safety and environment protection. As such, the Group regularly hires third party companies to carry out inspection, repair and maintenance works to maintain its vehicles and machineries in good condition.

Starting from 1 June 2015, a subsidiary regulation, Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation ("**NRMM Regulation**"), came into effect to introduce regulatory control on the emission of non-road mobile machinery ("**NRMMs**"). The NRMMs are required to comply with the prescribed emission standards. Furthermore, starting from 1 December 2015, all regulated machines to be used in specified activities and locations in Hong Kong must be approved or exempted with a proper label in a prescribed format issued by the Environmental Protection Department ("**EPD**"). These regulations certainly have significant impacts to the Group as it possesses its own machinery to perform different types of civil engineering works. As at 31 March 2024, 10 of the Group's owned regulated machines are all either exempted or approved with label in EPD's prescribed format.

Emission of the Group is mainly sourced from the exhaust gas due to the fuel combustion of mobile machineries and vehicles in contract works. With the inevitable use of machineries and vehicles for the execution of contract works and transportation, the Group is committed to adopt practical solutions to minimise dark smoke and exhaust gas emissions, maintaining them at an acceptable level. For instance, our project teams prioritise the use of cleaner and superior fuels for all fuel-driven machinery and vehicles. They also select equipment and machinery, such as excavators and generators, equipped with low-emission engines. Regular maintenance and repair of powered mechanical equipment are conducted to ensure optimal fuel consumption efficiency and compliance with local emission standards. In addition, when new vehicles need to be purchased, the Group prioritises electric vehicle and environment-friendly vehicles alternatives to diesel vehicles where practicable. By actively considering and adopting these sustainable transportation options, the Group aims to further reduce its carbon footprint and contribute to a greener environment.

Save as the above, the Group also generates indirect emissions from the consumption of resources, including energy, water and paper. The spirit to mitigate such emissions is to optimise the usage of resources which will be discussed under the section headed "Use of Resources" in this ESG Report.

Environmental, Social and Governance Report

The Group does not consume any gaseous fuel in its business operation. The table below sets out the KPIs for air emission and Greenhouse Gas ("GHG") emissions in CO₂e.

Air Emission Data	Notes	Unit	2025	2024
Vehicle Emission				
NOx Emissions		g	191,754.95	177,036.85
SOx Emissions		g	233.93	376.95
PM Emissions		g	18,344.97	16,905.54
GHG Emission Data	Notes	Unit	2025	2024
Scope 1 – Direct Emission				
Mobile combustion sources		tonnes	42.31	68.17
Scope 2 – Energy Indirect Emissions				
Electricity purchased	1	tonnes	57.32	51.48
Scope 3 – Other Indirect Emissions				
Paper waste disposed at landfills		tonnes	4.75	8.06
Electricity used for processing fresh water and sewage by government department	2	tonnes	0.84	3.88

Notes:

1. For electricity purchased from China Light Power ("CLP") and Hong Kong Electric ("HKE"), the emission factor (0.3800 kg/kWh) and (0.6000 kg/kWh) is available from CLP's ESG Databook 2024 and HKE's Sustainability Report 2024 respectively.
2. For water supplied from Water Supplies Department and Sewage process by the Drainage Service Department ("DSD"), the unit electricity consumption (0.437 kg/m³) and (0.22 kg/m³) is available from Water Supplies Department's Annual Report 2022/23 and DSD Sustainability Report 2022/2023 respectively.

The fluctuations in "energy indirect" emissions and other indirect emissions of the Group were mainly affected by projects where the Group acts as the main contractor, which the Group is generally responsible to manage the supply of electricity and water in construction sites. The consumption of electricity and water are primarily used for machines and equipment, lighting and cleaning that are necessary to carry out the alteration and addition works and civil engineering works by us and our sub-contractors. Please see section headed "Use of Resources" for details of the consumption level of electricity and water.

Environmental, Social and Governance Report

Waste

The Waste Disposal Ordinance is the principal legislation in Hong Kong which controls the production, storage, collection, treatment, reprocessing, recycling and disposal of wastes. A person shall not use any land or premises for the disposal of waste unless he has a licence from the Director of the EPD. The Group understands that disposing waste in random location is an offence and may cause inconvenience and danger to the community. The Group is committed to ensure that wastes are legally disposed to proper reception facilities or landfill. As such, the Group, when acts as a main contractor, will always obtain waste disposal permit from the EPD upon contract awarded.

Concrete, mud, rebar and wood are the major type of waste resulting from its site formation, demolition, foundation and superstructure works ("**Construction Works**"). Although these wastes are unavoidable during the Construction Works, the Group is committed to minimise waste and maintain it at a reasonable level through maximised recycling and use of recycled and reused materials on all new projects where applicable. In order to reduce the waste generated, the Group tries to recycle wastes generated from its Construction Works where viable. For example, sea mud obtained will be reused for back filling. Any excess will be utilised across construction sites or transported to public fill reception facilities. To facilitate a proper disposal management, wastes sorting is carried out on site to separate re-usable and recyclable materials, hazardous waste and non-hazardous wastes. External disposal team will then collect the wastes from time to time and deliver them to relevant reception facilities or landfill. During the Reporting Period, approximately 500.50 (2024: 56,954.00) tonnes of non-hazardous wastes were generated from its Construction Works. Although the Group has more projects than last year, the significant decrease in non-hazardous waste is primarily attributed to the fact that most of the civil engineering projects are still in the early stages, leading to a decline in construction waste. As activities such as excavation and construction are just beginning, the volume of waste generated naturally diminishes. The Group does not generate hazardous wastes from Construction Works.

Non-Hazardous Waste		Unit	2025	2024
Facility				
Landfill	tonnes		342.10	452.90
Public fill reception facilities	tonnes		33.80	56,013.30
Sorting facilities	tonnes		124.60	488.20
Segment				
Alteration and addition works	tonnes		421.80	1,111.60
Civil Engineering works	tonnes		78.70	55,842.80
Intensity				
Alteration and addition works	tonnes/project		35.15	555.80
Civil Engineering works	tonnes/project		6.56	27,921.40

Environmental, Social and Governance Report

Use of Resources

The Group is aware of the challenge that Hong Kong faces against climate change and understands that saving resources is one critical means to reduce carbon footprint. The major direct energy consumption sources from the Construction Works include use of electric equipment and lighting. The Group targets to minimise the energy consumption and keep it at a reasonable level through on-site monitoring of energy consumption and remind employees and/or subcontractors to switch off unnecessary electrical appliances when not in use. In addition, the Group is dedicated to enhancing resource efficiency in its construction practices. The design and development team diligently reviews client requirements, ensuring a comprehensive understanding of project specifications. By accurately measuring and estimating inputs and designs, the Group can identify opportunities for resource savings and synergy. Through continuous process redesign and improvement, the Group seeks to maximise resource efficiency wherever feasible.

The Group acknowledges that our operations inevitably require substantial usage of water to comply with relevant laws and regulations, which is a scarce limited resource on the earth. We recognise that business plays an important role in ensuring the sustainability of water resources and have made it our priority to minimise water consumption and manage water quality. For instance, wastewater at construction sites, after sedimentation, will also be reused for water spraying or wheel washing when practicable. Moreover, we target exploring more possible measures to improve water consumption. For instance, the Group will employ high pressure and low volume sprayer for cleaning sites and machines and regularly investigates water leakage to avoid unnecessary water consumption efficiency.

During the Reporting Period, the Group has no issue in sourcing water that is fit for purpose. Moreover, in connection to effluent discharge, the Group has obtained licences from EPD to discharge industrial trade effluent from construction sites as required under the Water Pollution Control Ordinance.

In additions, the Group advocates several resource saving initiatives in its daily operation and construction sites as below:

- Employ energy-efficient electric appliance and equipment.
- Encourage double-sided printing.
- Encourage electronic documentation and communication.
- Maintain air-conditioning at an average temperature of 25 degrees Celsius.
- Switch off lights, air-conditioners and computers when they are not in use.

Environmental, Social and Governance Report

Use of packaging materials is not relevant to the Group's businesses. The table below sets out the KPIs for energy and water consumption.

Energy Consumption	Unit	2025	2024
Office and warehouse	kWh	16,028.00	18,895.00
Projects	KWh	123,566.92	87,241.20
Intensity	kWh/project	11,632.91	21,810.30

Water Consumption	Unit	2025	2024
Office and warehouse	m ³	12.00	9.00
Projects	m ³	1,254.00	5,264.00
Intensity	m ³ /project	107.08	2,632.00

The decrease in water consumption during the year ended 31 March 2025 was mainly due to the fact that most of the civil engineering projects are still in the early stages. The increase in energy consumption was mainly due to some projects being at their peak stage.

The Environment and Natural Resources

Save as the above sections, the Group's business activities, including dredging, breaking and piling, will also create significant impact to the environment regarding dust pollution and noise pollution. In relation to these pollutions, the Group adopts numerous measures to minimise such impact including but not limited to the following:

- Enclose dust screens or sheeting to the structure being demolished.
- Install hoarding with acceptable height.
- Install extra acoustic enclosures for high noise intensity construction processes.
- Spray water on working surface.
- Spray water to dusty materials prior to any loading, unloading or transfer operation and covered entirely by impervious sheeting.
- Wash to remove any dusty materials from vehicles before leaving a construction site.

In addition, to comply with relevant regulations, the Group has given notices to the public officer about Construction Works proposed to be carried out under Air Pollution Control (Construction Dust) Regulation. The Group has obtained construction noise permits in advance for construction activities that are to be carried out during the restricted hours and for percussive piling during the daytime, not being a general holiday, from the EPD.

Environmental, Social and Governance Report

Climate Change

Governance

The Group's commitment to sustainability is evident at all levels, including the Board, management, and functional units. The Board assumes responsibility for overseeing the Group's strategic approach to sustainability and climate-related matters. This includes evaluating the materiality of climate-related issues, proposing and implementing strategies to mitigate associated risks, and ensuring accurate and transparent reporting of the Group's sustainability objectives and performance. The Board plays a crucial role in driving the Group's sustainability initiatives and ensuring their effective implementation.

Strategy

The Group attaches great importance to operational risks arising from climate change and stringently examines the climate and environmental impact caused by our own business. We proactively undertake our responsibilities on environment and empower transformation into low-carbon enterprise through initiatives including green office, green operation and green publication. According to recommendations of Taskforce on Climate-related Financial Disclosures ("TCFD"), we evaluated the degree of impact from various types of risks and responses, providing us guidance for transforming into green and low-carbon business model in the future.

Risk	Description	Response strategies
Physical Risk		
Acute	Increased severity of extreme weather events such as typhoon, flood, drought, extremely hot and cold Weather	Devise contingency plans in response to impact of acute weather events
Chronic	Change in temperature and rainfall, sea level rise and other	<ul style="list-style-type: none">Identify and evaluate forward-looking risks arising from chronic climate risks and include these considerations in Construction WorksClosely monitor weather forecast to ensure timely and adequate preparation, and safeguard staff

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Risk	Description	Response strategies
Transition risks		
Policy and legal	Introduction of energy saving and emission reduction related policies, and more stringent reporting on emission volume and compliance requirements	Keep abreast of the updates of relevant rules and regulations and updates on management system and documents timely
Technology	Transformation of low emission service	Keep abreast of opportunities arising from technological advances and relevant supporting policies of government
Market	Tendency of green services of customers	Progressively increase investments in research and development of green services
Reputation	Customers' emphasis on corporate responsibilities	Gradually carry out transformation of green services to meet customers' demand

Risk Management

The group recognises the risks posed by climate change to our operations. For example, adverse weather events, rising temperatures, and other climate-related impacts can affect the maintenance and utilisation of our construction sites. To effectively manage these risks, we have implemented improved risk management practices by considering and including emerging climate risks in our current risk management process. Referring to the recommendations of TCFD, the group will consider various mitigation practices, including the development of contingency plans and active monitoring of climate-related risks. By staying informed about market changes and regulations related to climate change, we hope to ensure that our risk management strategies align with industry best practices.

Environmental, Social and Governance Report

SOCIAL – EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group believes its employees are valuable assets to its business and is crucial to maintain a good relationship with them. With this regard, the Group continuously reviews its Human Resources (“HR”) management system to ensure a fair and safe working environment is provided to its employees.

When establishing the HR management system, the Group pays care attention to ensure that it complies with relevant labour laws. They include but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong) and Immigration Ordinance (Chapter 583 of the Laws of Hong Kong).

To ensure employees are aware of the employment terms and HR policies of the Group, it enters into separate labour contract with individual employees in accordance with applicable labour law in Hong Kong, which stipulates, among others, working hours, leaves entitlement, salary and other benefits and welfare. In addition, its Employee Handbook stipulates the house rules to be followed by employees. It also includes a list of misconduct that may lead to dismissal.

The Group upholds the beliefs in equality and anti-discrimination in its recruitment, appraisal and remuneration system. Standard interview and evaluation criteria are established to ensure that promotion opportunities and salary adjustments are only determined based on employee’s qualification, experience and performance, and will not be affected by any grounds that are irrelevant, such as age, gender, marital status, family status, race, skin colour, nationality, religion, political affiliation and other factors. The Group’s Employee Handbook and individual employment contracts outline clear guidelines regarding recruitment, promotion, compensation, dismissal, working hours, paid leaves, rest periods, and employee welfare. The Group also prioritises a healthy work-life balance and provides our employees with various benefits, including paid annual, sick, bereavement/compassionate, marriage, and maternity leaves, ensuring they have the necessary time off to celebrate personal milestones and navigate challenging times.

As at 31 March 2025, the Group has employed 33 (2024: 49) full-time employees, and the turnover rate is 61% (2024: 67%). During the Reporting Period, a total of 20 (2024: 34) employees had left the Group, of which 24% (2024: 65%) of them are entry level staff.

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The following table set out the breakdowns of the Group's employees by gender and employment category.

	2025		2024	
	Turnover rate	Number of employees	Turnover rate	Number of employees
Number of employees by gender				
Male	45%	26	40%	40
Female	15%	7	171%	9
Number of employees by employment type				
Director and senior management	3%	9	45%	12
Middle management	33%	9	37%	19
Entry level	24%	16	107%	18
Number of employees by age group				
30 or below	15%	0	80%	2
31 to 50	15%	18	50%	23
51 or above	30%	15	38%	24
Number of employees by geographical region				
Hong Kong	61%	33	67%	49

Note: The employee turnover rates are calculated using number of employees leaving employment divided by average number of employees for the year.

The fluctuations in the Group's turnover rate were primarily influenced by the number of projects initiated or completed during the financial year, which could result in significant employee movement based on project statuses. The decrease in the turnover rate can be attributed to the stabilisation of project processes during FY2025.

Health and Safety

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) is the principal legislation in Hong Kong which provides for the safety and health protection to employees in workplace. In addition, the Group is subject to regulation under Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong). The subsidiary regulations include, among others, the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), Factories and Industrial Undertakings (Lifting Appliance and Lifting Gear) Regulations (Chapter 59J of the Laws of Hong Kong) and Factories and Industrial Undertakings (Protection of Eyes) Regulations (Chapter 59S of the Laws of Hong Kong).

The Group emphasises on occupational health and work safety and provides safety trainings to our staff covering various topics. Due to the nature of business of the Group, risks of accidents or injuries are inherent. As such, the Group has established a safety management system, which has been certified to be in accordance with the requirements of the OHSAS 18001:2007 standards, to provide its employees and subcontractors' employees with a safe and healthy working environment.

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In practice, the Group prepares a safety plan for each project, which is conveyed to its employees and subcontractors before commencement of works. The purpose of the safety plan is to assess and identify risks associated with the works and environments of each project; and formulate appropriate measures and works procedures for implementation. In addition, the Group engages registered safety auditors for the purpose of conducting safety audits on our safety management system on a semi-annual basis in accordance with the requirements of the Factories and Industrial Undertakings (Safety Management) Regulations.

During the Reporting Period, the Group is pleased that no work-related fatalities have been reported in each of the past three years. No incidents of work injuries were occurred during the year end 31 March 2025 (2024: 4), and the total loss days due to work injuries in the year were 0 (2024: 215) days (including employees of subcontractors). The Group will continue to evaluate the potential cases leading to past work injuries and identify corresponding measures to improve work safety environment.

Development and Training

To improve its employees' technical competence and work efficiency, the Group provides various training to our employees. Training policy is developed to govern the contents of training to be provided. The Group provides various training to different working levels, including internal trainings organised by the HR department and external trainings arranged by external professional parties. Besides, to avoid accident caused by unprofessional practice or improper behaviour of subcontractor, safety trainings are also provided to sub-contractor. To assess the effectiveness of the training programme, the Group regularly review it and apply necessary modification to the programme to meet the Group's development goal. Seasonal training plan is also maintained to ensure that trainings are deployed regularly and effectively.

During the Reporting Period, the Group provided various training sessions to its employees and employees of the subcontractors in different aspects, including personal and site safety, emergency procedure and accidents reporting, tools, machine and equipment operation and technical works safety. The Group also provided safety training to employees, both short-term and long-term, at the initiation of projects. Below table sets out the average training hours and percentage of employees trained by gender and employment types.

	2025		2024	
	Percentage of employees trained	Average training hours per employee	Percentage of employees trained (re-stated)	Average training hours per employee
Gender				
Male	88%	2.50	82%	1.00
Female	12%	2.50	18%	1.00
Employment type				
Director and senior management	0%	0.00	0%	–
Middle management	44%	2.50	0%	–
Entry level	56%	2.50	100%	1.00

Note:

- We have updated the formula of percentage of employees trained according to HKEx Reporting Guide. The percentage of employees trained is calculated using number of trained employees in the specified category divided by number of trained employees at the end of the Reporting Period.
- Average training hours per employee are calculated using total training hours divided by number of trained employees for the year.



Environmental, Social and Governance Report

Labour Standards

The Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong) and Employment of Young Persons (Industry) Regulations (Chapter 57C of the Laws of Hong Kong) are the major legislations which stipulate the prohibition of employment of children and young persons. It is the Group's policy to restrict hiring of any person under 18 years of age, and any kind of forced labour. With this regard, the Group requires HR personnel to perform adequate background check on job applicants, including verification of identity and age, to ensure candidates are both physically and conditionally to be legally hired. Employees are also welcomed to report any doubts and difficulties encountered to the direct supervisor or management. If any forms of forced or child labour are identified, the Group will take corrective actions immediately, such as discharge the child labour, report to local labour bureau and investigate the causes improper events. During the Reporting Period, the Group was not aware of any case of non-compliance with the laws and regulations that has a significant impact on the Group in relation to labour standards.

SOCIAL OPERATING PRACTICES

Supply Chain Management

The Group realises the importance of supply chain management as it is a common practice to join hands with suppliers and sub-contractors in construction industry. The Group endeavours to operate with suppliers and subcontractors who share similar values and uphold high standards of business ethics, quality-safety-environment management and labour management. Therefore, the Group attaches great importance to the suppliers and subcontractors' engagement process.

In general, the Group evaluates its suppliers and subcontractors based on their job reference, technical submission, skills and technique, prevailing market price and reputation. With respect to proper managing the environmental and social risks along our supply chain, the Group gives priority to the prospective and existing suppliers and subcontractors who have established comprehensive certified environmental, health and safety, labour management and quality management system (e.g. ISO 9001 and 14001) and/or can provide the environmental-friendly materials where applicable, in order to lower the adverse impact on the environment and the society. The selected new suppliers and subcontractors will be recorded in an internally approved list with details of materials or services provided which will be reviewed and updated continuously.

The Group also performs periodic evaluation of the suppliers and subcontractors' performance on areas such as timeliness of delivery, order fulfilment and materials quality. Poor performance identified will be requested for corrective actions. If no improvements have been made in the future of 12 months, the suppliers and subcontractors will be delisted. Approved suppliers and subcontractors are valid for a maximum of 3 years before having to re-compete, if the suppliers and subcontractors remain in good standing.

The Group also believes in fostering strong relationships with our suppliers to ensure seamless coordination and collaboration. Open lines of communication enable us to understand each party's needs, share information, address challenges, and seize opportunities. We actively engage with our suppliers to establish clear expectations, foster transparency, and drive continuous improvement.

As at 31 March 2025, the Group had over 909 (2024: 868) suppliers and subcontractors located in Hong Kong, which provided it with flexibility to engage alternative suppliers and subcontractors of different materials and service.

Environmental, Social and Governance Report

Product Responsibility

The Group believes a robust quality control system is the key to success. To ensure compliance with our customers' specifications and requirements, quality management system was set up with clear procedures of management system planning, support operation and performance evaluation. The quality management system was accredited to be in conformity with the requirements of the ISO 9001 standards.

During project execution, the Group's project team will carry out inspection and supervision, and examine the quality according to a planned audit schedule, which includes the following:

- Matters arising from the previous audit, including discharge of non-conformities.
- Quality system documentation.
- Communications, filing and document control.
- Design control (including input, output, change and verification procedures).
- Construction and installation control (including inspection, testing and material inventory control procedures).
- Feedback, complaints and corrective action.
- Support services including software, purchasing, deliverables, and information systems.
- Staff training including understanding of the project quality plan.
- The use of statistical analysis.

For projects in which the Group act as main contractor, the works will also be examined and certified by a third-party consulting company nominated by its customers. In order to properly address the customers feedback during the construction stage and defect liability period, the project teams have established a set of management procedures in handling the customer enquiries, feedback and complaints. Upon receipt of the customer feedback, we will review and investigate the issues, coordinate rectification work of defects with the subcontractors where necessary and verify the completion of the work with the customers. The project team will also identify the root causes, evaluate the needs for actions that prevent recurrence and improve the current procedures for continuous improvement. During the Reporting Period, the Group had no products or services subjects to recalls for safety and health reasons and received no customer complaint regarding the provision of products and services.

Recognising the importance of intellectual property rights, the Group makes effort to protect its intellectual property, trademark and copyrights. We strictly comply with the Intellectual Property Law of Hong Kong and other applicable laws and regulations relevant to advertising, labelling, and intellectual property rights, so as to protect our trademark from infringement. The Group has also installed proper IT security software such as firewall and anti-virus solutions to prevent accidental leakage of confidential information. No illegal or unauthorised IT software is allowed to be installed by the employees in their computers in order to avoid the infringement of intellectual rights.



Environmental, Social and Governance Report

Upholding the highest standards in protecting customer data privacy, the Group's operations are strictly abided by the Personal Data (Privacy) Ordinance of Hong Kong. The Group keeps customers' information confidential and has formulated a series of internal policies to set out the privacy and confidentiality requirements. A hierarchical authorisation management system has been established to grant different personnel with different permissions, thus ensuring the access to customers' confidential information is limited to relevant personnel. In addition, the Group has formulated internal policies to regulate the approaches adopted to collect and store customer data and information. All employees are required to stringently comply with all internal guidelines relating to the collection, handling, transferring, storage, and disposal of customers' personal information.

Anti-corruptions

The Group requires all staff to maintain a high-level ethical practice. Any form of corruption, bribes and fraud is strictly prohibited by the Group.

To ensure that all employees work in an ethical manner, the Group has developed the Employee Handbook and the Code of Ethics that sets out guidelines in areas such as anti-corruption and anti-bribery. Code of conduct is also stated clearly in the Employee Handbook of the Group which prompt employee's awareness when one comes across with sensitive information and situations in the course of business. The Group requires its employees to think ethically before accepting any benefits from outsiders and declares any incidents that may constitute conflict of interest.

The whistleblowing policy has also been established to allow employees to report any misconduct or malpractice events observed. All employees or those who deal with the Group are welcomed to raise concerns, in confidence, to the Audit Committee about possible improprieties in any matter related to the Group.

To enhance the awareness of integrity within the Group, anti-corruption trainings and leaflets are provided to the Board and all employees from time to time. During the Reporting Period, there was no legal case regarding corrupt practices brought against the Group or its employees, and the Group was not aware of any case of non-compliance with the laws and regulations that has a significant impact on the Group in relation to corruption, bribes or fraud.

SOCIAL – COMMUNITY

Community Investment

Owing to our business nature, we recognise that our contract works may at times result in disturbances within the community. The Group will take the communities' interests into consideration when conducting business and had dedicated its focus in contributing the environment, labour needs and health. It is of our great desire to minimise the negative impact of our operational activities to the community. To address potential community disturbances, we implement a proactive approach. We conduct thorough assessments and evaluations to identify and mitigate any negative impacts that may arise from our operational activities. This includes carefully considering the potential noise, traffic, and other disruptions that our projects may generate, and taking necessary measures to minimise these impacts.

The Group is always aware of the needs of the community and will try its best to contribute to the community by participating in sponsoring community activities. Going forward, the Group will continue to foster the culture of active participation in community services, encourage and support employees to participate in volunteer services at leisure times to make contributions to the society.

Environmental, Social and Governance Report

ESG INDEX

Material Aspect	Content	Section Reference
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	* Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	* Emissions
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	* Emissions
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	* Waste
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	* Waste
KPI A1.5	Description of measures to mitigate emissions and results achieved.	* Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	* Waste
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	* Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	* Use of Resources
KPI A2.2	Water consumption in total and intensity.	* Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	* Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	* Use of Resources
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	* Not Relevant to the Group

Environmental, Social and Governance Report

Material Aspect	Content	Section Reference
A. Environmental		
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	* The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	* Environmental Protection
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	* Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	* Climate Change
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	* Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	* Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	* Employment

Environmental, Social and Governance Report

B. Social	Content	Section Reference
Aspect B2: Health and Safety		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	<ul style="list-style-type: none"> • Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	<ul style="list-style-type: none"> • Health and Safety
KPI B2.2	Lost days due to work injury.	<ul style="list-style-type: none"> • Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<ul style="list-style-type: none"> • Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<ul style="list-style-type: none"> • Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	<ul style="list-style-type: none"> • Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	<ul style="list-style-type: none"> • Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. 	<ul style="list-style-type: none"> • Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	<ul style="list-style-type: none"> • Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	<ul style="list-style-type: none"> • Labour Standards

Environmental, Social and Governance Report

B. Social	Content	Section Reference
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	• Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	• Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	• Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	• Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	• Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	• Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	• Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	• Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	• Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	• Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	• Product Responsibility

Environmental, Social and Governance Report

B. Social	Content	Section Reference
Aspect B7: Anti-corruption		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 	<ul style="list-style-type: none"> • Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	<ul style="list-style-type: none"> • Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<ul style="list-style-type: none"> • Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	<ul style="list-style-type: none"> • Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	<ul style="list-style-type: none"> • Community Investment
KPI B8.1	Focus areas of contribution.	<ul style="list-style-type: none"> • Community Investment
KPI B8.2	Resources contributed to the focus area.	<ul style="list-style-type: none"> • Community Investment



Independent Auditor's Report

Deloitte.

德勤

TO THE MEMBERS OF
RONGZUN INTERNATIONAL HOLDINGS GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Rongzun International Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 69 to 123, which comprise the consolidated statement of financial position of the Group as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated statement of financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Independent Auditor's Report

KEY AUDIT MATTER (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of trade receivables and contract assets</i>	
<p>We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated statement of financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period.</p> <p>As set out in notes 18 and 19 to the consolidated financial statements, the carrying amounts of the Group's trade receivables and contract assets amounting to approximately HK\$40,960,000, in aggregate, which represented approximately 20.8% of total assets of the Group, as at 31 March 2025.</p> <p>As disclosed in notes 4 and 32 to the consolidated financial statements, the management of the Group performs impairment assessment on individual debtor basis to estimate the amount of lifetime ECL of trade receivables and contract assets based on internal credit ratings which are assigned with reference to the external credit rating (if available) and calculated ECL rates with adjustment for forward-looking information which are estimated based on external sources of data and background of respective debtors.</p> <p>As disclosed in note 32 to the consolidated financial statements, an impairment of HK\$24,000 and HK\$643,000 in respect of trade receivables and contract assets respectively were recognised as at 31 March 2025.</p>	<p>Our procedures in relation to impairment assessment of trade receivables and contract assets included:</p> <ul style="list-style-type: none">• Understanding the procedures on how the management assigns internal credit ratings on trade receivables and contract assets and calculates the ECL rates;• Assessing management's basis and judgement in assigning the internal credit rating on each trade receivable and contract asset balance with reference to the external credit rating (if available) and background of respective debtors as at 31 March 2025; and• Testing the calculations of ECL rates with adjustment for forward-looking information by checking to the external sources of data used in the calculations to see if the data is appropriately and consistently applied in the ECL model.



Independent Auditor's Report

OTHER INFORMATION

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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

Independent Auditor's Report

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the 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.



Independent Auditor's Report

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

From the matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter 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.

The engagement partner on the audit resulting in the independent auditor's report is Wong Lam Ching (practising certificate number: P05740).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 June 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	5, 6	88,375	229,916
Direct costs		(84,199)	(225,494)
Gross profit		4,176	4,422
Other income	7	1,836	2,673
Other gains and losses, net	7	138	(37)
Reversal of (allowance for) impairment losses under expected credit loss model, net	32	854	(85)
Administrative expenses		(16,546)	(16,287)
Finance cost	8	(3)	(10)
Loss before tax	10	(9,545)	(9,324)
Income tax expense	9	–	–
Loss for the year		(9,545)	(9,324)
Other comprehensive expense for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instrument at fair value though other comprehensive income		(13,000)	–
Total comprehensive expense for the year		(22,545)	(9,324)
Loss per share			
– Basic (HK cents)	14	(1.54)	(1.50)

Consolidated Statement of Financial Position

At 31 March 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	15	975	1,571
Right-of-use asset	16	–	119
Equity instrument designated at fair value through other comprehensive income	17	–	13,000
Deposits paid	18	15,917	–
Restricted bank deposits	20	–	2,490
		16,892	17,180
Current assets			
Trade and other receivables, deposits and prepayments	18	9,518	30,546
Contract assets	19	38,434	53,056
Restricted bank deposits	20	2,490	24,199
Cash and cash equivalents	20	129,905	123,949
		180,347	231,750
Current liabilities			
Trade, retention and other payables	21	30,609	59,665
Contract liabilities	19	–	30
Amount due to a related company	22	1,943	1,943
Lease liability	24	–	123
Deferred income		136	73
		32,688	61,834
Net current assets		147,659	169,916
Net assets		164,551	187,096
Capital and reserves			
Share capital	25	6,200	6,200
Reserves		158,351	180,896
Total equity		164,551	187,096

The consolidated financial statements on pages 69 to 123 were approved and authorised for issue by the Board of Directors on 27 June 2025 and are signed on its behalf by:

Dr. Hiroshi Kaneko
DIRECTOR

Mr. Yiu To Wa
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Fair value though other comprehensive income reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 April 2023	6,200	109,572	14,939	–	65,709	196,420
Loss and total comprehensive expense for the year	–	–	–	–	(9,324)	(9,324)
Balance at 31 March 2024	6,200	109,572	14,939	–	56,385	187,096
Loss for the year	–	–	–	–	(9,545)	(9,545)
Other comprehensive expense for the year	–	–	–	(13,000)	–	(13,000)
Loss and total comprehensive expense for the year	–	–	–	(13,000)	(9,545)	(22,545)
Balance at 31 March 2025	6,200	109,572	14,939	(13,000)	46,840	164,551

Note: Other reserve mainly represents (i) the excess of the assets acquired and liabilities recognised over the cash consideration arising from acquisitions of 100% of shareholding of Ka Shun Civil Engineering Company Limited ("**Ka Shun Civil Engineering**") and 60% of shareholding of Ka Shun Contractors Limited ("**Ka Shun Contractors**") on 27 October 2015; (ii) the differences between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid arising from acquisitions of a total of additional 49% of shareholding of Ka Construction Company Limited ("**Ka Construction**") and additional 40% of shareholding of Ka Shun Contractors during the years ended 31 March 2016 and 2017; and (iii) the difference between the share capital and share premium of the Company issued, and the share capital of Joy Goal Limited ("**Joy Goal**") exchanged pursuant to the reorganisation, upon completion of which Ka Shun Civil Engineering, Ka Shun Contractors, Ka Construction and Joy Goal became wholly-owned subsidiaries of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before tax	(9,545)	(9,324)
Adjustments for:		
Depreciation of property, plant and equipment	528	582
Depreciation of right-of-use asset	119	119
(Gain) loss on disposal of property, plant and equipment, net	(137)	37
Interest income	(1,790)	(2,659)
(Reversal of) allowance for impairment losses under expected credit loss model, net	(854)	85
Finance cost	3	10
Operating cash flows before movements in working capital	(11,676)	(11,150)
Decrease (increase) in trade and other receivables, deposits, prepayments	21,443	(4,132)
Decrease (increase) in contract assets	15,061	(2,527)
Decrease in trade, retention and other payables	(29,056)	(3,105)
Decrease in contract liabilities	(30)	(8,846)
Increase in deferred income	63	1
Increase in amount due to a related company	–	1,943
NET CASH USED IN OPERATING ACTIVITIES	(4,195)	(27,816)
INVESTING ACTIVITIES		
Placement of bank deposits	(13,132)	(29,876)
Withdrawal of bank deposits	13,132	52,051
Withdrawal of restricted bank deposits	24,199	–
Purchases of property, plant and equipment	(195)	(405)
Deposit placed for potential acquisition of land use rights	(6,500)	–
Placement of escrow deposit for a potential investment	(9,417)	–
Interest received	1,790	2,659
Proceeds from disposal of property, plant and equipment	400	6
Placement of restricted bank deposits	–	(2,490)
Purchase of equity instrument designated at fair value through other comprehensive income	–	(13,000)
NET CASH FROM INVESTING ACTIVITIES	10,277	8,945
FINANCING ACTIVITIES		
Finance cost paid	(3)	(10)
Repayment of lease liability	(123)	(115)
CASH USED IN FINANCING ACTIVITIES	(126)	(125)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,956	(18,996)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	123,949	142,945
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by cash and cash equivalents	129,905	123,949

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. GENERAL INFORMATION

Rongzun International Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 24 April 2018 and its shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 30 April 2019. Its registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at Room 2803-2803A, Asia Trade Centre, 79 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. The businesses of the Company and its subsidiaries (collectively referred to as the “**Group**”) are mainly conducted through three major operating subsidiaries, namely, (i) Ka Shun Civil Engineering, (ii) Ka Shun Contractors; and (iii) Ka Construction; and are principally involved in provision of services on alteration and addition works (including alteration and addition of building layout and structural works comprising design of new structural works, fitting-out works changes in facilities configuration, construction of a new extension to existing buildings, conversion of an existing buildings, conversion of an existing building to different type, etc.) and civil engineering works in Hong Kong.

The ultimate controlling party of the Group is Mr. Kenichi Yanase starting from 11 September 2023. Before 11 September 2023, the ultimate controlling party of the Group was Mr. Tang Wing Kwok (“**Mr. Tang**”). In the opinion of the directors of the Company, the immediate and ultimate holding company of the Group is Kyosei Technology Inc., a company incorporated in the British Virgin Islands (“**BVI**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

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

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

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

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of the other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

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

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

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

Revenue from contracts with customers

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

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.

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

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

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

Warranties

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

Property, plant and equipment

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Property, plant and equipment (continued)

When the Group makes payments for ownership interests of properties which includes 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.

Depreciation is recognised so as to write off the cost of assets less their 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.

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

Financial instruments

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 “Revenue from Contracts with Customers”. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms 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.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("**FVTOCI**") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

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

(ii) Equity instrument designated at FVTOCI

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

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 "Financial Instruments"

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 “Financial Instruments” (continued)

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

The Group always recognises lifetime ECL for trade receivables and contract assets.

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

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.

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

The Group considers that default has occurred when a financial asset or a contract asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 “Financial Instruments” (continued)

A financial asset or a contract 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 or a contract asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the counterparty;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty’s financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The Group writes off a financial asset or a contract asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any subsequent recoveries are recognised in profit or loss.

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.

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

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 and other 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 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 entity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Derecognition of financial assets (continued)

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

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into 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 a group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade, retention and other payables and amount due to a related company are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Employee benefits

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) are recognised as an expense when employees have rendered service entitling them to the contributions.

For long service payment (“**LSP**”) obligation, the Group accounts for the employer Mandatory Provident Fund (“**MPF**”) contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of paragraph 93(a) of HKAS 19 “Employee Benefits” and it is measured on a net basis. 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.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards require or permit 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) after deducting any amount already paid.

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. 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 base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable 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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax assets and liabilities are 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.

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.

Current and deferred tax is recognised in profit or loss, except when they relates to items that are recognised in OCI or directly in equity, in which case, the current and deferred tax is also recognised in OCI or directly in equity respectively.

Foreign currencies

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

Cash and cash equivalents

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

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

3.2 Material accounting policy information (continued)

Cash and cash equivalents (continued)

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Provisions

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

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where 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. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, 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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and key sources of estimation uncertainty at 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

Estimated impairment of trade receivables and contract assets

The management of the Group performs impairment assessment on individual debtor basis to estimate the amount of lifetime ECL of trade receivables and contract assets based on assigned internal credit ratings which are assigned with reference to the external credit rating (if available) and calculated ECL rates with adjustment for forward-looking information which are estimated based on external sources of data and background of respective debtors. At every reporting date, the internal credit ratings are reassessed and changes in the external sources of data are considered in estimation of impairment of trade receivables and contract assets.

The provision of ECL is sensitive to changes in estimates. The information about the ECL is disclosed in note 32.

As at 31 March 2025, the carrying amounts of the Group's trade receivables and contract assets were HK\$2,526,000 (2024: HK\$25,852,000) and HK\$38,434,000 (2024: HK\$53,056,000), respectively, including allowance of credit losses for the Group's trade receivables of HK\$24,000 (2024: HK\$433,000) and the Group's contract assets of HK\$643,000 (2024: HK\$1,082,000).

Fair value measurement of unquoted equity instrument

As at 31 March 2025, the Group's unquoted equity instrument amounting to nil (2024: HK\$13,000,000) is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in valuation techniques and assumptions could result in material adjustments to the fair value of the instrument. The information about the changes in valuation techniques and assumptions and the fair value measurement of the unquoted equity instrument is disclosed in notes 17 and 32.

Fair value measurement of put option

As at 31 March 2025, the fair value of the put option is determined based on significant unobservable inputs using valuation techniques as disclosed in note 17. The management of the Group exercised critical judgement and estimation in establishing the relevant valuation techniques and the relevant inputs, including the counterparty's non-performance risk, so as to reflect the price to transfer the put option to a market participant. Changes in assumptions could result in material adjustments to the fair value of the instrument. The information about the estimation, assumptions and the fair value measurement of the put option is disclosed in notes 17 and 32.

Revenue recognition of construction works

In the course of applying the accounting policy described in notes 5 and 19, recognised amounts of contract revenue/claims and related contract assets reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates including the works performed and amount of contract sum. The actual outcomes in terms of the revenue/claims and contract assets may be higher or lower than the amounts estimated at the end of the reporting period, which would affect the revenue and profit or loss recognised in future years as an adjustment to the amounts recorded to date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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

Revenue recognition of construction works (continued)

For projects that are under dissimilar circumstances (as detailed in note 5), the Group reviews and revises the estimated total costs to complete the satisfaction of these services and the profit margin of each construction contract as the contract progresses. Budgeted contract costs and profit margin are prepared by the management of the Group on the basis of quotations from time to time provided by the major subcontractors, suppliers or vendors involved and the experience of the management of the Group. In order to keep the budget accurate and up-to-date, management of the Group conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the revenue and profit recognised in each period.

Recognised amounts of contract revenue and related contract assets reflect management's best estimate of each contract's outcome and value of works completed, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each reporting period, which would affect the revenue and profit or loss recognised in future years as an adjustment to the amounts recorded to date.

During the year, the Group recognised contract revenue amounting to approximately HK\$88,375,000 (2024: HK\$229,916,000) for the year ended 31 March 2025 and had carrying amount of the relevant contract assets of approximately HK\$38,434,000 (2024: HK\$53,056,000) as at 31 March 2025.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

Revenue of the Group represents the fair value of amounts received and receivable from the provision of services on alteration and addition works and civil engineering works in Hong Kong (all recognised over time under construction contracts in Hong Kong) during the year.

	2025 HK\$'000	2024 HK\$'000
Contract revenue from provision of services on alteration and addition works	47,350	128,911
Contract revenue from provision of services on civil engineering works	41,025	101,005
	88,375	229,916

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

5. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

Included in the Group's revenue during the year is contract revenue of approximately HK\$18,217,000 (2024: HK\$33,531,000) derived from provision of services on alteration and addition works to customers in public sector. Other revenue is derived from provision of services on alteration and addition works and civil engineering works to customers in private sector.

(ii) Performance obligations for contracts with customers and revenue recognition policies

Revenue from provision of services on alteration and addition works and civil engineering works under long-term contracts with customers is mainly derived from fixed-price contracts with customers, such as landlords, construction companies and contractors in Hong Kong. Such contracts are entered into before the services begin. Under the terms of contracts, the Group is contractually required to perform alteration and addition works and civil engineering works at the customers' specified sites that the Group's performance creates or enhances an asset that the customers control as the Group performs.

Revenue from provision of services on alteration and addition works and civil engineering works is therefore recognised over time using output method, i.e. based on surveys of alteration and addition works and civil engineering works completed by the Group to date as certified by architects, surveyors or other representatives appointed by the customers or estimated with reference to the progress payment application submitted by the Group to the customers in relation to the works completed by the Group that best depicts the Group's performance in transferring control of services. For projects where there are no certificates from architects or surveyors available or the progress payment agreed with customer cannot depict the Group's performance in transferring control of services, revenue is recognised over time using input method, i.e. based on actual costs incurred by the Group to date compared with total budgeted costs for the relevant project to estimate the revenue recognised during the year.

These construction contracts normally require payments be measured and made on monthly basis and certain construction contracts require customers to make upfront payments before construction commences, and it gives rise to the contract liabilities until revenue recognised on the specific contract exceeds the amount of such upfront payments.

A contract asset is recognised over the period in which the services on alteration and addition works and civil engineering works are performed and are transferred to trade receivables when the rights become unconditional, being the contracts for unconditional payments except for passage of time are reached.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

5. REVENUE (continued)

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

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
Provision of services on alternation and addition works	22,435	42,967
Provision of services on civil engineering works	2,085	40,219
	24,520	83,186

And, the above are expected to be recognised as revenue in the following years:

	2025 HK\$'000	2024 HK\$'000
Within one year	19,704	70,148
More than one year but not more than two years	4,816	13,038
	24,520	83,186

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “**CODM**”), which is also the chief executive (the “**Chief Executive**”) of the Company, in order for CODM to allocate resources and assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group’s reporting and operating segments under HKFRS 8 “Operating Segments” are as follows:

- Alteration and addition works; and
- Civil engineering works.

The CODM makes decisions according to the operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

6. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 March 2025

	Alteration and addition works HK\$'000	Civil engineering works HK\$'000	Total HK\$'000
Segment revenue – external	47,350	41,025	88,375
Segment results	(11,500)	16,530	5,030
Other income and other gains and losses, net			1,974
Administrative expenses			(16,546)
Finance cost			(3)
Loss before tax			(9,545)

For the year ended 31 March 2024

	Alteration and addition works HK\$'000	Civil engineering works HK\$'000	Total HK\$'000
Segment revenue – external	128,911	101,005	229,916
Segment results	8,751	(4,414)	4,337
Other income and other gains and losses, net			2,636
Administrative expenses			(16,287)
Finance cost			(10)
Loss before tax			(9,324)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the loss before tax incurred by each segment without allocation of other income, other gains and losses (net), administrative expenses and finance cost. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

6. SEGMENT INFORMATION (continued)

Other segment information

Amounts included in the measures of segment results:

	2025 HK\$'000	2024 HK\$'000
Depreciation of property, plant and equipment and right-of-use assets:		
– Provision of services on alteration and addition works	406	340
– Provision of services on civil engineering works	241	361
	647	701
(Reversal of) allowance for impairment losses under expected credit loss model, net:		
– Alteration and addition works	(710)	394
– Civil engineering works	(144)	(309)
	(854)	85

Entity-wide information

Geographical information

The Group's operations are located in Hong Kong. The geographical location of the Group's non-current assets is situated in Hong Kong.

All of the Group's revenue from external customers is attributable to the group entities' place of domicile (i.e. Hong Kong).

Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Provision of services on alteration and addition works:		
– Customer A	17,551	*N/A
– Customer B	15,957	59,241
– Customer C	11,882	33,255
Provision of services on civil engineering works:		
– Customer D	38,134	*N/A
– Customer E	*N/A	88,961

* The revenue from these customers was less than 10% of the Group's revenue in the relevant year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

7. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Other income:		
Interest income	1,790	2,659
Government grants	37	9
Others	9	5
	1,836	2,673
Other gains and losses		
Gain (loss) on disposal of property, plant and equipment, net	137	(37)
Others	1	–
	138	(37)

During the year ended 31 March 2025, the Group recognised government grants of HK\$37,000 (2024: HK\$9,000) in respect of Construction Innovation and Technology Fund.

8. FINANCE COST

	2025 HK\$'000	2024 HK\$'000
Interest on lease liability	3	10

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

9. INCOME TAX EXPENSE

No Hong Kong Profits Tax is provided on profits arising in Hong Kong as there is no assessable profits for both years.

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

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(9,545)	(9,324)
Tax at applicable statutory tax rate of 16.5% (2024: 16.5%)	(1,575)	(1,538)
Tax effect of income not taxable for tax purpose	(434)	(490)
Tax effect of expenses not deductible for tax purpose	826	566
Tax effect of tax losses not recognised	3,104	1,646
Utilisation of tax losses not recognised	(1,954)	(203)
Others	33	19
Income tax expense for the year	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

10. LOSS BEFORE TAX

	2025 HK\$'000	2024 HK\$'000
Loss before tax has been arrived at after charging:		
Staff costs (including directors' emoluments as disclosed in note 12):		
– Salaries and other benefits	22,091	24,351
– Discretionary bonus*	2,520	3,311
– Retirement benefit scheme contributions	588	798
	25,199	28,460
Auditor's remuneration:		
– the Company	699	663
– subsidiaries of the Company	276	282
	975	945
Depreciation of property, plant and equipment	528	582
Depreciation of right-of-use asset	119	119

* The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group.

11. DIVIDENDS

No dividend was paid or proposed during 31 March 2025 and 2024.

Subsequent to the end of the reporting period, a final dividend of HK4.0 cents (2024: nil) per ordinary share in respect of the year ended 31 March 2025, in an aggregate amount of HK\$24,800,000 (2024: nil) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid to the directors of the Company are as follows:

Year ended 31 March 2025

	Fee HK\$'000	Other emoluments		Total HK\$'000
		Salaries and other allowance HK\$'000	Retirement benefit scheme contributions HK\$'000	
Executive directors:				
Dr. Hiroshi Kaneko	1,200	–	–	1,200
Mr. Wang Shuai (Note (b))	–	–	–	–
Non-executive directors:				
Mr. Zhang Yanfeng (Note (c))	–	–	–	–
Mr. Wong Xueyan (Note (d))	–	–	–	–
Ms. Song Ningning (Note (e))	35	–	–	35
Independent non-executive directors:				
Mr. Jin Fan	180	–	–	180
Mr. Sung Ka Woon	180	–	–	180
Mr. Yiu To Wa	180	–	–	180
	1,775	–	–	1,775

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued) Year ended 31 March 2024

	Fee HK\$'000	Other emoluments		Total HK\$'000
		Salaries and other allowance HK\$'000	Retirement benefit scheme contributions HK\$'000	
Executive directors:				
Dr. Hiroshi Kaneko (Note (a))	390	–	–	390
Mr. Wang Shuai (Note (b))	–	–	–	–
Mr. Tang (Note (a))	–	800	12	812
Mr. Lo (Note (a))	–	800	–	800
Non-executive director:				
Mr. Zhang Yanfeng (Note (c))	–	–	–	–
Independent non-executive directors:				
Mr. Yeung Tze Long (Note (f))	98	–	–	98
Mr. Chan Pui Hang Ian (Note (f))	98	–	–	98
Ms. Li Yuen Shan (Notes (f))	98	–	–	98
Mr. Jin Fan (Note (f))	58	–	–	58
Mr. Sung Ka Woon (Note (f))	58	–	–	58
Mr. Yiu To Wa (Note (f))	58	–	–	58
	858	1,600	12	2,470

Notes:

- (a) Dr. Hiroshi Kaneko was appointed as an executive director of the Company on 4 December 2023 and Mr. Tang and Mr. Lo were resigned as an executive director of the Company on the same date.
- (b) Mr. Wang Shuai was appointed as an executive director of the Company on 8 November 2023 and resigned as an executive director of the Company on 10 July 2024.
- (c) Mr. Zhang Yanfeng was appointed as chairman and a non-executive director of the Company on 22 December 2023 and resigned as chairman and a non-executive director of the Company on 9 April 2024.
- (d) Mr. Wang Xueyan was appointed as chairman and a non-executive director of the Company on 24 September 2024.
- (e) Ms. Song Ningning was appointed as a non-executive director of the Company on 19 December 2024.
- (f) Mr. Jin Fan, Mr. Sung Ka Woon and Mr. Yiu To Wa were appointed as an independent non-executive director of the Company on 4 December 2023 and Mr. Yeung Tze Long, Mr. Chan Pui Hang Ian and Ms. Li Yuen Shan were resigned as an independent non-executive director of the Company on the same date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group whereas the emoluments of the above independent non-executive directors were for the services as directors of the Company. The executive directors of the Company are entitled to bonus payments which are determined with reference to individual performance of the relevant directors.

Mr. Lo was the Chief Executive of the Company. With effect from 4 December 2023, Mr. Lo resigned as the Chief Executive of the Company and Dr. Hiroshi Kaneko was appointed as the Chief Executive of the Company and their emoluments disclosed above include those services rendered by them as the Chief Executive during their tenures.

There was no arrangement under which the directors of the Company or the Chief Executive waived or agreed to waive any emoluments during both years.

13. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group for the year ended 31 March 2025 include 1 (2024: 2) director, details of whose emoluments are set out in note 12. Details of the remaining 4 (2024: 3) highest paid individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other allowances	2,819	2,445
Discretionary bonus	1,125	1,944
Retirement benefit scheme contributions	67	54
	4,011	4,443

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group.

The emoluments of the highest paid employees were within the following bands:

	2025 HK\$'000	2024 HK\$'000
Nil to HK\$1,000,000	2	1
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$2,000,001 to HK\$2,500,000	–	1
	4	3

During both years, no emoluments were paid by the Group to any of the directors of the Company, Chief Executive nor the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

14. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to the owners of the Company	(9,545)	(9,324)

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	620,000	620,000

No diluted loss per share is presented for both years as there was no potential ordinary share in issue.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST				
At 1 April 2023	5,287	1,173	9,168	15,628
Addition	76	–	329	405
Disposals	–	–	(96)	(96)
At 31 March 2024	5,363	1,173	9,401	15,937
Addition	188	7	–	195
Disposals	–	–	(1,163)	(1,163)
At 31 March 2025	5,551	1,180	8,238	14,969
DEPRECIATION				
At 1 April 2023	4,690	1,056	8,091	13,837
Provided for the year	169	45	368	582
Disposals	–	–	(53)	(53)
At 31 March 2024	4,859	1,101	8,406	14,366
Provided for the year	178	34	316	528
Disposals	–	–	(900)	(900)
At 31 March 2025	5,037	1,135	7,822	13,994
CARRYING VALUES				
At 31 March 2025	514	45	416	975
At 31 March 2024	504	72	995	1,571

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following useful life:

Machinery and equipment	3 – 5 years
Furniture and office equipment	5 years
Motor vehicles	3 – 4 years

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

16. RIGHT-OF-USE ASSET

	Office properties HK\$'000	
At 31 March 2025		
Carrying amount		–
At 31 March 2024		
Carrying amount		119
For the year ended 31 March 2025		
Depreciation for the year		119
For the year ended 31 March 2024		
Depreciation for the year		119
	2025 HK\$'000	2024 HK\$'000
Expense relating to short-term leases	892	2,293
Total cash outflow for leases	1,018	2,418
Additions to right-of-use asset	–	238

During the year ended 31 March 2025 and 2024, the Group leased an office premise for its operations. Lease contract was entered into for fixed term of 2 years.

In addition, lease liability of HK\$238,000 (2025: nil) was recognised with related right-of-use asset of HK\$238,000 (2025: nil) during the year ended 31 March 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

17. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	2025 HK\$'000	2024 HK\$'000
Financial asset at FVTOCI: – Unlisted equity security	–	13,000

On 31 January 2024, a direct wholly-owned subsidiary of the Company (the **"Purchaser"**) entered into an equity transfer agreement (**"Equity Transfer Agreement"**) with an independent third party (the **"Vendor"**) and pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase 5% equity interest in a private company incorporated in BVI (the **"Investee"**) where its major asset is an investment in the form of equity capital in a company established in the People's Republic of China and is principally engaged in research and development of the technologies in acellular cartilage matrix which can be applied to surgeries for tackling the disease of cataract (the **"R&D Company"**). The unlisted equity security was acquired at a total consideration of HK\$13,000,000 and completed on 31 January 2024. The Vendor also guaranteed the Purchaser in the Equity Transfer Agreement the right to put back the instrument to the Vendor at original consideration of HK\$13,000,000 (the **"Put Option"**) if the R&D Company cannot obtain the specified license within 10 months from the date of acquisition (the **"Put Option Expiry Date"**). On 20 March 2024, a supplemental agreement was entered into between the Vendor and the Purchaser to further extend the Put Option Expiry Date to 31 December 2025. The Put Option is a separate instrument from the equity instrument designated at FVTOCI and is accounted for a derivative financial instrument measured at FVTPL.

The directors of the Company are of the view that the unlisted equity security investment is not held for trading and they do not expect that the Group will realise the unlisted equity investment within 12 months after the end of the reporting period. Accordingly, the directors of the Company designated the unlisted equity security at FVTOCI and classified it as a non-current asset in the consolidated statement of financial position as at 31 March 2025 and 2024.

During the year ended 31 March 2025, the R&D Company encountered significant operational funding constraints, adversely impacting its research activities and submission process for obtaining the Third Medical Device Registration License from China's National Medical Products Administration. As of 31 March 2025, despite active efforts by existing shareholders of the R&D Company to secure new funding and investors, no viable funding sources had been identified.

As at 31 March 2025, the fair value of the Group's unlisted equity security is based on net asset value of the Investee and its investment. As at 31 March 2024, the fair value of the Group's unlisted equity security is based on discounted cash flow model with reference to a professional valuation performed by an independent professional valuer. During the year ended 31 March 2025, a fair value decrease of the investment at FVTOCI amounting to HK\$13,000,000 (2024: nil) is recognised.

The directors of the Company considered that the fair value of the derivative financial instrument was insignificant, both at the date of acquisition and at 31 March 2024. This assessment was based on the expectation that the Put Option condition would be triggered, rendering the fair value of the derivative financial instrument negligible. Given the current financial situation of the R&D Company at 31 March 2025, the directors of the Company assessed the fair value of the derivative financial instrument and concluded that it remains insignificant at 31 March 2025 due to the high non-performance risk associated with the Vendor should the Purchaser exercise the Put Option.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Trade receivables (Note (a))	2,550	26,285
Less: Allowance of credit losses for trade receivables	(24)	(433)
	2,526	25,852
Other receivables (Note (b))	434	506
Less: Allowance of credit losses for other receivables	–	(6)
	434	500
Advances to sub-contractors and suppliers	5,149	987
Prepayments and deposits	1,409	3,207
Deposit paid for potential acquisition of land use rights (Note (c))	6,500	–
Escrow deposit for a potential investment (Note (d))	9,417	–
	25,435	30,546
Analysed as:		
Non-current assets	15,917	–
Current assets	9,518	30,546
	25,435	30,546

Notes:

- (a) As at 1 April 2023, the carrying amount of the Group's trade receivables was HK\$18,827,000 and HK\$413,000 allowance of credit losses was made.
- (b) The other receivables mainly represent interest income receivables and compensations paid to injured workers that could be reimbursed from insurance.
- (c) During the year ended 31 March 2025, a wholly-owned subsidiary of the Company (the "Buyer") entered into a non-binding Memorandum of Understanding ("MOU") with an independent third party (the "Seller") and a custodian (the "Custodian"). The MOU contemplated the potential acquisition by the Buyer of land use rights held by the Seller under a 30-year customary land lease agreement dated 1 October 2023, granted by the Minister of Natural Resources and Environment of the Independent State of Samoa (acting on behalf of beneficial customary landowners). This lease includes an option to renew for a further 30-year term. Pursuant to the MOU, the Buyer paid a refundable deposit of HK\$6,500,000 to a designated bank account controlled by the Custodian. This deposit was intended to be offset against the purchase consideration upon signing of the sales and purchase agreement for the acquisition of land use rights.

Subsequent to the end of the reporting period, the refundable deposit of HK\$6,500,000 was refunded.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

- (d) During the year ended 31 March 2025, a wholly-owned subsidiary of the Company (the "**Subsidiary**") entered into an arrangement (the "**Arrangement**") with a company controlled by Dr. Hiroshi Kaneko (the "**Related Company**") for placing a good faith deposit of United States Dollar ("**US\$**") 1,295,000 (the "**Good Faith Deposit**"), representing one-tenth of the bidding price in connection with a potential acquisition of assets, assumption of certain liabilities and an option to acquire the casino license held by a liquidating company through a public bidding in Saipan, the capital of Commonwealth of the Northern Mariana Islands ("**CNMI**"). The Subsidiary paid US\$1,200,000 (equivalent to approximately HK\$9,417,000) to the Related Company and the Related Company paid the Good Faith Deposit to an independent licensed escrow agent which is held in a segregated trust account administered by it as at 31 March 2025.

In addition, under the Arrangement, the Subsidiary can terminate the Arrangement with not less than 1 month notice in writing to the Related Company. The Related Company should refund the Subsidiary's contribution of US\$1,200,000 (equivalent to approximately HK\$9,417,000) within a commercially reasonable period when the Subsidiary withdraws from the bidder project.

The Related Company was awarded the bid during the year ended 31 March 2025. As of the date these consolidated financial statements were authorised for issuance, no asset purchase agreement has been executed due to ongoing negotiations between the Related Company and the CNMI government regarding the additional requirements imposed by the CNMI government.

Trade receivables

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the directors of the Company regularly.

The Group allows generally a credit period ranging from 30 to 90 days (2024: from 30 to 90 days) to its customers.

The following is an aged analysis of trade receivables presented based on dates of work certified at the end of the reporting period, net of allowance for credit losses.

	2025 HK\$'000	2024 HK\$'000
1 – 30 days	2,480	20,032
31 – 60 days	–	5,818
61 – 90 days	44	–
Over 90 days	2	2
	2,526	25,852

At 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$46,000 (2024: HK\$5,820,000) which are past due at the reporting date. Out of the past due balances, approximately HK\$44,000 (2024: HK\$5,818,000) has been past due 1 – 90 days and as the counterparty and with satisfactory settlement history, therefore, the directors of the Company consider the respective ECL is not material. The remaining balance of approximately HK\$2,000 (2024: HK\$2,000) at 31 March 2025 had been past due over 90 days, the directors of the Company did not consider these receivables as in default nor credit-impaired as these customers have good business relationships with the Group and recurring overdue records of these customers were supported by satisfactory settlement history. The Group does not hold any collateral over these balances.

Details of the impairment assessment of the Group's trade and other receivables are set out in note 32.

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For the year ended 31 March 2025

19. CONTRACT ASSETS AND LIABILITIES

The carrying amounts of the Group's contract assets as at 1 April 2023, 31 March 2024 and 31 March 2025 amounted to HK\$50,595,000, HK\$53,056,000 and HK\$38,434,000 (included allowance of credit losses of HK\$1,016,000, HK\$1,082,000 and HK\$643,000), respectively, represent the Group's rights to considerations from customers for the provision of services on alteration and addition works and civil engineering works, which arise when: (i) the Group completed the relevant services under such contracts but yet certified by architects, surveyors or other representatives appointed by the customers; and (ii) the customers withhold certain certified amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months after completion of the relevant works.

The Group's contract assets are analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Provision of services on alteration and addition works		
– Retention receivables	9,532	14,816
– Others	18,985	29,004
Provision of services on civil engineering works		
– Retention receivables	5,826	7,562
– Others	4,734	2,756
	39,077	54,138
Less: Allowance of credit losses	(643)	(1,082)
	38,434	53,056

Changes of contract assets were mainly due to: (1) changes in retention receivables as a result of changes in number of ongoing and completed contracts under the defect liability period; and (2) changes in the size and number of contract works that the relevant services were completed but yet been certified at the end of the reporting period.

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For the year ended 31 March 2025

19. CONTRACT ASSETS AND LIABILITIES (continued)

The Group's contract assets included retention receivables to be settled, based on the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, at the end of the reporting period as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	10,045	279
After one year	5,313	22,099
	15,358	22,378
Less: Allowance of credit losses	(234)	(446)
	15,124	21,932

Details of the impairment assessment of the Group's contract assets are set out in note 32.

Contract liabilities of HK\$8,876,000, HK\$30,000 and nil as at 1 April 2023, 31 March 2024 and 31 March 2025, respectively, represent the Group's obligation to transfer alteration and addition works services to customers for which the Group has received advance payments from the customers.

The Group's contract liabilities are analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Provision of services on alternation and addition works	–	30

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

When the Group receives a deposit before the construction work commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

20. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

As at 31 March 2025, the Group's restricted bank deposits with original maturity more than three months amounting to approximately HK\$2,490,000 (2024: HK\$26,689,000) are bank deposits bearing interest rates ranging from 1.3% – 3.4% per annum (2024: from 1.4% – 4.6% per annum), of which an amount of HK\$2,490,000 (2024: HK\$26,689,000) as at 31 March 2025 is required by a bank as a charge against its bank facilities granted to the Group, amongst others, for issuance of performance bonds of HK\$2,490,000 (2024: HK\$24,199,000).

At 31 March 2024, restricted bank deposits of HK\$2,490,000 with maturity in December 2025 and was classified as non-current assets as at 31 March 2024.

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments. Included in the Group's cash and cash equivalents as at 31 March 2025 are bank fixed deposits of approximately HK\$37,064,000 (2024: HK\$24,477,000) and bore interest rates ranging from 1.3% – 3.4% (2024: 1.4% – 4.6%) per annum, the remaining amounts are bank balances carrying interest at prevailing market interest rate at 0.001% (2024: 0.001%) per annum.

Details of the impairment assessment of restricted bank deposits and cash and cash equivalents are set out in note 32.

21. TRADE, RETENTION AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	14,767	38,527
Retention payables	10,522	14,591
Staff costs payables	3,128	3,996
Other payables (Note)	2,192	2,551
	30,609	59,665

Note: The other payables mainly represent payables in respect of construction industry levy and pneumoconiosis compensation fund board levy, accruals of audit fees and various office expenses.

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For the year ended 31 March 2025

21. TRADE, RETENTION AND OTHER PAYABLES (continued)

Trade payables

The credit period of trade payables granted by the Group's suppliers are usually within 60 days (2024: 60 days).

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
1 – 30 days	12,504	17,487
31 – 60 days	1,553	4,384
61 – 90 days	–	55
Over 90 days	710	16,601
	14,767	38,527

Retention payables

Retention payables to sub-contractors of contract works are interest-free and payable by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.

The retention payables are to be settled, based on the expiry of maintenance period, at the end of the reporting period as follows:

	2025 HK\$'000	2024 HK\$'000
On demand or within one year	6,472	3,795
After one year	4,050	10,796
	10,522	14,591

22. AMOUNT DUE TO A RELATED COMPANY

Details of amount due to a related company which is unsecured, interest-free and repayable on demand is stated as follows:

	2025 HK\$'000	2024 HK\$'000
Grateful Heart Inc. (Note)	1,943	1,943

Note: A director of the Company, Dr. Hiroshi Kaneko, has controlling interests over the related company. The amount represents the corporate expenses settled by the related company on behalf of the Group which is a non-cash transaction.

Notes to the Consolidated Financial Statements

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23. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	123	157
Deferred tax liabilities	(123)	(157)
	–	–

The movements in deferred tax assets and liabilities during both years, without taking into account the offsetting of balances within the same tax jurisdiction, are as follows:

	Tax losses HK\$'000	Accelerated depreciation allowance HK\$'000	Total HK\$'000
At 1 April 2023	163	(163)	–
(Charge) credit to profit or loss	(6)	6	–
At 31 March 2024	157	(157)	–
(Charge) credit to profit or loss	(34)	34	–
At 31 March 2025	123	(123)	–

At the end of the reporting period, the Group has unused tax losses of approximately HK\$36,713,000 (2024: HK\$29,743,000) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of approximately HK\$749,000 (2024: HK\$952,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HK\$35,964,000 (2024: HK\$28,791,000) due to the unpredictability of future profit streams.

Notes to the Consolidated Financial Statements

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24. LEASE LIABILITY

	2025 HK\$'000	2024 HK\$'000
Lease liability payable:		
Within one year	–	123
Amount due for settlement within 12 months shown under current liability	–	123

No extension option is included in any of the lease agreement entered into by the Group. The weighted average incremental borrowing rates applied by the relevant group entities is at 5.88% (2024: 5.88%). This lease liability was measured at the present value of the lease payments that are not yet paid. The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased asset may not be used as security for borrowing purposes.

25. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2023, 31 March 2024 and 31 March 2025	5,000,000,000	50,000
Issued:		
As at 1 April 2023, 31 March 2024 and 31 March 2025	620,000,000	6,200

26. SHARE OPTION SCHEME

Pursuant to written resolutions passed on 4 April 2019, the Company adopted a share option scheme (the “**Share Option Scheme**”). The Share Option Scheme is valid for a period of 10 years commencing on 4 April 2019. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

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For the year ended 31 March 2025

26. SHARE OPTION SCHEME (continued)

Under the Share Option Scheme, the board of directors of the Company may, at its discretion, grant options to subscribe for ordinary shares of the Company to eligible participants ("**Eligible Participants**") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which any member of the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the ordinary share capital of the Company in issue from time to time. The total number of ordinary shares which may be allotted and issued upon exercise of all options to be granted under Share Options Scheme and any other share option of the Group must not in aggregate exceed 10% of the ordinary shares in issue as at the date of passing of the relevant resolution adopting the Share Option Scheme.

Share options granted to a director, Chief Executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the ordinary shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's ordinary shares at the date of the grant) in excess of HK\$5,000,000, within any twelve-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1.00 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, save that such period shall not be more than ten years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme.

Unless otherwise determined by the directors of the Company at their absolute discretion, there is no requirement of a minimum period for which an option must be held before an option can be exercised. In addition, there is no performance target which must be achieved before any of the options can be exercised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

26. SHARE OPTION SCHEME (continued)

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's ordinary shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's ordinary shares for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Company's ordinary shares on the date of the offer.

No option was granted, exercised, cancelled nor lapsed under the Share Option Scheme since its effective date on 4 April 2019 and there was no outstanding share option as at 31 March 2025 (2024: Nil).

27. RETIREMENT BENEFIT PLANS

The Group participates in the MPF Scheme for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total costs of approximately HK\$588,000 (2024: HK\$798,000) charged to profit or loss represents contributions paid or payable to the above scheme by the Group for the year ended 31 March 2025.

28. PERFORMANCE GUARANTEES

As at 31 March 2025, the Group had performance bonds of HK\$2,490,000 (2024: HK\$26,689,000) given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the bank to pay to them the sum or sum stipulated in such demand. The Group would become liable to compensate such bank accordingly.

As at 31 March 2025 and 2024, the performance guarantees issued by the bank are granted under the bank facilities of the Group which were secured by the restricted bank deposits as disclosed in note 20 and personal guarantee given by Mr. Lo and Mr. Tang amounted to nil (2024: HK\$24,199,000) and HK\$2,490,000 (2024: HK\$2,490,000) respectively, directors of subsidiaries of the Company in favour of the bank.

29. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group had the related party transactions in respect of compensation of key management personnel, representing the remuneration of the directors of the Company and senior management of the Group, during the year as below:

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	5,516	6,368
Retirement benefit scheme contributions	46	64
	5,562	6,432

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For the year ended 31 March 2025

30. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2024 and 2025 are set out below:

			Shareholding attributable to the Company at 31 March		
Name of subsidiaries	Date and place of incorporation	Fully paid-up capital	2025	2024	Principal activities
Directly held					
Joy Goal 樂高有限公司	8 April 2014 BVI	US\$11,315,408	100%	100%	Investment holding
Collaborated Brilliant Power Advanced Co., Ltd. ("Collaborated Brilliant") (Note 1)	9 February 2022 BVI	US\$100	100%	100%	Investment holding
Fastpass Corporation	18 October 2023 BVI	US\$1	100%	100%	Investment holding
Indirectly held					
Best Century International Holding Ltd.	9 August 1999 BVI	US\$1	100%	100%	Investment holding
Ka Construction 嘉建建築有限公司	13 November 1979 Hong Kong	HK\$2,600,000	100%	100%	Civil engineering works
Ka Shun Civil Engineering 嘉順土木工程有限公司	18 July 1995 Hong Kong	HK\$82,219,622	100%	100%	Alteration and addition works and civil engineering works
Ka Shun Contractors 嘉順承造有限公司	25 July 2003 Hong Kong	HK\$1,000,000	100%	100%	Alteration and addition works
Profit Gather Investment Limited	30 January 2018 BVI	US\$1	100%	100%	Provision of intra-group administrative services

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

30. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiaries	Date and place of incorporation	Fully paid-up capital	Shareholding attributable to the Company at 31 March		Principal activities
			2025	2024	
Hong Kong Entertainment Collaborated Innovation Culture Co., Ltd	25 October 2023 Hong Kong	US\$1	100%	100%	Inactive
Golden Glimmer Limited	20 November 2023 BVI	US\$1	100%	100%	Investment holding
Chiba Investment Limited	27 December 2023 Hong Kong	HK\$10,000	100%	100%	Investment holding
Chiba Investment (CNMI) LLC (Note 2)	4 April 2024 CNMI	(Note 2)	100%	N/A	Pre-investment activities

Notes:

1. Collaborated Brilliant was acquired by the Company on 9 December 2023 with principal activity of investment holding. The financial impact of the acquisition is immaterial.
2. Chiba Investment (CNMI) LLC is newly incorporated during the year ended 31 March 2025 without share capital. Its sole member, Chiba Investment Limited, has 100% interest in it.

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

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group.

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For the year ended 31 March 2025

31. 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 strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (if any), net of restricted bank deposits, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, other reserve, and retained profits.

The Group is not subject to any externally imposed capital requirements.

The Group's management reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with the capital.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
At amortised cost	135,355	176,990
Equity instrument designated at FVTOCI	–	13,000
	135,355	189,990
Financial liabilities		
At amortised cost	27,972	55,802

Financial risk management objectives and policies

The Group's major financial instruments include equity instrument designated at FVTOCI, restricted bank deposits, cash and cash equivalents, trade and other receivables, trade, retention and other payables and amount due to a related company. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's operations expose it to a number of financial risks: principally interest rate risk, credit risk and liquidity risk. Continuous monitoring of these risks ensures that the Group is protected against any adverse effects of such risks so far as it is possible and foreseeable.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Interest rate risk

The Group has minimal exposure to fair value interest rate risk in relation to fixed rate restricted bank deposits.

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate risk exposure and will consider other necessary actions when significant interest rate risk exposure is anticipated.

No sensitivity analysis has been presented as the management of the Group considers that the cash flow interest rate risk in relation to variable-rate bank balances is not significant.

Credit risk and impairment assessment

At the end of the reporting period, the carrying amount of the respective recognised financial assets and contract assets as stated in the consolidated statement of financial position best represents the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and contract assets.

Trade receivables and contract assets arising from contracts with customers

In order to minimise credit risk, the directors of the Company have monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors of the Company review the recoverable amount of each individual trade debt and contract asset at the end of the reporting period to ensure that adequate impairment losses are made. In this regard, the directors of the Company consider that the Group's ECL is not material.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. The management of the Group performs impairment assessment on individual debtor basis to estimate the amount of lifetime ECL of trade receivables and contract assets based on internal credit ratings and calculated ECL rates with adjustment for forward-looking information which are estimated based on external source of data.

Impairment loss under ECL model of approximately HK\$24,000 (2024: HK\$433,000) is recognised for the Group's trade receivables and an average loss rate for the Group's trade receivables is approximately 0.9% (2024: 1.6%). Impairment loss under ECL model of approximately HK\$643,000 (2024: HK\$1,082,000) is recognised for the Group's contract assets for the year and an average loss rate for the Group's contract assets is approximately 1.6% (2024: 2.0%) as at 31 March 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables

The management of the Group performs impairment assessment on individual debtor basis to estimate the amount of ECL of other receivables based on past due status of respective other receivables and forward-looking information.

As at 31 March 2024, impairment loss under ECL model of approximately HK\$6,000 (2025: nil) was recognised for other receivables and an average loss rate for the Group's other receivables is approximately 1.2% (2025: nil).

Restricted bank deposits and cash and cash equivalents

The management of the Group assesses that its restricted bank deposits and cash and cash equivalents as at 31 March 2025 and 31 March 2024 are at low credit risk because they are placed with reputable banks with high external credit ratings, and ECL, if any, is insignificant.

For assessment of the ECL of the Group's financial assets and contract assets, the Group's internal credit risk grading assessment comprises following categories:

Internal credit rating	Description	Trade receivables and contract assets	Other receivables, restricted bank deposits and cash and cash equivalents
Level 1	The counterparty has great ability of repayment, low risk of default and has no history of impairment loss.	Lifetime ECL- not credit-impaired	12m ECL
Level 2	The counterparty has good ability of repayment, but may be influenced by macro environment and economic situation.	Lifetime ECL- not credit-impaired	12m ECL
Level 3	The counterparty has ability of repayment, but usually settles in full after due date.	Lifetime ECL- not credit-impaired	Lifetime ECL- not credit-impaired
Level 4	The counterparty may not have ability of repayment and is evidenced to be credit-impaired.	Lifetime ECL- credit-impaired	Lifetime ECL- credit-impaired
Level 5	The counterparty has no ability to repay its debts and the receivable is not expected to be collectable.	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The table below details the credit risk exposures of the Group's financial assets and contract assets as at 31 March 2025 and 2024, which are subject to ECL assessment:

Items	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
				2025	2024
				HK\$'000	HK\$'000
Financial assets at amortised cost:					
Trade receivables – contracts with customers	18	Level 1	Lifetime ECL- (not credit-impaired)	1,447	6,683
		Level 2	Lifetime ECL- (not credit-impaired)	1,103	19,602
Other receivables	18	Level 1	12m ECL	223	220
		Level 2	12m ECL	211	286
Restricted bank deposits and cash and cash equivalents	20	Level 1	12m ECL	132,395	150,583
Other item:					
Contract assets – contracts with customers	19	Level 1	Lifetime ECL- (not credit-impaired)	9,028	5,065
		Level 2	Lifetime ECL- (not credit-impaired)	30,049	49,073

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Allowance for credit losses

During the current year, the movements in allowance for credit losses that has been recognised for trade receivables, other receivables and contract assets were as follows:

	Trade receivables not credit- impaired (Lifetime ECL) HK\$'000	Other receivables not credit- impaired (12m ECL) HK\$'000	Contract assets not credit- impaired (Lifetime ECL) HK\$'000	Total HK\$'000
At 1 April 2023	413	7	1,016	1,436
Changes due to financial assets recognised at 1 April 2023				
– Impairment losses reversed	(413)	(7)	(600)	(1,020)
Financial assets newly originated	433	6	666	1,105
At 31 March 2024	433	6	1,082	1,521
Changes due to financial assets recognised at 1 April 2024				
– Impairment losses reversed	(433)	(6)	(552)	(991)
Financial assets newly originated	24	–	113	137
At 31 March 2025	24	–	643	667

Concentration of credit risk of trade receivables and contract assets

The Group has concentration risk on its major customers (note 6) which accounted for 94.5% (2024: 79.3%) of its revenue for the year ended 31 March 2025. Besides, the Group also has concentration of credit risk because approximately 73.6% (2024: 70.4%) of the total of trade receivables and contract assets as at 31 March 2025 were due from the Group's major customers as set out in note 6. The Group's major customers are reputable companies. The management of the Group closely monitors the subsequent settlement of the customers. In this regard, the management of the Group considers the Group's ECL is not material.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings, as appropriate. Besides, the directors of the Company closely monitor the level of the Group's cash and cash equivalents and future cash flows and strike for maintaining sufficient cash and cash equivalents to pay its creditors when due, for working capital of new projects and expansion plan, additional funding through issuing ordinary shares of the Company or borrowings may be sought.

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For the year ended 31 March 2025

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average interest rate %	Less than 6 months and on demand HK\$'000	6 months to 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total undiscounted cash flows HK\$'000
At 31 March 2025						
Trade, retention and other payables	N/A	21,979	–	4,050	26,029	26,029
Amount due to a related company	N/A	1,943	–	–	1,943	1,943
		23,922	–	4,050	27,972	27,972
At 31 March 2024						
Trade, retention and other payables	N/A	43,063	–	10,796	53,859	53,859
Amount due to a related company	N/A	1,943	–	–	1,943	1,943
		45,006	–	10,796	55,802	55,802
Lease liability	5.88	63	63	–	126	123

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2025 HK\$'000	2024 HK\$'000				
Unlisted equity security classified as equity instrument designated at FVTOCI	-	13,000	Level 3	Net asset value of the investee (2024: Discount cash flow method)	No adjustment factors to net asset value (2024: Discounted rate at 24.8% (Note i) and lack of marketability discount at 25.0% (Note ii))	The higher the net asset value of the investee, the higher the fair value (2024: The higher of the discount rate and lack of marketability discount, the lower of the fair value)
Put option classified as derivative financial instrument at FVTPL	-	-	Level 3	Binomial option pricing model	Risk free rate and non-performance risk of the counterparty	The higher the risk free rate, the lower of the fair value The higher the non-performance risk, the lower of the fair value

Notes:

- (i) A 1% increase in the discount rate holding all other variables constant would decrease the fair value of the unlisted equity security by HK\$1,130,000 and a 1% decrease in the discount rate holding all other variables constant would increase the fair value of the unlisted equity security by HK\$1,275,000.
- (ii) A 5% increase in the lack of marketability discount holding all other variables constant would decrease the fair value of the unlisted equity security by HK\$885,000 and a 5% decrease in the lack of marketability discount holding all other variables constant would increase the fair value of the unlisted equity security by HK\$875,000.

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For the year ended 31 March 2025

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

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

The Group owns 5% equity interest in unlisted equity security that is classified as investment at FVTOCI and is measured at fair value at each reporting date. The fair value of the equity instrument as at 31 March 2025 of nil (2024: HK\$13,000,000) and put option as at 31 March 2025 of nil were measured using a valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy. The valuation was carried out by Weisi Limited, an independent professional valuer not connected with the Group. The Group's management has discussion with the valuer on the valuation assumptions and valuation results when the valuation is performed at the end of the reporting period. During the year ended 31 March 2025, a fair value loss of HK\$13,000,000 (2024: nil) is recognised in other comprehensive income for the investment at FVTOCI.

There were no transfers between Level 1 and 2 during the years ended 31 March 2025 and 2024.

Reconciliation of Level 3 fair value measurements

	Equity instrument designated at FVTOCI HK\$'000
At 1 April 2023	–
Addition	13,000
At 31 March 2024	13,000
Fair value loss	(13,000)
At 31 March 2025	–

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers that the carrying amounts of financial assets and liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

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33. RECONCILIATION OF LIABILITY ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liability arising from financing activities, including both cash and non-cash changes. Liability arising from financing activities is that for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows used in financing activities.

	Lease liability HK\$'000
At 1 April 2023	–
Financing cash flows	(125)
Inception of lease	238
Interest expense	10
At 31 March 2024	123
Financing cash flows	(126)
Interest expense	3
At 31 March 2025	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Investment in a subsidiary	90,196	90,196
Due from subsidiaries	65,231	69,513
	155,427	159,709
Current assets		
Other receivables	5	–
Cash and cash equivalents	–	1
	5	1
Current liabilities		
Due to subsidiaries	42,950	42,950
Due to related company	1,943	1,943
Other payables	1,218	750
	46,111	45,643
Net current liabilities	(46,106)	(45,642)
Net assets	109,321	114,067
Capital and reserves		
Share capital	6,200	6,200
Reserves	103,121	107,867
Total equity	109,321	114,067

Notes to the Consolidated Financial Statements

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34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement of the reserves of the Company

	Share premium HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000
Balance at 1 April 2023	109,572	506	110,078
Loss and total comprehensive expense for the year	–	(2,211)	(2,211)
Balance at 31 March 2024	109,572	(1,705)	107,867
Loss and total comprehensive expense for the year	–	(4,746)	(4,746)
Balance at 31 March 2025	109,572	(6,451)	103,121

Financial Summary

The financial summary of the Group for the last five years is set as follows:

	For the year ended 31 March				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	88,375	229,916	220,854	275,111	218,746
Direct costs	(84,199)	(225,494)	(207,032)	(252,250)	(249,362)
Gross profit (loss)	4,176	4,422	13,822	22,861	(30,616)
Other income, other gains and losses, net	1,974	2,636	2,963	180	4,121
Reversal of (allowance for) impairment losses under expected credit loss model	854	(85)	829	(705)	(1,560)
Administrative expenses	(16,546)	(16,287)	(12,406)	(12,200)	(13,671)
Finance costs	(3)	(10)	–	–	(4)
(Loss) profit before tax	(9,545)	(9,324)	5,208	10,136	(41,730)
Income tax credit	–	–	–	–	1,784
(Loss) profit for the year	(9,545)	(9,324)	5,208	10,136	(39,946)
(Loss) earnings per share – Basic (HK cents)	(1.54)	(1.50)	0.84	1.63	(6.44)

	As at 31 March				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Assets and Liabilities					
Non-current assets	16,892	17,180	25,990	25,299	1,559
Current assets	180,347	231,750	242,148	219,798	282,690
Total assets	197,239	248,930	268,138	245,097	284,249
Current liabilities	32,688	61,834	71,718	53,885	63,183
Total equity	164,551	187,096	196,420	191,212	221,066

Note: The summary above does not form part of the audited financial statements.