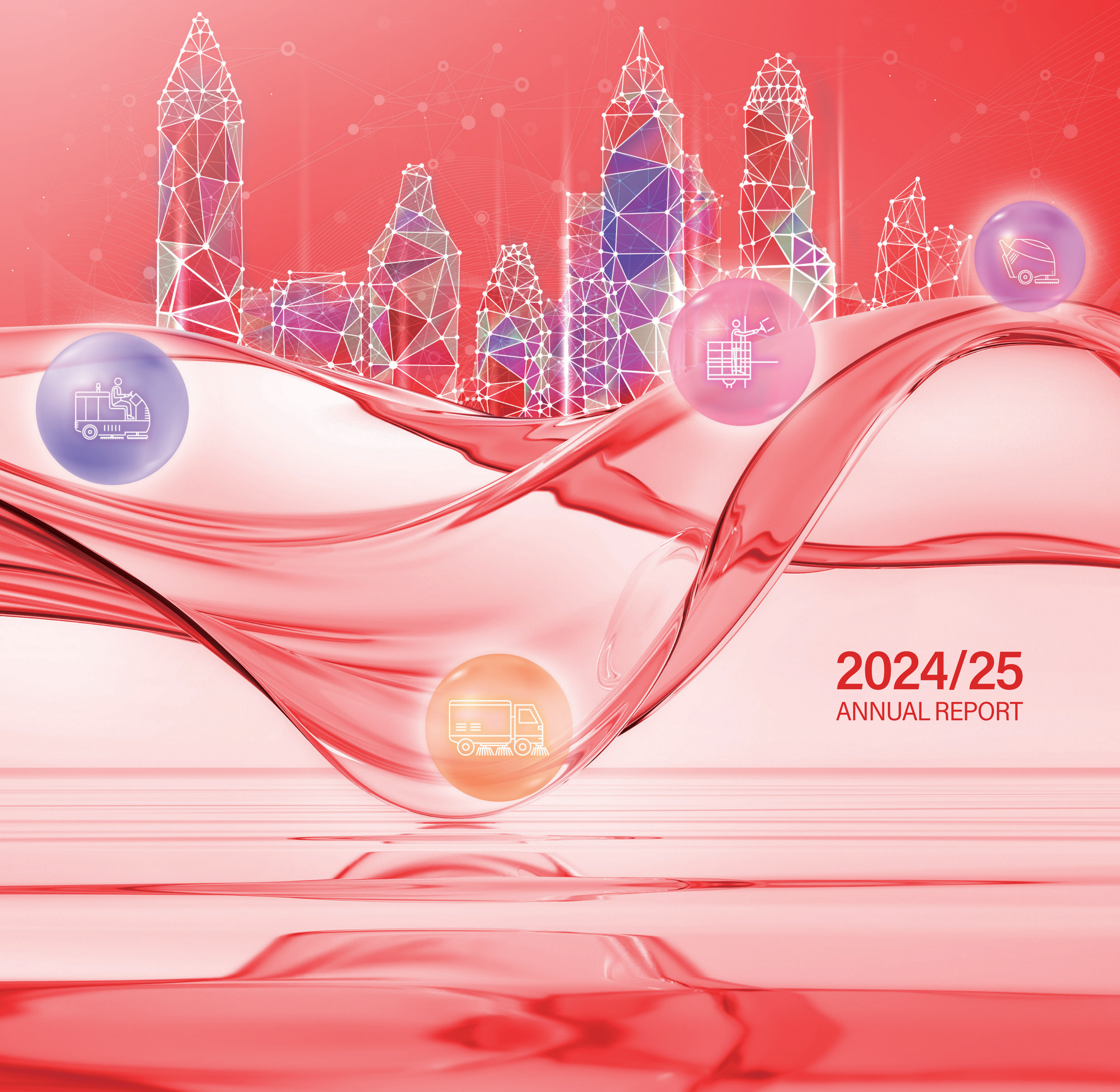
Hong Kong Johnson Holdings Co., Ltd.

香港莊臣控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

Stock Code : 1955



2024/25
ANNUAL REPORT

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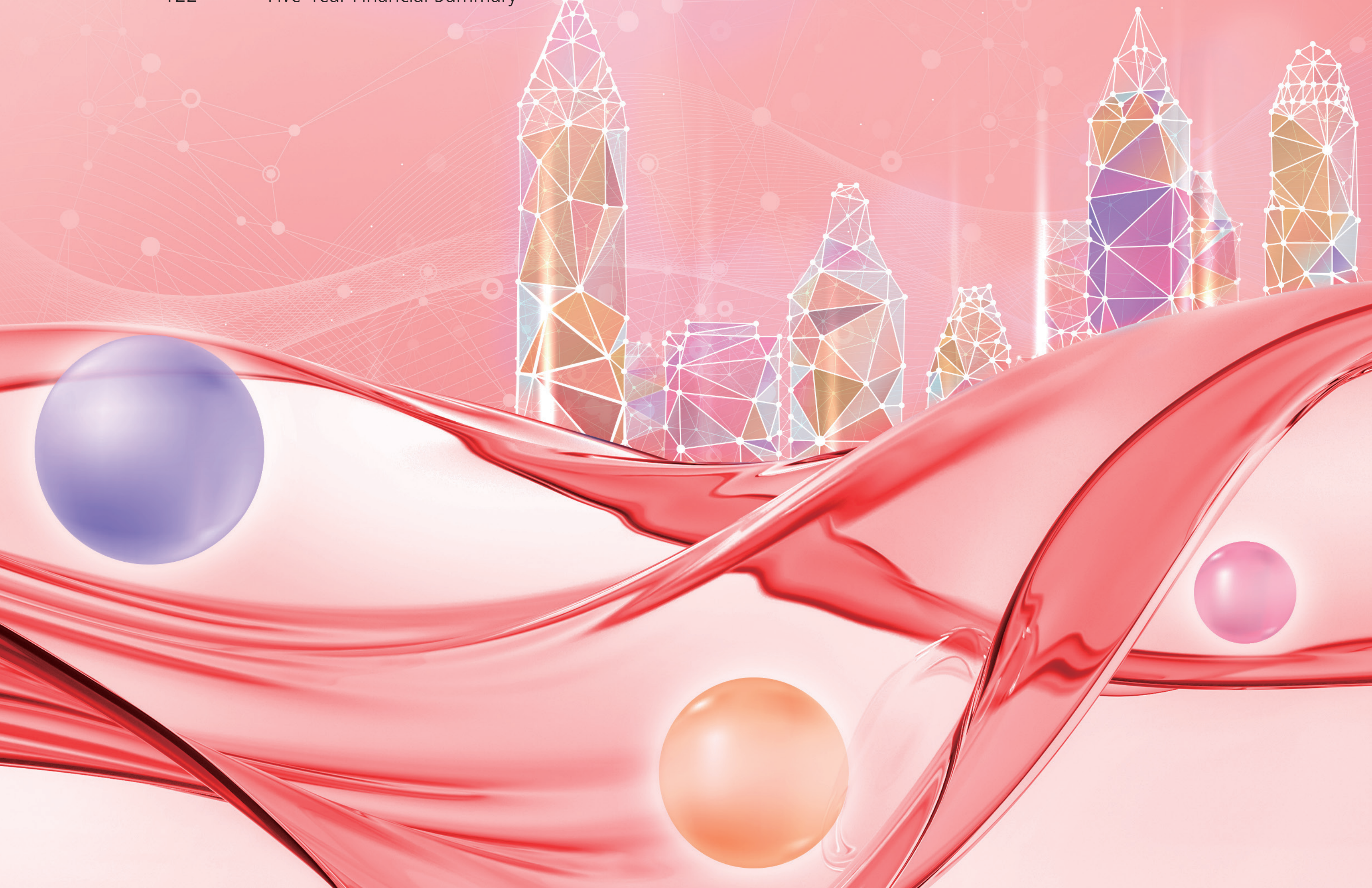

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. LI Zhuang *(Vice President)*

Non-executive Directors

Dr. XIE Hui *(Chairman)*
Mr. JIN Liang (resigned with effect from 6 June 2024)
Mr. YAN Jun
Ms. LI Yanmei
Ms. LEE Wing Yee Loretta
(resigned with effect from 20 June 2025)
Ms. WONG Ling Fong Lisa
(resigned with effect from 20 June 2025)
Mr. ZHOU Wenjie (resigned with effect from 6 June 2024)
Mr. WU Zhiyong (appointed on 20 June 2025)
Ms. TANG Yuyun (appointed on 20 June 2025)
Mr. LU Xuefang (appointed on 15 July 2024)

Independent Non-executive Directors

Mr. FAN Chiu Tat Martin
Dr. GUAN Yuyan
Mr. HONG Kam Le
Mr. LEUNG Siu Hong
Ms. RU Tingting

BOARD COMMITTEES

Audit Committee

Mr. FAN Chiu Tat Martin *(Chairman)*
Ms. RU Tingting
Mr. LEUNG Siu Hong

Remuneration Committee

Mr. LEUNG Siu Hong *(Chairman)*
Dr. GUAN Yuyan
Ms. RU Tingting

Nomination Committee

Ms. RU Tingting *(Chairman)*
Dr. GUAN Yuyan
Mr. HONG Kam Le

AUTHORISED REPRESENTATIVES UNDER LISTING RULES

Dr. XIE Hui
Dr. LI Zhuang

CHIEF EXECUTIVE OFFICER

Mr. FUNG Chi Wang William

COMPANY SECRETARY

Dr. LI Zhuang

LEGAL ADVISERS

As to Hong Kong law
Bird & Bird

As to Cayman Islands law
Harney Westwood & Riegels

COMPLIANCE ADVISER

Huajin Corporate Finance (International) Limited

INDEPENDENT AUDITOR

RSM Hong Kong
Certified Public Accountants, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

Corporate Information

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F China Aerospace Centre
No. 143 Hoi Bun Road
Kwun Tong
Kowloon, Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1955

WEBSITE

www.johnsonholdings.com

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of Hong Kong Johnson Holdings Co., Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the board of directors (the "**Board**"), I am delighted to present the annual results for the year ended 31 March 2025 (the "**Year**" or "**Review Year**").

MARKET REVIEW

During the Review Year, the market economy exhibited a slow recovery amid multiple challenges. Although global inflationary pressures eased slightly compared to the previous year, ongoing geopolitical conflicts and structural adjustments in international supply chains continued to create significant uncertainties to the local economy. While energy prices retreated from historical highs, heightened volatility sharply increased the complexity of managing operational costs. Meanwhile, the trend of "travelling to mainland China for spending" further intensified, exerting structural transformation pressures on Hong Kong's retail and service sectors. Despite benefits from government policies to stimulate domestic demand and a rebound in visitor arrivals, the overall pace of recovery in the local consumer market remained constrained by shifting consumption patterns. Uncertainties in the local economy and business development impact corporate decisions regarding the frequency and expenditure on cleaning services. The macro environment in which the Company operates remains challenging.

On the other hand, the municipal cleaning industry is poised for structural growth opportunities under the policy framework of the Hong Kong 2025-2026 Budget. The government's strategy to "accelerate the increase in housing supply" projects the completion of approximately 308,000 new public housing units over the next decade, with the major supply to be provided by the Northern Metropolis, Tung Chung New Town Extension, Kai Tak Development Area and other rezoning sites. This macroeconomic planning will directly drive demand for municipal services, fostering sustained growth in essential services such as daily cleaning, waste disposal, and public area maintenance, thereby injecting long-term momentum into the industry's development.

Against this backdrop, the Group remains true to its original aspiration and continues to strive to improve its professional service standards in providing various types of customised quality environmental hygiene services to a wider range of customers, while expanding into new business areas such as security guarding, garbage logistics, and professional pest management to maintain its competitiveness.

RESULTS REVIEW

During the Review Year, the Group recorded a revenue of approximately HK$1,836.1 million, representing an increase of 17.4% from approximately HK$1,564.2 million for the year ended 31 March 2024. Both government sector and non-government sector recorded an unprecedented success in cleaning business. As at 31 March 2025, the Group had a total amount of approximately HK$4,815.3 million worth of unexpired contracts on hand, representing an increase of 2.7 times compared with the same period of last year. Profit for the Year amounted to approximately HK$16.0 million, compared with HK$17.3 million for the same period of last year, representing a decrease of approximately 7.6%. The decrease in profit was due to the decrease in profit margin of the business as a result of the intensified market competition in recent years. Meanwhile, the initial investment cost increased due to the launch of multiple contracts in a short period of time.

RIDING ON THE MOMENTUM WITH COMPREHENSIVE BUSINESS RECOVERY

In respect of cleaning business, the intense competition in the government sector market persists. However, as the Group's core business, leveraging on the extensive experience of our management team and continuously optimized tendering strategies, the business in government sector achieved rapid growth and entered a new phase, leading market share in the street-cleaning sector. Meanwhile, by consistently recruiting talents to strengthen a commercial sector team, and striving to enhance service quality so as to maintain a relatively high renewal rate and achieve sustained breakthrough progress in the commercial sector business.

During the Review Year, we successfully secured major contracts covering Eastern District, Northern District, Kowloon City District, Kwun Tong District, Southern District, Tuen Mun District, Wong Tai Sin District, Wan Chai District, and Central and Western District. Recently, we have also been awarded large contracts in Sha Tin District, Yau Tsim District, Sai Kung District, Yuen Long District, and the Islands District, maintaining a leading market share in the street-cleaning sector. In addition, we secured the Sha Tin Park project, which commenced operations on 1 March 2025. Apart from the Food and Environmental Hygiene Department and the Leisure and Cultural Services Department, we continuously obtained cleaning contracts from various other government departments, including the Correctional Services Department, the Agriculture, Fisheries and Conservation Department, the Department of Justice, the Environmental Protection Department, the Water Supplies Department, and the Department of Health, positioning our government-sector cleaning services once again at the forefront of the industry.

Our commercial sector business continued to achieve steady growth, with more breakthroughs in the high-end client segment. During the Review Year, we secured cleaning service contracts with major international banks, renowned universities, luxury villas, five-star hotels, and landmark large-scale shopping malls. In the hospital integrated services segment, following our first major contract with a public hospital in New Territories West for comprehensive services (providing supporting services such as patient transportation, drug delivery, and environmental cleaning for the hospital), we further secured another service contract with a public hospital in Eastern Hong Kong Island, successfully entering a new track field with high barriers and broad market space, indicating that the Company's service strength and market positioning are constantly improving.

For the garbage logistics business, with the dedicated efforts of our specialized operation team and allocation of sufficient resources, the Group maintained steady growth in garbage logistics services and liquid waste logistics business during the Review Year.

For professional pest management business, Johnson Professional Services Company Limited has achieved steady growth since its inception, and the provisions of professional pest management and quality disinfection services to customers have generated new cross-selling opportunities with its existing cleaning business, which created synergy within the Group. During the Review Year, following with the successful renewal of contracts with a large catering group, we were committed to exploring new market opportunities, and had secured service contracts with renowned hotel groups, and larger private hospitals projects in July 2024 to provide professional pest control services. In addition, leveraging our extensive experience in pest control services for clubhouses, we have successfully secured pest control contracts for several long-established private clubhouses and clubs. Currently, professional pest control services have been provided to over 300 customers. Looking ahead to 2025, Johnson Professional Services will continue to expand its customer base and explore more business areas, such as large shopping malls and prepare to develop the formaldehyde removal business.

The security business has continued to grow rapidly and a professional security services team has been established. During the Review Year, we successfully secured two large-scale residential projects and service contracts from renowned logistics companies, and also entered the government service market. We believe that the security business will become one of the Group's new growth drivers.

OUR PREMIUM BRANDS ARE RECOGNISED BY ALL WALKS OF LIFE

We believe that the success of enterprises and brands requires us to undertake corresponding social responsibilities, protect the environment and promote sustainable development apart from our aim for business expansion. Therefore, while enhancing the competitiveness of the Group, we also focus on responsible operations, reducing carbon footprint and caring for frontline staff team. We are honoured to receive certificates of commendation from the Hong Kong Council of Social Service and the World Wide Fund for Nature, which is a recognition of our brand by all walks of life.

PROSPECTS

Looking ahead, the global and local economies are expected to continue fluctuating, with escalating geopolitical conflicts and economic uncertainties posing challenges to the operations of enterprises. As an integrated environmental services company committed to deliver comprehensive and high-quality services, the Group aims to build a green environmental hygiene enterprise, continuously enhancing its core cleaning operations while speeding up the development of security guarding, garbage logistics, and professional pest management and other new businesses under the corporate objective of improving the quality of its services, thereby optimizing the Group's overall business structure. In respect of operation and management, the Group will recruit more talents for improving corporate governance and internal control, continuously improve on-site management and frontline service quality, advance digitalization initiatives, research and explore the application of artificial intelligence, exercise stringent cost control and enhance operational efficiency, with the goal to drive the Group's overall profit growth. On the other hand, the Group will continue to maintain the provision of cleaning service as our core business, while at the same time vigorously developing security guarding, garbage logistics, and professional pest management and other new businesses, and proactively explore new opportunities among business sectors.

APPRECIATION

At last, on behalf of the Board, I would like to take this opportunity to express gratitude to the Group's management team and staff for their dedication, as well as our Shareholders, investors and business partners' support and trust. Looking ahead, we will proactively seize business opportunities and developments to maximise the returns of our Shareholders.

XIE Hui
Chairman of the Board

Hong Kong, 26 June 2025

Management Discussion and Analysis

RESULTS

The Group is a leading environmental hygiene service provider with coverage spanning across Hong Kong Islands, Kowloon and the New Territories, providing cleaning services including building and campus cleaning, park and recreation center cleaning, street cleaning, disinfection services, pest management services, garbage logistics services and environmental improvement services.

The Group recorded a revenue of approximately HK$1,836.1 million for the year ended 31 March 2025, representing an increase of 17.4% from approximately HK$1,564.2 million for the year ended 31 March 2024. The Group's overall gross profit margin decreased from approximately 6.4% to 5.1%. Profit for the year decreased by approximately HK$1.3 million or 7.6% from approximately HK$17.3 million for the year ended 31 March 2024 to approximately HK$16.0 million for the year ended 31 March 2025.

BUSINESS REVIEW AND PROSPECTS

During the Review Year, despite that market economic activities gradually resumed, the overall consumption in the market remained weak, and the strength and speed of Hong Kong's economic recovery were under pressure due to the effect of the continuous tension in geopolitical conditions together with the further deepening trend of "travelling to mainland China for spending". The weakened economy has caused various industries to face different operating difficulties and has continuously affected customers' procurement preferences, leading to some participants which were originally not in the government cleaning service market to shift their focuses to the government customer market, which continuously intensified the competition.

The Group continues to optimize its bidding strategy, and is actively recruiting talents to strengthen the high-end commercial sector team and continuously improving service quality to expand the sources of income in the intensely competitive government market sector. During the Review Year, all business sectors achieved breakthroughs. Among them, the government sector won several large-scale street cleaning contracts (including Eastern District, North District, Kowloon City District, Kwun Tong District, Southern District, Tuen Mun District, Wong Tai Sin District, Wan Chai District and Central and Western District, etc.). Since the Review Year, the Group has won the bidding of large contracts such as Sha Tin Street, Yau Tsim District Street, Sai Kung District Street, Yuen Long Street and Islands Street. In addition, the Group had also won the contract for the government park (Sha Tin Park). Meanwhile, the commercial sector business also maintained a strong development momentum. During the Review Year, the Group obtained cleaning service contracts for international large banks, renowned universities, luxury villas, five-star hotels and landmark shopping malls, and had become the contractor providing comprehensive services (including patient transport, medication delivery, environmental cleaning, etc.) for two large public hospitals, marking the Group's successful entry into the medical comprehensive service market, with the Company's strength being continuously enhanced and recognized by various sectors of the society.

As at 31 March 2025, the contract amount on hand (unfulfilled portion) of the Group, based on a service date, amounted to approximately HK$4.815 billion, representing an increase of 265% as compared to 31 March 2024.

The garbage logistics business continued to develop steadily during the Review Year. With the dedicated efforts of our specialized operation team and allocation of sufficient resources, the Group maintained its leading position in garbage logistics services for the cargo terminal of the Hong Kong Airport.

The Group continues to actively develop its professional pest management business, and new cross-selling opportunities have emerged between its professional pest management and quality disinfection services to its customers and its main cleaning business, and synergy was achieved.

For security guarding services, rapid development was achieved during the Review Year. The Group successfully secured two large-scale residential security service contracts and a service contract for a logistics company, which will become a new growth driver of the Group.

During the Review Year, the Group's businesses in the government sector and commercial sector continued to make breakthroughs. In order to consolidate its core business, the Group has continued to enhance service quality. At the same time, the Group has continued to optimize its organizational structure and business processes, and strengthened cost control and its service site management to enhance its competitiveness. We will continue to maintain the provision of cleaning service as our core business, at the same time developing new businesses such as security guarding, garbage logistics, and professional pest management to enrich the Group's business structure, and advance the overall business development.

FINANCIAL REVIEW

Revenue

The Group's revenue for the years ended 31 March 2025 and 2024 were approximately HK$1,836.1 million and HK$1,564.2 million respectively, representing an increase of approximately HK$271.9 million or 17.4%. The increase was mainly due to the boost in revenue generated from both government sector and non-government sector for the Group's cleaning business.

Cost of services

The cost of services primarily comprised of labour costs, cleaning materials costs and motor vehicles expenses. For the years ended 31 March 2025 and 2024, the cost of services amounted to approximately HK$1,741.5 million and HK$1,463.4 million respectively, representing approximately 94.9% and 93.6% of the Group's revenue for the corresponding years respectively, and the percentage of cost of services to the Group's revenue increased by approximately 1.3%. The increase in cost of services was mainly due to the direct costs incurred with the award of new contracts, and at the same time, the overall increase in labour costs as a result of the rise in wage level.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2025 was approximately HK$94.5 million, representing a decrease of approximately HK$6.3 million or 6.3% from approximately HK$100.8 million for the year ended 31 March 2024.

The gross profit margins of the Group for the years ended 31 March 2025 and 2024 were approximately 5.1% and 6.4% respectively. As mentioned above, the decrease in gross profit margin was mainly due to the decrease in profit margin of the business as a result of the intensified market competition in recent years. Meanwhile, the initial investment cost increased due to the launch of multiple contracts in a short period of time.

Administrative expenses

The administrative expenses of the Group for the years ended 31 March 2025 and 2024 were approximately HK$82.2 million and HK$87.7 million respectively, representing a decrease of approximately HK$5.5 million or 6.3%. The decrease was mainly due to the implementation of cost control measures to reduce unnecessary expenses during the Year.

Finance costs

The finance costs represented primarily the interest expenses on bank and other borrowings with floating interest rates. The finance costs amounted to approximately HK$0.8 million and HK$3.0 million for the years ended 31 March 2025 and 2024 respectively, representing approximately 0.04% and 0.2% of the Group's total revenue respectively. The decline in finance cost was attributed to the reduction in external borrowing during the Year.

Profit for the year attributable to equity holders of the Company

The Group's profit for the year attributable to equity holders of the Company for the years ended 31 March 2025 and 2024 were approximately HK$16.0 million and HK$17.3 million respectively, representing a decrease of approximately HK$1.3 million or 7.6%. The decrease was mainly due to combined effect of the factors described above.

Liquidity and financial resources

The Group has funded the liquidity and capital requirements primarily through cash inflows from operating activities. As at 31 March 2025, the capital structure of the Group consisted of equity of approximately HK$607.8 million (31 March 2024: HK$596.3 million), bank and other borrowings of approximately HK$8.0 million (31 March 2024: HK$17.0 million) and lease liabilities of approximately HK$2.2 million (31 March 2024: HK$8.7 million).

Account receivables

As at 31 March 2025, the Group had net account receivables of approximately HK$422.2 million (31 March 2024: HK$260.0 million) which increased in line with the increase in revenue. The Group does not expect any material difficulty in collecting payment from such customers and will continue to improve credit and collections management.

Cash position and fund available

During the year ended 31 March 2025, the Group maintained a healthy liquidity position, with working capital being financed by operating cash flows. As at 31 March 2025, the Group's cash and cash equivalents were approximately HK$302.6 million (31 March 2024: HK$427.0 million). The Group pledged bank deposits of approximately HK$29.3 million (31 March 2024: HK$30.5 million) to secure the Group's banking facilities. As at 31 March 2025, the current ratio of the Group was approximately 2.6 times (31 March 2024: 3.2 times).

Accruals, other payables and provisions

As at 31 March 2025, the Group had total accruals, other payables and provisions of approximately HK$266.0 million (31 March 2024: HK$189.6 million). The increase was mainly due to the increase in accrued staff costs and provision which was in line with the increase in revenue.

Bank and other borrowings

As at 31 March 2025, the Group had total bank and other borrowings of approximately HK$8.0 million (31 March 2024: HK$17.0 million). As at 31 March 2025, the Group had aggregate banking facilities, which comprised of overdraft and revolving loan facilities, factoring facility and letter of guarantee, of approximately HK$1,357.0 million, of which approximately HK$1,100.4 million was unutilised.

Gearing ratio

As at 31 March 2025, the Group's gearing ratio was approximately 1.7% (31 March 2024: 4.3%), calculated by dividing total debts by total equity and multiplying the resulting value by 100%. The Group's total debts included interest-bearing bank and other borrowings and lease liabilities.

Foreign currency exposure

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group's entities located in Hong Kong. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Capital expenditure

The Group incurred total capital expenditures of approximately HK$59.5 million and HK$20.5 million respectively for the years ended 31 March 2025 and 2024 for additions of property, plant and equipment. The increase in capital expenditure was primarily due to the acquisition of motor vehicles for rendering environmental hygiene service and was mainly funded by cash generated from operating activities.

Capital Commitment

As at 31 March 2025, the Group had no capital commitment (31 March 2024: nil).

Charges on the Group's Assets

As at 31 March 2025 and 2024, the Group pledged certain property, plant and equipment, bank deposits, right-of-use assets and financial assets at fair value through profit or loss ("**FVTPL**") with an aggregate carrying amount of HK$61.0 million (31 March 2024: HK$74.5 million) to secure bank and other borrowings, performance bonds relating to deposits for cleaning, janitorial and other related service projects, and lease liabilities.

Contingent Liabilities

(a) Performance bonds

At 31 March 2025, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group amounting to approximately HK$257,080,000 (2024: HK$290,110,000). The performance bonds were secured by the Group's pledged bank deposits and financial assets at FVTPL and were guaranteed by the Company.

(b) Litigation

As at 31 March 2025, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees and third parties with estimated claim amounts, net of estimated insurance deductibles, of approximately HK$2,956,000 (2024: HK$3,372,000). In the opinion of the directors of the Company, the provision of insurance deductibles had been provided for based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT HELD

During the year ended 31 March 2025, the Group did not make any material acquisition and disposal nor hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group has no specific plan for material investments or capital assets as at 31 March 2025.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any material events after the end of the reporting period.

HUMAN RESOURCES

As at 31 March 2025, the Group had over 10,000 employees due to the large number of successful project bids and a significant increase in business volume (31 March 2024: over 4,700 employees), including both full time and part time employees. Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and reward for their contributions. In addition, the Group conducted various training activities, such as training on operational safety, office and management skills, to improve the front-end quality of services and office support during the year ended 31 March 2025.

Directors and Senior Management

DIRECTORS

Executive Director

Dr. LI Zhuang ("Dr. Li"), aged 46, was appointed as an executive Director and vice president of the Company on 1 April 2022. Dr. Li was appointed as the joint company secretary of the Company on 3 September 2019 and has been the company secretary of the Company since 26 October 2022. He is mainly responsible for overseeing the functions of investment development, corporate governance and investor relations of the Group. Dr. Li has been the company secretary of an indirectly wholly-owned subsidiary of the Company, Johnson Cleaning Services Company Limited ("**Johnson Cleaning**"), since June 2016, mainly responsible for company secretarial affairs. He has been a director of certain subsidiaries of the Company.

Dr. Li has served as a deputy general manager of the capital operations (overseas) division of Zhuhai Huafa Group Company Limited (珠海華發集團有限公司) ("**Zhuhai Huafa**", which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and a controlling shareholder of the Company) since April 2018. He is responsible for capital operations and investment; and mergers and acquisitions. Dr. Li served as the general manager of overseas direct business management division of Zhuhai Huafa during the period from April 2022 to February 2024.

Dr. Li obtained a bachelor of economics from Zhongnan University of Economics and Law in the PRC in June 2001. He also obtained a master in business administration from Sun Yat-sen University in the PRC in June 2009. Dr. Li completed all program-required courses of Global Financial Management DBA program co-organized by Shanghai Advanced Institute of Finance (SAIF), which was established at Shanghai Jiao Tong University, and WP Carey School of Business of Arizona State University, U.S.A ("**ASU**"), in May 2021 and he was awarded a degree of Doctor of Business Administration in Global Financial Management from ASU.

Dr. Li obtained a board secretary for listed companies qualification from Shenzhen Stock Exchange in February 2023.

Dr. Li is also senior management of the Company.

Non-executive Directors

Dr. XIE Hui ("Dr. Xie"), aged 44, was appointed as a Director on 9 July 2018, redesignated as a non-executive Director on 24 January 2019 and appointed as the chairman of the Board on 6 June 2022. He has been a director of certain subsidiaries of the Company.

Dr. Xie has served as a non-executive director of Beijing Digital Telecom Co., Ltd., a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6188), since 10 September 2021. He served as an executive director of Huafa Property Services Group Company Limited (華發物業服務集團有限公司) ("**Huafa Property Services**"), a company the shares of which (prior to its privatization) were listed on the Main Board of the Stock Exchange, and a controlling shareholder of the Company, from 17 June 2022 to 20 April 2023. Dr. Xie has been the strategy operating director of Zhuhai Huafa since April 2020.

Dr. Xie was awarded a Doctor of Business Administration degree by the University of Macau in 2024. He graduated from the University of Science and Technology of China in the PRC with a bachelor degree of management in July 2003, and obtained a master's degree in Financial Markets and Intermediaries from the Université Toulouse 1 Sciences Sociales in France in November 2009.

Mr. YAN Jun ("Mr. Yan"), aged 43, was appointed as a non-executive Director on 6 June 2022. He has been a director of Johnson Cleaning and Johnson Investment Holding Co., Ltd. ("**Johnson Investment**", a direct wholly-owned subsidiary of the Company) since 6 June 2022.

Mr. Yan has served as the officer of financial management of Zhuhai Huafa since April 2022 and has been the chief financial officer of Zhuhai Huafa since January 2024. Mr. Yan is also the director of Zhuhai Huafa Finance Co., Ltd* (珠海華發集團財務有限公司).

Mr. Yan obtained a graduate certificate related to a certified public accountant in Accounting Professional with Central University of Finance and Economics (中央財經大學) in 2003 and obtained a Master of Business Administration from School of Economics and Management, Tsinghua University (清華大學經濟管理學院) in 2015.

Ms. LI Yanmei ("Ms. Li"), aged 53, was appointed as a Director on 9 July 2018 and re-designated as a non-executive Director on 24 January 2019. Ms. Li has been a director of Johnson Cleaning since 25 September 2015 and a director of Johnson Investment since its incorporation on 10 August 2018.

Ms. Li has been the chairman of the board and general manager of Hong Kong Huafa Investment Holdings Limited (香港華發投資控股有限公司) (which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, a controlling shareholder of the Company and a wholly-owned subsidiary of Zhuhai Huafa), since September 2014, where she is responsible for overall management and day-to-day operations. Ms. Li also worked for Huafa Property Services as a joint company secretary from July 2014 to July 2017 and served as its sole company secretary from July 2017 to June 2019, responsible for general company secretarial affairs.

Prior to joining Zhuhai Huafa, Ms. Li served at PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司) ("**PICC**") from July 1992 to July 2013, where she was eventually promoted to the officer-in-charge of the bank insurance department of the Guangdong branch of PICC, where she was responsible for banking insurance business development planning for Guangdong province.

Ms. Li obtained a Bachelor of Science from Sun Yat-sen University in the PRC in July 1992, completed a postgraduate certificate in political economic science (政治經濟學) from the Guangdong Academy of Social Sciences in the PRC in August 2000, and obtained a Master of Business Administration from the Macau University of Science and Technology in Macau in August 2007. In October 1996, she obtained a certificate issued by Ministry of Personnel of the PRC for her professional qualification of intermediate level in economics of insurance.

* *for identification purpose only*

Mr. WU Zhiyong ("Mr. Wu"), aged 44, was appointed as a non-executive Director on 20 June 2025.

Mr. Wu had served as the vice president, the chief financial officer of Grandblue Environment Co., Ltd.* (瀚藍環境股份有限公司) ("**Grandblue Environment**" a joint stock limited company incorporated in the People's Republic of China with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600323)) since June 2017 and a member of the party committee of Grandblue Environment since September 2020. He joined Grandblue Environment in July 2005 and has successively served as the deputy director of the enterprise management department, the deputy director of the finance department and the director of the finance department at Grandblue Environment.

Mr. Wu obtained a bachelor's degree in finance from Zhongnan University of Economics and Law (中南財經政法大學) in June 2001 and subsequently a master's degree in business administration from Wuhan University (武漢大學) in June 2006. He obtained the Senior Accountant Certificate issued by the Guangdong Provincial Department of Human Resources and Social Security (廣東省人力資源和社會保障廳) in September 2024.

Ms. TANG Yuyun ("**Ms. Tang**"), aged 44, was appointed as a non-executive Director on 20 June 2025.

Ms. Tang had served as the vice president of Grandblue Environment since June 2023 and the secretary of the board of directors of Grandblue Environment since June 2020. She joined Grandblue Environment in July 2003 and has successively served as the securities affairs assistant, the assistant director of the investment and development department, the securities affairs representative, and the general manager of the social responsibility department at Grandblue Environment.

Ms. Tang obtained a bachelor's degree in finance from Jinan University (暨南大學) in June 2003. She had obtained a professional qualification as a finance economist since January 2011 issued by the Guangdong Provincial Department of Human Resources and Social Security (廣東省人力資源和社會保障廳).

Mr. LU Xuefang ("Mr. Lu"), aged 60, was appointed as a non-executive Director on 15 July 2024.

Mr. Lu was a non-executive director of Shanghai International Shanghai Growth Investment Limited ("**Shanghai Growth**", a company listed on Main Board of the Stock Exchange (stock code: 770)) from March 2019 to March 2025. Mr. Lu served as a director of Shanghai International Asset Management (Hong Kong) Company Limited ("**SIAM**", which changed its name to SIIC Capital (Hong Kong) Investment Management Company Limited in February 2025, the investment manager of Shanghai Growth) from August 2018 to June 2025 and served as the chairman of the board of SIAM from August 2018 to February 2025. Mr. Lu was also a director and president of SIIC Investment Company Limited, a wholly-owned subsidiary of Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**", together with its subsidiaries, the "**SIIC Group**" which was a substantial shareholder of Shanghai Growth) from August 2018 to January 2025 (which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO). According to the announcement issued by Shanghai Growth on 25 March 2025, SIIC Group had disposed all of its equity interest in Shanghai Growth, and Mr. Lu had resigned as a non-executive director of Shanghai Growth due to the change of shareholder. Mr. Lu had also served as the chairman of The Tien Chu (Hong Kong) Company Limited (香港天廚有限公司) from April 2019 to January 2025.

** for identification purpose only*

Mr. Lu has over 28 years' experience in the fields of asset management, corporate and financial management, finance investment as well as capital markets operations. Mr. Lu has successively worked at Fudan University, China Worldbest Group, SIIC Group and has held various positions in SIIC Group's operating subsidiaries.

Mr. Lu graduated from the International Politics and World Economics of Fudan University successively, obtaining a Bachelor of Laws degree and a Master's degree in Economics.

Independent non-executive Directors

Mr. FAN Chiu Tat Martin ("Mr. Fan"), aged 58, was appointed as an independent non-executive Director on 3 September 2019, mainly responsible for providing independent advice to the Group. He is also the chairman of the Audit Committee of the Company.

Mr. Fan joined Luks Group (Vietnam Holdings) Company Limited, a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 366) in August 1991 and currently serves as the executive director, company secretary and financial controller of the company. He obtained a Bachelor of Social Sciences from the University of Hong Kong in December 1989.

Mr. Fan became a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Dr. GUAN Yuyan ("Dr. Guan"), aged 50, was appointed as an independent non-executive Director on 3 September 2019, mainly responsible for providing independent advice to the Group. She is also a member of the Nomination Committee and the Remuneration Committee of the Company.

Dr. Guan joined the City University of Hong Kong as an academic visitor in August 2006. She has served as associate professor since July 2015 and resigned in July 2021. She has served a tenured associate professor of College of Business (Nanyang Business School), Nanyang Technological University, Singapore since 10 August 2021.

Dr. Guan obtained a Bachelor of Economics from Xiamen University in the PRC in July 1996. She then obtained a Master in Business Administration from the University of Miami in the United States in May 1999, and further obtained a Doctor of Philosophy in Accounting from the University of Toronto in Canada in November 2006.

Dr. Guan became a member of CPA Australia in 2016.

** for identification purpose only*

Directors and Senior Management

Mr. HONG Kam Le ("Mr. Hong"), aged 45, was appointed as an independent non-executive Director on 3 September 2019, mainly responsible for providing independent advice to the Group. He is also a member of the Nomination Committee of the Company.

Mr. Hong was appointed as an independent non-executive director of Jiangsu Lopal Tech. Co., Ltd., a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2465) since October 2024. In addition, he has served as company secretary and authorised representative of UJU Holding Limited, a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1948) since 31 October 2022.

Mr. Hong was the company secretary and authorised representative of Kidztech Holdings Limited, a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6918) from July 2022 to February 2023.

Mr. Hong had served as the joint company secretary, authorised representative and process agent to accept service of process and notice on behalf of Dadi International Group Limited ("**Dadi International**", a company the shares of which are listed on GEM of the Stock Exchange (stock code: 8130)) from March 2022 to February 2023.

Mr. Hong was the company secretary and authorised representative of Shengli Oil & Gas Pipe Holdings Limited, a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1080) from December 2013 to June 2021, and was the joint company secretary of Jujiang Construction Group Co., Ltd., a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1459) from September 2015 to July 2020.

Mr. Hong was admitted as a solicitor in Hong Kong in September 2007 and has more than 17 years of experience in the legal industry. Mr. Hong has been a partner of DeHeng Law Offices (Hong Kong) LLP since November 2018 and previously served as a partner of Li & Partners from February 2016 to October 2018.

Mr. Hong obtained a bachelor of commerce and a bachelor's degree in laws from The University of Sydney in June 2003 and May 2004, respectively, and a postgraduate certificate in laws from The University of Hong Kong in June 2005.

Mr. LEUNG Siu Hong ("Mr. Leung"), aged 49, was appointed as an independent non-executive Director on 3 September 2019, mainly responsible for providing independent advice to the Group. He is also the chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Mr. Leung has over 27 years of experience in the areas of accounting, auditing and company secretarial work. Mr. Leung has served as the financial controller and company secretary of China Starch Holdings Limited, a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3838) since February 2008. Mr. Leung is an independent non-executive director of A. Plus Group Holdings Limited, a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1841) since 23 March 2016.

Mr. Leung obtained a Designated Degree of Master of Arts in Accountancy from the University of Aberdeen in Scotland, the United Kingdom in October 1997. He also obtained a Master of Corporate Governance from the Hong Kong Polytechnic University in October 2011 and a Master of Science in Financial Analysis from The Hong Kong University of Science and Technology in June 2014. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants since February 2010 and Association of Chartered Certified Accountants since May 2007. Mr. Leung is also a fellow member of both the Chartered Governance Institute, U.K. and the Hong Kong Chartered Governance Institute since July 2013.

Ms. RU Tingting ("Ms. Ru"), aged 50, was appointed as an independent non-executive Director on 3 September 2019, mainly responsible for providing independent advice to the Group. She is the chairwoman of the Nomination Committee of the Company and is also a member of the Audit Committee and the Remuneration Committee of the Company.

Ms. Ru is an independent non-executive director of International Business Digital Technology Limited, a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1782) since 7 April 2022.

During the period from February 2002 to August 2018, Ms. Ru worked in the China Securities Regulatory Commission, first as the deputy director then as the director of the Department of Listed Company Division. Ms. Ru has been a managing partner of Beijing Yongxing Law Firm since September 2018.

Ms. Ru obtained a Bachelor of Laws from China University of Political Science and Law in July 1995 and a Master of Laws from Renmin University of China in June 2001.

Directors and Senior Management

SENIOR MANAGEMENT

Chief Executive Officer

Mr. FUNG Chi Wang William ("Mr. Fung"), aged 52, joined the Group as the general manager and chief executive officer of Johnson Cleaning in February 2023. Mr. Fung is responsible for the overall day-to-day management, strategic planning, business development, procurement, the analysis of the business operations and internal control of Johnson Cleaning. He has been the vice president of the Company since June 2023 and serves as the Chief Executive Officer on 1 September 2023.

Mr. Fung has over 25 years of experience in finance, merger and acquisition, information and technology, procurement, risk management, internal audit, contract control, business strategy, corporate governance and company secretarial functions and has held senior management positions in various international companies. He held the position of regional chief financial officer, Asia in Permasteelisa Group, a leading global contractor in the design, engineering, project management, manufacture, installation and after-sales service of architectural envelopes in 2022. Mr. Fung was a partner of Nxt90days, a c-suite partnership offering business transformation and turnaround programs services, and oversaw the business of the partnership in Hong Kong from 2020 to 2022.

Mr. Fung served in various top management positions in ISS Facility Services Limited, a Hong Kong leading facility services company within the ISS Group (a Denmark-based workplace experience and facility management company listed on the Copenhagen Stock Exchange (stock code: CPH: ISS)) from 2008 to 2019, including executive director, interim chief executive officer, and chief operating officer. Mr. Fung was also the finance director of ParknShop Supermarket ("**ParknShop**", one of the largest supermarket chains in Hong Kong, operated by A.S. Watson Group) from 2005 to 2008. Prior to joining ParknShop, Mr. Fung had held Asia Pacific regional managerial positions in a number of multinational companies.

Mr. Fung obtained a Bachelor of Commerce degree from the University of Queensland, Australia in 1994 and subsequently obtained a Master of Business Administration from the Heriot-Watt University in Edinburgh, Scotland in 2000. He has been an associate of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia since 1999 and 1998, respectively.

Corporate Governance Report

The board (the "**Board**") of directors (the "**Director(s)**") of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the shareholders of the Company (the "**Shareholders**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and code provisions under Corporate Governance Code ("**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the basis of the Company's corporate governance practices.

In the opinion of the Directors, throughout the year ended 31 March 2025, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct for Directors in their dealings in the securities of the Company. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the requested standards set out in the Model Code throughout the year ended 31 March 2025.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the guidelines by the employees was noted by the Company.

OBJECTIVE, VALUE, STRATEGY AND CULTURE

With the motto of "Being Faithful in Word and Keeping Promise", the core objective of the Company is to seek more returns for its Shareholders. The Company is committed to its missions of "Dedicate to Shape an Intelligent Green Future" and to implementing its values of 'Good Entrepreneurship, Active and Sustainable Development Operation, and Innovation'. The Company actively assumed its responsibilities to the employees, customers, Shareholders, the society and the environment. Such objective and value also determine the Company's strategy to create value for the Shareholders. The objective, value and strategy of the Company are the foundation of the Company's corporate culture. Centering on upholding high ethical standards and practices, the Company's corporate culture aims to achieve sustainable development and strives to create greater value for the Company and its subsidiaries (the "**Group**"), at the same time seeking more returns for the Shareholders.

The Board regularly reviews the Company's financial position, strategic development and progress, evaluates business and operations and provides feasible improvement directions, when appropriate, then conducts risk assessments in order to promote business development and to ensure that goals, strategies, and business models are consistent with its values. At the same time, the Board also conveys messages about corporate culture to all employees through the management of the Group.

Management plays an important role in achieving goals and conducting daily business. It applies the management system of service quality, environment and occupational safety and health in daily management to achieve economic, social and environmental benefits. Management sets a role model in the work team, collects opinions from employees at all levels through executive meetings, various forms of gatherings, questionnaire surveys, or different forms of communication channels, and provides regular trainings or technical trainings for employees to ensure that corporate strategy is progressively reflected in the desired culture. In addition, the management continues to instil and promote the following company values to employees through various means:

Entrepreneurship	Active and Sustainable Development Operation	Innovation
To be of one mind	To be people-oriented	Keeping pace with the times
To be honest and responsible	Customer focus	Creative thinking
Mutual respect	Caring for employees	Learning from multiple sources
Mutual trust	Strengthening training	Improving quality
Inclusion	Enhancing management system	
Close communication	Resource sharing	
	Social responsibility	

The Company insists on maintaining business ethics and probity, operates its business with the principles of honesty, fairness and integrity, formulates a code of conduct for all employees and coordinates its goals and strategies through different policies, and encourages employees to report failure of control or suspected improper control. Appropriate action will be taken as soon as possible in the event of a report. Employees at all levels are held accountable for their actions.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the businesses, strategic decisions and performance of the Group and takes decisions objectively in the best interests of the Company. All Directors are encouraged to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for the leadership and control of the Company, and is collectively responsible for participating in the Board meetings, dealing with potential conflicts of interests, scrutinizing the Group's performance, directing and supervising the Company's affairs. It has established the Audit Committee, the Remuneration Committee and the Nomination Committee with specific responsibilities which are set out in the "Board Committees" section below. The Board provides clear direction to senior management, monitors the Group's operational and financial performance. The Board reserves for its decision of major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Group. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and the management of the Company are delegated to management team.

Management is responsible for the day-to-day operations of the Group under the leadership of the chief executive officer of the Company (the "**Chief Executive Officer**"), and putting place mechanisms to ensure that the Company's policies, internal control and risk management systems are in place. Management will report back to the Board and obtain prior Board approval before making important decisions on the Company's behalf. Company's information, including monthly updates, with respect to the activities and performances of the businesses of the Group will also be provided to the Board for review.

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

The Directors shall disclose to the Company details of other offices held by them. Directors disclose to the Company at the time of their appointments, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments with the identity and time involved. The Company will confirm with the Directors regularly to ensure that the information relating to their offices held are up to date.

The Company has arranged appropriate liability insurance on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Board Composition

During the year ended 31 March 2025 and up to the date of this report, changes to the Board composition were as follows:

1. Mr. JIN Liang resigned as a non-executive Director with effect from 6 June 2024.
2. Mr. ZHOU Wenjie resigned as a non-executive Director with effect from 6 June 2024.
3. Mr. LU Xuefang was appointed as a non-executive Director with effect from 15 July 2024.
4. Ms. LEE Wing Yee Loretta resigned as a non-executive Director with effect from 20 June 2025.
5. Ms. WONG Ling Fong Lisa resigned as a non-executive Director with effect from 20 June 2025.
6. Mr. WU Zhiyong was appointed as a non-executive Director with effect from 20 June 2025.
7. Ms. TANG Yuyun was appointed as a non-executive Director with effect from 20 June 2025.

The Board currently comprises twelve Directors, consisting of one executive Director, six non-executive Directors and five independent non-executive Directors as follows:

Executive Director
Dr. LI Zhuang *(Vice President)*

Non-executive Directors
Dr. XIE Hui *(Chairman)*
Mr. YAN Jun
Ms. LI Yanmei
Mr. WU Zhiyong (appointed on 20 June 2025)
Ms. TANG Yuyun (appointed on 20 June 2025)
Mr. LU Xuefang (appointed on 15 July 2024)

Independent non-executive Directors
Mr. FAN Chiu Tat Martin
Dr. GUAN Yuyan
Mr. HONG Kam Le
Mr. LEUNG Siu Hong
Ms. RU Tingting

An updated list of Directors identifying their roles and functions and whether they are independent non-executive Directors has been published on the websites of the Company and the Stock Exchange. The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 12 to 18 of this annual report.

Save as disclosed in this annual report, to the best knowledge of the Company, there has been no financial, business, family, or other material/relevant relationship(s) among the Directors.

Chairman and Chief Executive Officer

The Company's Chairman is Dr. XIE Hui and the Chief Executive Officer is Mr. FUNG Chi Wang William.

The Chairman is principally responsible for the effective functioning and leadership of the Board, and ensuring that appropriate steps are taken to provide effective communication with the Shareholders. The Chief Executive Officer focuses on the Company's overall day-to-day management, strategic planning, business development, procurement, the analysis of the business operations and internal control of the Group.

Board Independence Mechanism

The Company has mechanisms in place to ensure that independent views and input are available to the Board. The Directors are given adequate channels to communicate their independent views and inputs, and there are proper arrangements and procedures to facilitate constructive discussions and thorough consideration of relevant issues; and the Directors are encouraged to raise their concerns and to exercise independent judgement.

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

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. All non-executive Directors have given positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. In addition, a meeting between the Chairman and independent non-executive Directors without the presence of the other Directors will be held every year to enable the independent non-executive Directors to share their different views and concerns in all aspect of the Company.

The implementation and effectiveness of the relevant measures and mechanisms are reviewed by the Board on an annual basis. The Board considers that the above mechanisms are effective in ensuring that independent views and input are available to the Board for them to perform their duties.

Independent Non-executive Directors

During the year ended 31 March 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her 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.

Board Process

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. At least fourteen days' formal notice of regular Board meetings were given to all Directors, who were all given an opportunity to attend and include matters in the agenda for discussion.

During the year ended 31 March 2025, four regular Board meetings, two Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting and one annual general meeting were held.

The finalized agenda and relevant Board or Board committees meeting papers are sent to the respective Directors at least three days prior to the meetings. The meeting papers and relevant materials are sufficient to enable the Directors to make informed decisions. The Chairman during each meeting encourages the Directors to share and voice out their concerns on all matters and allows sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus. The Directors are properly briefed on matters arising at the meetings and would receive adequate, clear information in a timely manner. In the event that a Director has a material conflict of interest (either in the capacity as a Director or a shareholder of the Company) in a matter to be considered by the Board, the matter will be dealt with at a duly convened physical Board meeting.

Minutes of all meetings of the Board and the Board Committees are prepared and maintained by the company secretary of the Company (the "**Company Secretary**") to record in sufficient details the matters considered and decisions reached by the Board or the Board Committees. All draft and final meeting minutes of the Board and the Board Committees are sent to the Directors or the Board Committees members as appropriate for review, comment and record. Board records are available for inspection by any Director upon request.

A summary of the attendance records of the Directors at the Board meetings, the respective Board committees meetings and general meeting held during the year ended 31 March 2025 is set out below:

	Attendance/Number of Meeting(s)				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Dr. XIE Hui	4/4	–	–	–	1/1
Dr. LI Zhuang	4/4	–	–	–	1/1
Mr. JIN Liang *(note 1)*	–	–	–	–	–
Mr. YAN Jun	4/4	–	–	–	1/1
Ms. LI Yanmei	4/4	–	–	–	1/1
Ms. LEE Wing Yee Loretta *(note 2)*	4/4	–	–	–	1/1
Ms. WONG Ling Fong Lisa *(note 2)*	4/4	–	–	–	1/1
Mr. ZHOU Wenjie *(note 1)*	–	–	–	–	–
Mr. LU Xuefang *(note 3)*	2/3	–	–	–	1/1
Mr. FAN Chiu Tat Martin	4/4	2/2	–	–	1/1
Dr. GUAN Yuyan	3/4	–	0/1	0/1	1/1
Mr. HONG Kam Le	4/4	–	–	1/1	1/1
Mr. LEUNG Siu Hong	4/4	2/2	1/1	–	1/1
Ms. RU Tingting	4/4	2/2	1/1	1/1	1/1

Notes:

1. resigned with effect from 6 June 2024
2. resigned with effect from 20 June 2025
3. appointed on 15 July 2024

Appointment and Re-election of Directors

The executive Director is appointed for a specific term of three years, subject to termination in certain circumstances as stipulated in the letter of appointment and retirement and re-election provisions in accordance with the second amended and restated articles of association (the "**Articles of Association**").

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of two years, subject to termination on certain circumstances as stipulated in their respective letter of appointment and retirement and re-election provisions in accordance with the Articles of Association.

Under the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that all Directors appointed to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. The retiring Directors shall be eligible for re-election. Dr. XIE Hui, Ms. LI Yanmei, Mr. WU Zhiyong, Ms. TANG Yuyun, Mr. FAN Chiu Tat Martin and Mr. HONG Kam Le are subject to retirement by rotation and re-election at the annual general meeting of the Company to be held on 4 September 2025 (the "**2025 AGM**").

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed director will receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of the director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. In compliance with Rule 3.09D of the Listing Rules, Mr. LU Xuefang had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 10 July 2024, while Mr. WU Zhiyong and Ms. TANG Yuyun have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 18 June 2025 and each of them has confirmed that he/she understood his/her obligations as a Director.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged, and reading materials/updates on relevant topics would also be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2025, each of the Directors had provided the Company with training records. The training records of the Directors for the year ended 31 March 2025 are summarized as follows:

Directors	Type(s) of Training (Note 1)
Executive Director	
Dr. LI Zhuang	A & B
Non-executive Directors	
Dr. XIE Hui	A & B
Mr. JIN Liang (Note 2)	N/A
Mr. YAN Jun	A & B
Ms. LI Yanmei	A & B
Ms. LEE Wing Yee Loretta (Note 3)	A & B
Ms. WONG Ling Fong Lisa (Note 3)	A & B
Mr. ZHOU Wenjie (Note 2)	N/A
Mr. LU Xuefang (Note 4)	A & B
Independent non-executive Directors	
Mr. FAN Chiu Tat Martin	A & B
Dr. GUAN Yuyan	A & B
Mr. HONG Kam Le	A & B
Mr. LEUNG Siu Hong	A & B
Ms. RU Tingting	A & B

Notes:

1. Types of Training
   A: attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
   B: reading articles, newspapers, journals, magazines and updates relevant to the Group's businesses or directors' duties etc.
2. resigned with effect from 6 June 2024
3. resigned with effect from 20 June 2025
4. appointed on 15 July 2024.

BOARD COMMITTEES

The Board has established three committees, namely, Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. FAN Chiu Tat Martin, Ms. RU Tingting and Mr. LEUNG Siu Hong. Mr. FAN Chiu Tat Martin is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company and those who deal with the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee would be provided with sufficient resources to perform its duties.

The Audit Committee held two meetings during the year ended 31 March 2025. During the year ended 31 March 2025, the Audit Committee reviewed (i) the Group's interim and annual results announcements and reports, discussed issues on the financial reporting, and operational performance; (ii) the re-appointment of external auditor and engagement of non-audit services and relevant scope of works to ensure their compliance with the independence requirements that apply to their engagement; (iii) the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function department, and their training plans and budgets; (iv) the report on internal control function and the rectification procedures relating to the deficiencies; (v) the effectiveness of the risk management (including the environmental, social and governance (the "**ESG**") and internal control systems (details of the relevant review are set out in the section headed "Risk Management and Internal Controls" on pages 30 to 35; and (vi) the ESG report.

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. LEUNG Siu Hong, Dr. GUAN Yuyan and Ms. RU Tingting. Mr. LEUNG Siu Hong is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include determining or making recommendations to the Board on the remuneration packages of individual executive Director(s) and senior management, the remuneration policy and structure for all Directors and senior management; making recommendations to the Board on the remuneration of non-executive Directors; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. The Remuneration Committee should be able to seek independent professional advice in appropriate circumstances. The Remuneration Committee would be provided with sufficient resources to perform its duties.

The Remuneration Committee held one meeting during the year ended 31 March 2025. Details of the remuneration of the senior management by band are set out in note 38(b) to the consolidated financial statements.

During the year ended 31 March 2025, the Remuneration Committee reviewed the remuneration policy and the remuneration packages of the executive Director(s) and senior management with reference to their roles, experience and job responsibilities, and recommended them to the Board for adoption.

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors, namely Ms. RU Tingting, Dr. GUAN Yuyan and Mr. HONG Kam Le. Ms. RU Tingting is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors. The Nomination Committee should be able to seek independent professional advice in appropriate circumstances. The Remuneration Committee would be provided with sufficient resources to perform its duties.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee will discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee held one meeting during the year ended 31 March 2025. During the year ended 31 March 2025, the Nomination Committee reviewed (i) the structure, size and composition of the Board; (ii) the independence of the independent non-executive Directors for the re-election of the retiring Directors at the annual general meeting held on 12 September 2024; (iii) the recommendation of the appointment of the non-executive Director; and (iv) the renewal of the appointment of a Director. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to ensure independent views and inputs are available to the Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Board should review the implementation and effectiveness of such policy on an annual basis.

Pursuant to the Board Diversity Policy, the Nomination Committee will report annually on the Board's composition under diversified perspectives and monitor the implementation of the Board Diversity Policy. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to talent, skills, professional experience, independence and knowledge.

In designing the Board's composition and selection of candidates, Board diversity has been considered from a range of diversity perspectives, including but not limited to talent, skills, professional experience, independence and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board will review the measurable objectives relevant to the Board composition in accordance with the Board Diversity Policy and 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. For the purpose of implementation of the Board Diversity Policy, the Board adopted the measurable objective that at least one member of the Board shall be female at any given time. For the year ended 31 March 2025, female and male representation at Board is about 41.67% and 58.33% respectively. Accordingly, the Board is of the view that the current gender diversity of the Board has achieved the objective set by the Company. Gender ratio in the workforce (including senior management) can be referred to page 45 of the Company's 2024/25 Environmental, Social and Governance Report ("**2024/25 ESG Report**"). The Nomination Committee considered that the Board Diversity Policy was effective for the year ended 31 March 2025.

Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria taking care that the candidates possess skills, knowledge and experience relevant to the operations of the Company, have enough time available to devote to the position and, in case of independent non-executive director, the independence requirements set out in the Listing Rules, and take into account various aspects set out in the Board Diversity Policy of the Company including but not limited to gender, age, cultural and educational background, or professional experience, as well as the Company's business model and specific needs. The candidate must satisfy the Board that he/she has the character and integrity and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company.

The Nomination Policy also sets out the procedures for the selection and appointment of new directors and re-election of directors at general meetings. During the year ended 31 March 2025, the changes in the composition of the Board have been summarized on page 21 in this annual report.

The Nomination Committee will review the structure, size, composition (including skills, knowledge and experience) 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 complement the Company's corporate strategy.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 under Part 2 of the CG Code.

As no corporate governance committee has been established, the Board is responsible for, among other things, formulating and reviewing the policies and practices on corporate governance of the Group and making recommendations, monitoring the compliance of legal and regulatory requirements, reviewing and monitoring the training and continuous professional development of Directors and senior management, and reviewing the Group's compliance with the CG Code and the disclosures in the annual report. The corporate governance report has been reviewed by the Board in the discharge of its corporate governance function.

The Company has developed its inside information policy which provides written guidelines to the Directors, the Company's senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

To the best knowledge of the Directors, during the year ended 31 March 2025, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such 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 misstatements or losses.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks (including the ESG risks) it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading management team and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The systems of internal control cover the areas of financial, accounting, operational, compliance and risk management of the Group's business. Management is responsible for implementing the internal control systems to manage risks (including ESG risks).

The key elements of the Company's risk management and internal control structure are as follows:

- Well-defined organisational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities to minimise risk of errors and abuse;
- Clear and written policies and procedures have been established and regularly reviewed for major functions and operations;
- Important business functions or activities are managed by experienced, qualified and suitably trained staff; and
- Continuous monitoring of the key operating data and performance indicators, timely and up-to-date business and financial reporting, immediate corrective actions are taken where necessary.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects, including key operational and financial processes, regulatory compliance, information security and ESG, and report relevant findings to Audit Committee and the Board. In mitigation of identified risks, the management, in coordination with department heads, actively assesses the effect of changes in situation(s), and worked closely with internal and external parties taking proper actions, if necessary, to avoid or mitigate their adverse impacts.

The following principal risks of the Group were identified and classified into strategic risks, operational risks, financial risks, compliance risks and ESG risks:

Risk Area	Principal Risk and Response
Strategic Risk	Economic factors and market competition Due to global economic inflation, geopolitical tensions, and overall weak market consumption, the overall economic environment in Hong Kong remains pessimistic and the Group is facing keen competition in the environmental hygiene service industry as well. In order to maintain the market leadership in the environmental hygiene service industry and further enhance competitiveness, the Group is continuously (i) increasing operational efficiency and service excellence to enhance customer experience; (ii) consolidating our core cleaning business, striving to obtain new contracts from government sector cleaning business, continuously expanding the commercial sector cleaning business, accelerating the development of new businesses such as garbage logistics, professional pest management, and security guarding services and mitigating the risks of business concentration; (iii) exercising stringent cost control, and enhancing the Company's operational efficiency by optimizing organizational structure and improving information management levels; and (iv) actively exploring new markets and new businesses.

Risk Area	Principal Risk and Response
Operational Risk	Tender and pricing The Group's revenue is derived from service contracts awarded through tendering processes or quotations submissions and there is no guarantee of success of new tenders or renewal of existing services contracts. In response to the tender risk, the Group has established a relatively broad customer base ranging from various government departments in Hong Kong to non-government sectors customers such as property management companies and educational institutions etc. Besides, for business diversification and maintaining our competitiveness in the market, the Group has been actively developing its garbage logistics, professional pest management services and security guarding services businesses to mitigate the risk of business concentration. Health and safety The Group's operations inevitably put frontline employees in a position where their health are exposed to risks, and accidents may happen to our employees during their work as well. The Group is therefore exposed to claims risks for work-related accidents and injuries and public liability for physical injuries and property damages, which may have an impact on the Group's reputation and finances. To protect the occupational health and safety of our employees, the Group had implemented a range of occupational safety measures to safeguard employees' interests, including but not limited to providing all necessary training and guidance for employees. Besides, in order to address the claims risks, the Group has purchased insurance with insurance companies as a risk transfer. Recruitment The environmental hygiene service market exhibits a long-standing shortage of labour and high turnover rate. In response to the risks, (i) employees' remuneration packages are reviewed regularly for competitiveness; (ii) internal manpower rotation plans are developed to match existing and future human resources needs; (iii) budget (including manpower budget) is prepared for projects; (iv) advance automation equipments are introduced to reduce the need for manpower; and (v) enhancement of employer branding to attract and retain talents.

Risk Area	Principal Risk and Response
Operational Risk (Continued)	Supply chain The quality of the cleaning and disinfection products provided by the suppliers will directly affect the service quality of the Group and the health and safety of our employees. In order to ensure the quality of suppliers is monitored, the Group has compiled relevant internal control procedures for the selection of suppliers. In addition, the Group maintained business relationships with various existing suppliers to avoid over-reliance on any single supplier. The Company will continue to improve the forecasting of its vehicle demand and its management planning. It will also keep track of the market dynamics and ensure seamless coordination between the bidding team and business units, thereby aligning procurement with project timelines. Meanwhile, vehicle utilization efficiency will be regularly evaluated and adjustments to the asset portfolio will be made as necessary. Information system management Information system play a significant role in the Group's business operations and financial reporting cycle. The Group's operations may be affected by system failure and any improper use of data stored in the information system may cause a damage on the Group's reputation and finances. In order to address the information system risk, the Group has adopted information security guidelines to (i) prevent unauthorised access to our information system; and (ii) maintain a regular systematic data backup.
Compliance Risk	Compliance with the Listing Rules and other relevant laws The Group is required to comply with various regulations in Hong Kong, such as laws related to employment and labour practices, laws related to occupational safety and health ("**OSAH**") and relevant tax law. In addition, the Group is required to comply with Listing Rules after listing on the Main Board of the Stock Exchange in October 2019. Failure to comply with the Listing Rules and other relevant laws may result in damages to the Group's corporate image and expose it to the risks of investigation, operational disruption, suspension and/or director liability. In order to address the compliance risk, the Group has adopted various internal guidelines to ensure the Group's operation complied with relevant labour law, OSAH law and tax law. In addition, the Group has hired various professional parties as consultants to deal with the requirements of the listing regulations, especially in terms of financial disclosure and corporate governance.

Risk Area	Principal Risk and Response
Compliance Risk (Continued)	Disclosure of motor vehicle acquisition transactions As a leading environmental hygiene service provider operating across Hong Kong, Kowloon, and the New Territories, the Group periodically acquires specialized cleaning and transportation motor vehicles to meet service demands. Such type of motor vehicle acquisition transactions may constitute as notifiable transactions under the Listing Rules and may therefore be subject to compliance with Chapters 14 and 14A of the Listing Rules, requiring timely and appropriate disclosure of transaction details. On 3 October 2024, the Group issued an announcement regarding a discloseable transaction involving the acquisition of certain motor vehicles on 25 September 2024. In response, the Group implemented remedial measures, including the establishment of management policy for transactions of large sum and the issuance of an internal compliance memorandum. These steps further strengthen the Group's internal reporting system and internal control procedures for transactions of large sum, ensuring timely compliance with Chapter 14 of the Listing Rules and preventing recurrence of similar events. The Group confirms that, for the year ended 31 March 2025, apart from the aforementioned event, the Group has fully complied with the requirements of Chapter 14 of the Listing Rules in respect of notifiable transactions.
Financial Risk	Please refer to note 6 to the consolidated financial statements for the financial risks facing by the Group.
ESG Risk	Major ESG risks of the Company were identified by the Company and disclosed in the 2024/25 ESG Report of the Company on pages 11 to 12.

The internal control review function of the Group works with the external independent consultant to review the internal control systems and procedures of the Company in assessing the adequacy of the internal control. In the course of its reviews, the internal control review function together with the independent consultant conducted interviews with the designated responsible personnel and examined relevant documents to identify the deficiencies in the Company's internal control procedures and develop recommendations for the improvement. The Company has formulated plans to implement the measures to improve its internal control systems with reference to those recommendations.

The Board and the Audit Committee have reviewed the internal control review work report and risk assessment report for the financial year ended 31 March 2025, and assessed the effectiveness of the internal control systems.

The Board, as supported by the Audit Committee as well as the risk management reports of management team and the internal control review findings, reviewed the risk management and internal control systems, including the financial, operational, compliance controls and ESG risks, during the year ended 31 March 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function; and staff qualifications, experiences and relevant resources, as well as those relating to ESG performance and reporting.

The Company is committed to maintaining a high standard of integrity and ethical business conduct. Therefore, it encourages its employees and/or other external parties of the Group to speak up, raise concerns about or report any misconduct or malpractices in relation to the affairs of the Group in a confidential manner. A whistleblowing policy sets out guidance to facilitate employees of the Company and other stakeholders to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters relating to the Group. The Company has also adopted the anti-corruption policy, which sets out that the Directors and all employees of the Group are obliged to comply with applicable anti-corruption laws, regulations and codes of declaration of interests to ensure that the reputation of the Group is not undermined by any fraud, disloyalty or corruption and to demonstrate the Group's zero-tolerance principle to corruption, in order to promote and support anti-corruption laws and regulations.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 50 to 54.

AUDITOR'S REMUNERATION

The remuneration paid to the Company's external auditor of the Company in respect of audit services and non-audit services for the year ended 31 March 2025 amounted to HK$658,000 and HK$260,000 respectively. An analysis of the remuneration paid to the external auditor of the Company, RSM Hong Kong, in respect of audit services and non-audit services for the year ended 31 March 2025 is set out below:

Service Category	**Fees Paid/ Payable** (HK$)
Audit Services	
– Annual audit services	658,000
Non-audit Services	
– Review of 2024/2025 interim results	260,000
	918,000

COMPANY SECRETARY

The Company Secretary is accountable to the Board for ensuring that the Board procedures are followed and the Company complies with the Listing Rules and the relevant laws and regulations. The Company Secretary is also responsible for drawing up and approving the agenda for each Board meeting. All Directors have access to the advice and services of the Company Secretary on corporate governance, and board practices and matters.

For the year ended 31 March 2025, the Company Secretary has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2025, there was no change in the constitutional documents of the Company.

Pursuant to the Consultation Conclusions on Proposals to Further Expand the Paperless Listing Regime published by the Stock Exchange in January 2025, the Listing Rules have been amended. As such, the Board has proposed to amend the Articles of Association for the purposes of, among others, (i) updating and bringing the memorandum and articles of association in line with the relevant amendments made to the Listing Rules in respect of the further expansion of paperless listing regime and the electronic dissemination of corporate communications by listed issuers; (ii) updating and bringing the Articles of Association in line with the amendments made to the Listing Rules in relation to the treasury shares which came into effect on 11 June 2024; and (iii) making other consequential and housekeeping amendments. For further details, please refer to the announcement of the Company dated 26 June 2025 and the circular which will be dispatched to the Shareholders on 30 July 2025.

SHAREHOLDERS' RIGHTS

The Company engages with the Shareholders through various communication channels.

To safeguard Shareholders' interests and rights, separate resolution(s) should be proposed for each substantially separate issue at general meetings, including the election of individual director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting at the Request of Shareholders

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, as at the date of deposit of the requisition, not less than one-tenth of the total voting rights (or a one vote per share basis) in the share capital of the Company. Such requisition shall be made in writing to the Board or the Company 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 and for additional resolutions to be added to the meeting agenda. 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.

Putting Forward Proposals at General Meetings by Shareholders

Shareholders who wish to put forward a resolution may request the Company to convene an extraordinary general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company, the contact details of which are contained on the website of the Company (www.johnsonholdings.com).

For the avoidance of doubt, the Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor's understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meeting and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Policies relating to Shareholders

The Company has in place a Shareholder Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed.

The Shareholder Communication Policy sets out various communication channels with the Shareholders. The annual general meeting and other general meetings of the Company are the primary channel for the Company to communicate with the Shareholders. At every annual general meeting, the Directors present an annual report containing information for Shareholders about the Company's business performance and strategy(ies). The Chairman, appropriate members of the Board committees and the external auditor of the Company will attend the annual general meeting and answer questions raised by the Shareholders.

The Company's website (www.johnsonholdings.com) contains information about the Company including contact details, Shareholders' communications, Company's announcements, circulars, notice(s) of general meeting(s) and other information which is in compliance with the applicable laws, rules and regulations. Shareholders and the public may forward any enquiries or their views to the Company and the Company's investor relations team will respond promptly to the queries, concerns and understand the views of its shareholders and stakeholders and direct the queries to management, where appropriate.

The Board has conducted a review on the implementation and effectiveness of the Shareholder Communication Policy, which enables the Company to carry out effective communication with its Shareholders by way of regular meetings and timely updates of the Company's financial results and operational developments, and considered that the policy has been effectively implemented throughout the year ended 31 March 2025.

The Company has adopted a Dividend Policy. The Company does not have a fixed dividend payment ratio and may distribute dividends by way of cash or by other means that the Directors consider appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of the Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to the Shareholders' approval. The Board will review the Company's dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- our financial results;
- Shareholders' interests;
- general business conditions, strategies and future expansion needs;
- the Group's capital requirements;
- the payment by its subsidiaries of cash dividends to the Company;
- possible effects on liquidity and financial position of the Group; and
- other factors the Board may deem relevant.

Report of the Directors

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.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is engaged in the provision of cleaning, janitorial and other related services. Particulars of the Company's principal subsidiaries, including their respective activities, are set out in note 39 to the consolidated financial statements.

RESULTS

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 55 of this annual report.

BUSINESS REVIEW

A review of the Group's business during the year ended 31 March 2025, which includes a description of the principal risks and uncertainties facing the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year and up to the date of this report, and an indication of likely future development in the Group's business are set out in the Management Discussion and Analysis on pages 7 to 11 of this annual report.

In addition, discussions on the Group's compliance with relevant laws and regulations which have a significant impact on the Group are included in the Corporate Governance Report of this annual report, and the discussions on the Group's environmental policies, relationships with its employees, customers and suppliers (key stakeholders) are included in the 2024/25 ESG Report.

All these discussions form part of this report of the Directors.

DIVIDEND

The Board recommended the payment of a final dividend of 0.87 HK cent per share, in an aggregate amount of HK$4,350,000, for the year ended 31 March 2025 (2024: 0.94 HK cent per share, in an aggregate amount of HK$4,700,000). Subject to the approval of the Shareholders at the 2025 AGM, the final dividend will be payable on 10 October 2025 to the shareholders whose names appear on the register of members of the Company at the close of business on 22 September 2025, being the record date for determining the entitlements to the final dividend.

There is no arrangement under which a shareholder has waived or agreed to waive any dividends.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year ended 31 March 2025 are set out in note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company's reserves available for distribution, calculated in accordance with the Cayman Companies Act, amounted to approximately HK$263.3 million. Under the Cayman Companies Act, the share premium account of the Company is distributable to the Shareholders provided that immediately following the date on which the dividend, if any, is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Details of the movements in reserves of the Company during the year ended 31 March 2025 are set out in note 33(b) to the consolidated financial statements.

GROUP FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the five years ended 31 March 2025 is set out on page 122 of this annual report.

DONATIONS

The total donations made by the Group during the year ended 31 March 2025 amounted to approximately HK$10,000 (2024: HK$12,000).

PROPERTIES, PLANT AND EQUIPMENT

Details of the movements in properties, plant and equipment during the year ended 31 March 2025 are set out in note 18 to the consolidated financial statements.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings as at 31 March 2025 are set out in note 29 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 March 2025 are set out in note 39 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have material events after the end of reporting period and up to the date of this annual report.

DIVIDEND POLICY

Details of the Company's dividend policy are set out in the Corporate Governance Report in this annual report.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in note 38 to the consolidated financial statements, no contract of significance has been entered into between the Company or any of its subsidiaries and the Company's controlling shareholders or any of its subsidiaries during the year ended 31 March 2025.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this annual report, the Group did not have any significant investment or material acquisition or disposal of subsidiaries, affiliated companies and joint ventures during the year ended 31 March 2025.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2025, the percentages of sales attributable to the largest customer and the five largest customers of the Group are 42.4% and 54.9% respectively.

During the year ended 31 March 2025, the largest supplier and the five largest suppliers of the Group accounted for approximately 1.4% and 4.8% of the total purchases of the Group respectively.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or major customers as stated above.

DIRECTORS

The Directors during the year ended 31 March 2025 and up to the date of this annual report are:

Executive Director

Dr. LI Zhuang *(Vice President)*

Non-executive Directors

Dr. XIE Hui *(Chairman)*
Mr. JIN Liang (resigned with effect from 6 June 2024)
Mr. YAN Jun
Ms. LI Yanmei
Ms. LEE Wing Yee Loretta (resigned with effect from 20 June 2025)
Ms. WONG Ling Fong Lisa (resigned with effect from 20 June 2025)
Mr. ZHOU Wenjie (resigned with effect from 6 June 2024)
Mr. WU Zhiyong (appointed on 20 June 2025)
Ms. TANG Yuyun (appointed on 20 June 2025)
Mr. LU Xuefang (appointed on 15 July 2024)

Independent non-executive Directors

Mr. FAN Chiu Tat Martin
Dr. GUAN Yuyan
Mr. HONG Kam Le
Mr. LEUNG Siu Hong
Ms. RU Tingting

In accordance with Article 109 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election.

In accordance with Article 113 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting.

Dr. XIE Hui, Ms. LI Yanmei, Mr. WU Zhiyong, Ms. TANG Yuyun, Mr. FAN Chiu Tat Martin, Mr. HONG Kam Le will retire from office and, being eligible, have offered themselves for re-election at the 2025 AGM. Details of the Directors to be re-elected at the 2025 AGM are set out in the circular which will be dispatched to the Shareholders on 30 July 2025.

None of the Directors being proposed for re-election at the 2025 AGM has entered into a service agreement or letter of appointment with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considered each of the independent non-executive Directors to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 12 to 18 of this annual report.

DIRECTORS' SERVICE AGREEMENTS

The executive Director has entered into a letter of appointment with the Company for a term of three years (subject to termination in certain circumstances as stipulated in the relevant service agreement or letter of appointment).

Each of the non-executive Directors (including the independent non-executive Directors) has signed a letter of appointment with the Company for a term of two years (subject to termination in certain circumstances as stipulated in the relevant letter of appointment).

All the Directors are appointed for a fixed period but subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year ended 31 March 2025.

INTERESTS OF DIRECTORS AND THEIR ASSOCIATES IN COMPETING BUSINESS

During the year ended 31 March 2025, none of the Directors or any of their respective associates (as defined in the Listing Rules) was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISION

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

The Company has purchased the directors and officers liability insurance to provide appropriate protection for its Directors and senior management of the Company.

The permitted indemnity provision was in force during the year ended 31 March 2025 for the benefit of the Directors.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 March 2025 are set out in note 15 to the consolidated financial statements.

The remuneration packages of individual Directors and senior management (including salaries and other benefits) are recommended by the Remuneration Committee for the Board's approval, with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2025, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTION

Details of the related party transactions for the year ended 31 March 2025 are set out in note 38 to the consolidated financial statements. The related party transactions as set out in note 38 to the consolidated financial statements constituted fully exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party or were parties, and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, were entered into or subsisted at the end of the year or at any time during the year ended 31 March 2025.

SHARE SCHEME(S) OF THE COMPANY

The Company has no share schemes as at the date of this annual report.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the year ended 31 March 2025.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 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, the Company's holding companies or any of the Company's 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 in any other body corporate.

DIRECTORS' REMUNERATION

The Directors' fees are approved by the Shareholders at the annual general meeting of the Company and the other emoluments payable to executive Director is determined by the Board based on the recommendation of the Remuneration Committee with reference to the prevailing market practice, the Company's remuneration policy, the Directors' duties and responsibilities within the Group and contribution to the Group.

Details of remuneration of Directors are set out in note 15(a) to the consolidated financial statements.

RETIREMENT AND EMPLOYEES BENEFITS SCHEME

Details of retirement benefit scheme of the Group are set out in note 4(q) to the consolidated financial statements.

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

As at 31 March 2025, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "**Shares**"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code set out in the Listing Rules as adopted by the Company, were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of Shares held *(Note 1)*	Approximate percentage of shareholding in issue as at 31 March 2025
LEE Wing Yee Loretta	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) *(Note 2)*	30.75%

Notes:

1. The letter "L" denotes the entity/person's long positions in the Shares.
2. Canvest Environmental Protection Group Company Limited ("**Canvest Environmental**", a controlling shareholder of the Company and a company the shares of which (prior to its privatization) were listed on the Main Board of the Stock Exchange) is owned as to 54.7% by Best Approach Developments Limited ("**Best Approach**") (which is in turn directly held as to 55% by Harvest Vista Company Limited ("**Harvest Vista**") and indirectly held as to 45% by Harvest Vista through Century Rise Development Limited ("**Century Rise**")). The entire issued share capital of Harvest Vista is held by HSBC International Trustee Limited as trustee of Harvest VISTA Trust, a trust which Ms. LEE Wing Yee Loretta and Mr. LAI Kin Man are founders and established in accordance with the laws of the British Virgin Islands, and Mr. LAI Chun Tung, spouse of Ms. LEE Wing Yee Loretta, is the beneficiary of Harvest VISTA Trust. The discretionary beneficiaries of Harvest VISTA Trust include Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man and the personal trust of Ms. LEE Wing Yee Loretta (the beneficiaries of which are Ms. LEE Wing Yee Loretta and her immediate family members). Canvest Environmental (China) Company Limited ("**Canvest (China)**") is an investment holding company indirectly wholly owned by Canvest Environmental through Yi Feng Development Limited ("**Yi Feng**") for the purpose of holding Shares. Under the SFO, Best Approach, Harvest Vista, Century Rise, Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man, Mr. LAI Chun Tung and HSBC International Trustee Limited are deemed to be interested in all the Shares held by Canvest (China).

Save as disclosed above, as at 31 March 2025, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 March 2025, so far as the Directors are aware, the interests or short positions of the entities/persons, other than a Director or chief executive of the Company, in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding in issue as at 31 March 2025
Hong Kong Huafa Investment Holdings Limited ("**Hong Kong Huafa**")	Beneficial interest	210,000,000 (L) (Note 2)	42.00%
珠海華發集團有限公司 Zhuhai Huafa Group Company Limited* ("**Zhuhai Huafa**")	Interest in controlled corporation	221,250,000 (L) (Note 2)	44.25%
Canvest (China)	Beneficial interest	153,750,000 (L)	30.75%
Yi Feng	Interest in controlled corporation	153,750,000 (L) (Note 3)	30.75%
Canvest Environmental	Interest in controlled corporation	153,750,000 (L) (Note 4)	30.75%
Best Approach	Interest in controlled corporation	153,750,000 (L) (Note 5)	30.75%
Century Rise	Interest in controlled corporation	153,750,000 (L) (Note 5)	30.75%
Harvest Vista	Interest in controlled corporation	153,750,000 (L) (Note 5)	30.75%
LAI Kin Man	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) (Note 5)	30.75%
LAI Chun Tung	Beneficiary of a trust (other than a discretionary interest)	153,750,000 (L) (Note 5)	30.75%
LEE Wing Yee Loretta	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) (Note 5)	30.75%
HSBC International Trustee Limited	Trustee	153,750,000 (L) (Note 5)	30.75%
South Pacific International Trading Limited ("**South Pacific**")	Beneficial interest	45,000,000 (L)	9.00%
SIIC Estate Company Limited	Interest in controlled corporation	45,000,000 (L) (Note 6)	9.00%
SIIC Investment Company Limited	Interest in controlled corporation	45,000,000 (L) (Note 6)	9.00%
SIIC International (BVI) Company Limited	Interest in controlled corporation	45,000,000 (L) (Note 6)	9.00%
Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**")	Interest in controlled corporation	45,000,000 (L) (Note 6)	9.00%

* *for identification purpose only*

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. As at the date of this report, under the SFO, (i) Zhuhai Huafa through Guang Jie Investment Limited and Huajin Investment Company Limited is deemed to be interested in all of the shares of Huafa Property Services Group Company Limited (華發物業服務集團有限公司) ("**Huafa Property Services**"). Zhuhai Huafa is therefore deemed to be interested in 11,250,000 Shares through Huafa Property Services; and (ii) Hong Kong Huafa is the beneficial owner of 210,000,000 Shares. Zhuhai Huafa is deemed to be interested in a total of 221,250,000 Shares.
3. As at 31 March 2025, the Shares are registered in the name of Canvest (China), the entire share capital of which is wholly owned by Yi Feng. Under the SFO, Yi Feng is deemed to be interested in all the Shares held by Canvest (China).
4. As at 31 March 2025, Yi Feng is wholly owned by Canvest Environmental. Under the SFO, Canvest Environmental is deemed to be interested in all the Shares held by Canvest (China) (through its shareholding in Yi Feng).
5. As at 31 March 2025, Canvest Environmental is owned as to 54.7% by Best Approach (which is in turn directly held as to 55% by Harvest Vista and indirectly held as to 45% by Harvest Vista through Century Rise). The entire issued share capital of Harvest Vista is held by HSBC International Trustee Limited as trustee of Harvest VISTA Trust, a trust which Ms. LEE Wing Yee Loretta and Mr. LAI Kin Man are founders and established in accordance with the laws of the British Virgin Islands, and Mr. LAI Chun Tung, spouse of Ms. LEE Wing Yee Loretta is the beneficiary of Harvest VISTA Trust. The discretionary beneficiaries of Harvest VISTA Trust include Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man and the personal trust of Ms. LEE Wing Yee Loretta (the beneficiaries of which are Ms. LEE Wing Yee Loretta and her immediate family members). Canvest (China) is an investment holding company indirectly wholly owned by Canvest Environmental through Yi Feng for the purpose of holding Shares. Under the SFO, Best Approach, Harvest Vista, Century Rise, Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man, Mr. LAI Chun Tung and HSBC International Trustee Limited are deemed to be interested in all the Shares held by Canvest (China).
6. South Pacific is a direct wholly-owned subsidiary of SIIC Estate Company Limited and an indirect wholly-owned subsidiary of SIIC Investment Company Limited, SIIC International (BVI) Company Limited and SIIC. SIIC is a company incorporated in Hong Kong with limited liability and an overseas conglomerate controlled by the Shanghai municipal government. As at the date of this report, SIIC was the controlling shareholder of Shanghai Industrial Holdings Limited ("**SIHL**"), a limited liability company incorporated in Hong Kong whose shares are listed on the Stock Exchange (stock code: 0363). As at 31 March 2025, SIHL, through its indirect wholly-owned subsidiary, True Victor Holdings Limited, was interested in approximately 19.48% of Canvest Environmental. South Pacific is principally engaged in securities investment.

Save as disclosed above, as at 31 March 2025, the Company had not been notified of any entities/persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or Cayman Companies Act, under which the Company would be required to offer new Shares on a pro-rata basis to the existing Shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 19 to 38 of this annual report.

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

During the year ended 31 March 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements for the year ended 31 March 2025 have been audited by RSM Hong Kong. A resolution for the re-appointment of RSM Hong Kong as the auditor of the Company for the ensuing year is to be proposed at the 2025 AGM.

CONSULTING PROFESSIONAL TAX ADVISERS

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Company's securities. The Shareholders are recommended to consult professional advisers if they are in any doubt about the taxation implications of subscribing for holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend, speak and vote at the 2025 AGM (or at any adjournment thereof), and the eligible Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2025 AGM:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Thursday, 28 August 2025
Closure of the register of members	Friday, 29 August 2025 to Thursday, 4 September 2025 (both days inclusive)

(ii) Subject to the passing of the proposal for distributing the final dividend at the 2025 AGM, for determining the eligible Shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Thursday, 18 September 2025
Record date	Monday, 22 September 2025
Closure of the register of members	Friday, 19 September 2025 to Monday, 22 September 2025 (both days inclusive)

For the above purposes, all properly completed transfer forms accompanied by the relevant share certificate(s) must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre,16 Harcourt Road, Hong Kong by no later than the aforementioned latest time.

PUBLICATION OF ANNUAL REPORT

This annual report is printed in both English and Chinese versions and is also published on the websites of the Company (www.johnsonholdings.com) and the Stock Exchange (www.hkexnews.hk).

For and on behalf of the Board

XIE Hui
Chairman

Hong Kong, 26 June 2025

Independent Auditor's Report

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To The Shareholders of Hong Kong Johnson Holdings Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hong Kong Johnson Holdings Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 55 to 121, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), 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. The key audit matter we identified is post-employment benefit obligations.

Key Audit Matter	How our audit addressed the Key Audit Matter
Post-employment benefit obligations	
Refer to notes 5(e) and 28 to the consolidated financial statements and the accounting policies on note 4(q) to the consolidated financial statements.	Our audit procedures to assess post-employment benefit obligations included the following:
The Group has a large number of staff, the costs of which (comprising salaries, other benefits and post-employment benefits including long service payments, severance payments and gratuity payments) account for a very substantial portion of the Group's total expenses. The Group experiences high staff turnover, especially when new service contracts are awarded or existing service contracts expire without renewal.	• obtaining an understanding of and assessing the design, and implementation of management's key internal controls relating to post-employment benefit obligations; • assessing competence, capabilities and objectivity of the qualified external actuarial expert;
The post-employment benefit obligations are assessed by the directors using the projected unit credit method based on a valuation prepared by a qualified external actuarial expert in accordance with Hong Kong Accounting Standard 19 Employee Benefits. Assessing the post-employment benefit obligations required management and the qualified external actuarial expert to make a number of estimates.	• with the assistance of our qualified external actuarial expert, evaluating the appropriateness of the valuation methodology with reference to the requirements of the prevailing accounting standards and the reasonableness of the key assumptions applied by the qualified external actuarial expert; and
We identified post-employment benefit obligations as a key audit matter because the Group's business model is labour-intensive and the significant management estimates involved in the post-employment benefit obligations.	• considering the reasonableness of the disclosures in the consolidated financial statements inspect of the post-employment benefit obligations with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors in discharging their responsibilities 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated 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 the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe this 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 this independent auditor's report is Mok Hon Sang (practising certificate number: P07890).

RSM Hong Kong
Certified Public Accountants
26 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	*8*	**1,836,054**	1,564,215
Cost of services		**(1,741,524)**	(1,463,379)
Gross profit		**94,530**	100,836
Other income	*9*	**5,957**	7,308
Other gains	*10*	**365**	2,606
Reversal of allowance/(allowance) for account receivables	*6(c)*	**282**	(831)
Administrative expenses		**(82,174)**	(87,716)
Profit from operations		**18,960**	22,203
Finance costs	*12*	**(826)**	(2,978)
Profit before tax		**18,134**	19,225
Income tax expense	*13*	**(2,180)**	(1,966)
Profit for the year attributable to equity holders of the Company	*14*	**15,954**	17,259
Earnings per share attributable to equity holders of the Company			
Basic and diluted (HK cents per share)	*17*	**3.2**	3.5
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit pension plans		**196**	(1,338)
Other comprehensive income for the year		**196**	(1,338)
Total comprehensive income for the year attributable to equity holders of the Company		**16,150**	15,921

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	*18*	**107,841**	68,445
Right-of-use assets	*19*	**20,219**	28,096
Financial assets at fair value through profit or loss ("**FVTPL**")	*20*	**12,921**	12,649
Deferred tax assets	*31*	**124**	156
Total non-current assets		**141,105**	109,346
Current assets			
Account receivables	*21*	**422,158**	260,031
Prepayments, deposits and other receivables	*22*	**20,699**	10,959
Current tax assets		**2,507**	–
Inventories	*23*	**3,962**	6
Pledged bank deposits	*24*	**29,342**	30,523
Bank and cash balances	*25*	**302,569**	426,967
Total current assets		**781,237**	728,486
Current liabilities			
Account payables	*26*	**29,857**	18,006
Accruals, other payables and provisions	*27*	**265,959**	189,632
Bank and other borrowings	*29*	**6,526**	8,997
Lease liabilities	*30*	**2,168**	6,493
Current tax liabilities		**–**	1,850
Total current liabilities		**304,510**	224,978
Net current assets		**476,727**	503,508
Total assets less current liabilities		**617,832**	612,854

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Provisions	*27*	**541**	608
Bank and other borrowings	*29*	**1,453**	7,984
Lease liabilities	*30*	**–**	2,168
Deferred tax liabilities	*31*	**8,108**	5,814
Total non-current liabilities		**10,102**	16,574
NET ASSETS		**607,730**	596,280
Equity			
Share capital	*32*	**5,000**	5,000
Reserves	*34*	**602,730**	591,280
TOTAL EQUITY		**607,730**	596,280

Approved by the Board of Directors on 26 June 2025 and are signed on its behalf by:

Dr. XIE Hui **Dr. LI Zhuang**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Note	**Share capital** HK$'000	**Share premium** HK$'000 *(note 34(b)(i))*	**Merger reserve** HK$'000 *(note 34(b)(ii))*	**Retained earnings** HK$'000	**Total equity** HK$'000
At 1 April 2023		5,000	46,999	6,450	528,010	586,459
Total comprehensive income for the year		–	–	–	15,921	15,921
Dividend approved and paid in respect of the previous year	*16*	–	–	–	(6,100)	(6,100)
Changes in equity for the year		–	–	–	9,821	9,821
At 31 March 2024 and 1 April 2024		**5,000**	**46,999**	**6,450**	**537,831**	**596,280**
Total comprehensive income for the year		**–**	**–**	**–**	**16,150**	**16,150**
Dividend approved and paid in respect of the previous year	*16*	**–**	**–**	**–**	**(4,700)**	**(4,700)**
Changes in equity for the year		**–**	**–**	**–**	**11,450**	**11,450**
At 31 March 2025		**5,000**	**46,999**	**6,450**	**549,281**	**607,730**

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**18,134**	19,225
Adjustments for:		
Depreciation of property, plant and equipment	**23,296**	20,284
Fair value gain on financial assets at FVTPL, net	**(272)**	(391)
Finance costs	**826**	2,978
Interest income	**(5,836)**	(6,885)
Dividend income from financial assets at FVTPL	**(121)**	(99)
Depreciation of right-of-use assets	**4,656**	5,718
Gain on disposals of property, plant and equipment, net	**(93)**	(2,215)
Reversal of allowance/(allowance) for account receivables	**(282)**	831
Write-down of inventories	**–**	139
(Reversal of provision)/provision for compensation claims and related legal fees	**(5,480)**	835
Provision for employee benefits	**54,154**	32,624
Operating profit before working capital changes	**88,982**	73,044
(Increase)/decrease in account receivables	**(161,845)**	79,536
Increase in prepayments, deposits and other receivables	**(9,740)**	(3,229)
Increase in inventories	**(3,956)**	(6)
Increase/(decrease) in account payables	**11,851**	(10,285)
Increase/(decrease) in accruals and other payables	**27,782**	(125,580)
Cash (used in) generated from operations	**(46,926)**	13,480
Income taxes paid	**(4,211)**	(4,893)
Interest on lease liabilities	**(237)**	(526)
Net cash (used in) generated from operating activities	**(51,374)**	8,061

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in pledged bank deposits	**1,181**	(957)
Interest received	**5,836**	6,885
Dividend received from financial assets at FVTPL	**121**	99
Purchases of property, plant and equipment	**(59,517)**	(20,543)
Proceeds from disposals of property, plant and equipment	**139**	5,434
Net cash used in investing activities	**(52,240)**	(9,082)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank and other borrowings	**(9,002)**	(11,333)
Principal elements of lease payment	**(6,493)**	(7,134)
Interest paid	**(589)**	(2,452)
Dividends paid to equity holders of the Company	**(4,700)**	(6,100)
Net cash used in financing activities	**(20,784)**	(27,019)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(124,398)**	(28,040)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**426,967**	455,007
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**302,569**	426,967
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances *(note 25)*	**302,569**	426,967

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 9 July 2018. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The address of its principal place of business is 11/F, China Aerospace Centre, 143 Hoi Bun Road, Kwun Tong, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 October 2019.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 39 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the ("**Group**").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRS Accounting Standards comprises Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("**HK Int 5**") (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of revised HKFRS Accounting Standards (Continued)

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2025 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRS Accounting Standards in issue but not yet effective (Continued)

Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments include:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("**SPPI**") criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income ("**FVTOCI**").

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

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

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

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

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

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

(d) Property, plant and equipment

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Property, plant and equipment (Continued)

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

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

Buildings	50 years or over the lease term if shorter
Leasehold improvements	5 years
Furniture and equipment	5 years
Plant and machinery	5 years
Motor vehicles	5 to 7 years
Computer and software	10 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Leases (Continued)

(i) The Group as a lessee (Continued)

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

– where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
– uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
– makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Leases (Continued)

(i) The Group as a lessee (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

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

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

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Cost represents the invoiced cost of inventories which include all costs of purchase and other cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Non-equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the instruments are held for the collection of contractual cash flows which represent SPPI. Interest income from the investment is calculated using the effective interest method.
– FVTOCI – recycling, if the contractual cash flows of the investment comprise SPPI and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("**ECL**"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
– FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial assets (Continued)

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non- recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(i) Account and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Account and other receivables are recognised initially at the amount of consideration that is unconditional, when they are recognised at fair value. The Group holds the receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for ECL.

(j) Cash and cash equivalents

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

(k) Financial liabilities and equity instruments

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(m) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the ECL model under HKFRS 9 "Financial Instrument" and
– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**").

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

(n) Account and other payables

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

(o) Equity instruments

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue is after deduction of any trade discounts.

Revenue from cleaning, janitorial and other related services is recognised over time as the customers of the Group simultaneously receive and consume the benefits provided by the Group's performance as the Group performs. The progress towards complete satisfaction of a performance obligation is measured based on an output method, which recognises revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of the services.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income from financial assets at FVTPL is recognised when the rights to receive payment are established.

(q) Employees benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(q) Employees benefits (Continued)

(ii) Pension obligations (Continued)

For the defined benefit retirement plans, the liability (asset) recognised in the consolidated statement of financial position is the present value of the defined benefit obligation less the fair value of plan assets. When there is a surplus in a defined benefit plan, the net defined benefit asset is measured at the lower of the surplus in the defined benefit plan and the asset ceiling. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. If there is no deep market in such bonds, the market rates on government bonds denominated in that currency are used.

Remeasurements of the net defined benefit liability (asset) – which include actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)) – are recognised in other comprehensive income in the period in which they arise and are reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plan.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(q) Employees benefits (Continued)

(ii) Pension obligations (Continued)

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If the contributions are linked to services, they reduce service costs. For the amount of contributions that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 "Employee Benefits" ("**HKAS 19**") paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduce service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' period of service in accordance with HKAS 19 paragraph 70.

For long service payments ("**LSP**") obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) 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.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payments of termination benefits. The Group provides for the probable future redundancy cost expected to be made to employees under relevant terms of service contracts and the Hong Kong Employment Ordinance.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(q) Employees benefits (Continued)

(iv) Other long-term employee benefit

The Group is obligated to settle the gratuity to its employees upon the contract completion or termination of their employment when the employee fulfils certain circumstances under the Hong Kong Employment Ordinance and the relevant terms of service contracts. These obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method ("**PUCM**").

The obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(r) Borrowing costs

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

(s) Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Taxation (Continued)

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(u) Impairment of financial assets

The Group recognises a loss allowance for ECL on account receivables as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for account receivables. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of financial assets (Continued)

Significant increase in credit risk

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

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
– significant deterioration in external market indicators of credit risk for a particular financial instrument;
– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
– an actual or expected significant deterioration in the operating results of the debtor;
– significant increases in credit risk on other financial instruments of the same debtor; or
– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;
(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of financial assets (Continued)

Definition of default

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of account receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

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

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

(w) Events after the reporting period

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in note 4, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

(a) Property, plant and equipment and depreciation

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

The carrying amounts of property, plant and equipment as at 31 March 2025 are HK$107,841,000 (2024: HK$68,445,000).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Deferred tax assets

As at 31 March 2025, deferred tax assets of HK$124,000 (2024: HK$156,000) in relation to unused tax losses have been recognised in the consolidated statement of financial position. No deferred tax assets have been recognised on the tax losses of HK$20,057,000 (2024: HK$24,996,000) due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

(c) Impairment of account receivables

The management of the Group estimates the amount of impairment loss for ECL on account receivables based on the credit risk of account receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2025, the carrying amount of account receivables is HK$422,158,000 (net of allowance for account receivables of HK$2,055,000 (2024: HK$260,031,000 (net of allowance for account receivables of HK$2,337,000)).

(d) Income taxes

Significant estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year ended 31 March 2025, income tax of HK$2,180,000 (2024: HK$1,966,000) was charged to profit or loss based on the estimated profit.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(e) Actuarial assumptions on defined benefit plans

Accounting for defined benefit plans may be complex because actuarial assumptions are required to measure the obligation and the expense, with the possibility that actual results differ from the assumed results. These differences are known as actuarial gains and losses. Defined benefit obligations are measured using the PUCM, according to which the Group has to make a reliable estimate of the amount of benefits earned in return for services rendered in current and prior periods, using actuarial techniques. In addition, in cases where defined benefit plans are funded, the Group has to estimate the fair value of plan assets. As a result, the use of the PUCM involves a number of actuarial assumptions. These assumptions include demographic assumptions such as mortality, turnover and retirement age and financial assumptions such as discount rates, salary and benefit levels. Such assumptions are subject to judgements and may develop materially differently than expected and therefore may result in significant impacts on defined benefit obligations.

The carrying amounts of retirement benefit obligations as at 31 March 2025 are HK$17,092,000 (2024: HK$15,941,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Price risk

The Group is exposed to equity price risk mainly through its investments in unlisted unit trusts. The management manages this exposure by maintaining a portfolio of investments with difference risk and return profiles.

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

If the unit prices of the investments in unlisted unit trusts had been 5% (2024: 5%) higher/lower, consolidated profit after tax for the year ended 31 March 2025 would increase/decrease by HK$86,000 (2024: HK$88,000) as a result of the changes in fair value of financial assets at FVTPL.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily account receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Account receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Account receivables are due within 14 to 90 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for account receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Account receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for account receivables as at 31 March 2025 and 2024:

	2025 Expected loss rate %	2025 Gross carrying amount HK$'000	2025 Loss allowance HK$'000
Current (not past due)	**N/A**	**306,795**	**–**
Up to 90 days past due	**0.13**	**90,148**	**118**
91 to 120 days past due	**0.46**	**9,369**	**43**
121 to 365 days past due	**3.20**	**11,525**	**369**
More than 365 days past due	**23.92**	**6,376**	**1,525**
		424,213	**2,055**

	2024 Expected loss rate %	2024 Gross carrying amount HK$'000	2024 Loss allowance HK$'000
Current (not past due)	0.26	174,607	461
Up to 90 days past due	0.33	68,113	228
91 to 120 days past due	0.40	8,718	35
121 to 365 days past due	2.88	7,930	228
More than 365 days past due	46.17	3,000	1,385
		262,368	2,337

Expected loss rates as at 31 March 2025 are based on actual loss provided for account receivables over the last nineteen half-year periods (2024: last seventeen half-year periods). These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Account receivables (Continued)

In addition, certain individual customers (where there is objective evidence of credit impairment) have been identified as having a significantly elevated credit risk and have been provided for on a specific basis. This has resulted in a charge of HK$Nil (2024: HK$Nil) for impairment provisions recognised in profit and loss during the year ended 31 March 2025.

Movements in the loss allowance for account receivables during the years are as follows:

	2025 **HK$'000**	2024 HK$'000
At the beginning of year	**2,337**	2,787
(Reversal of allowance for)/allowance for account receivables recognised for the year	**(282)**	831
Write-off	**–**	(1,281)
At the end of year	**2,055**	2,337

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Contractual undiscounted cash flows				
	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 March 2025					
Account payables	**29,857**	**–**	**–**	**29,857**	**29,857**
Accruals and other payables	**181,234**	**–**	**–**	**181,234**	**181,234**
Bank and other borrowings	**6,776**	**1,482**	**–**	**8,258**	**7,979**
Lease liabilities	**2,189**	**–**	**–**	**2,189**	**2,168**
	220,056	**1,482**	**–**	**211,538**	**221,238**
At 31 March 2024					
Account payables	18,006	–	–	18,006	18,006
Accruals and other payables	113,785	–	–	113,785	113,785
Bank and other borrowings	9,554	6,779	1,482	17,815	16,981
Lease liabilities	6,716	2,189	–	8,905	8,661
	148,061	8,968	1,482	158,511	157,433

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

The Group's exposure to cash flow interest rate risk arises from its bank deposits and bank and other borrowings. These deposits and borrowings bear interests at variable rates that vary with the then prevailing market condition.

As at 31 March 2025, if interest rates had been 50 basis points (2024: 50 basis points) lower/higher, with all other variables held constant, consolidated profit after tax for the year ended 31 March 2025 would have been HK$14,000 (2024: HK$101,000) lower/higher respectively, arising mainly as a result of lower/higher interest income on bank deposits.

(f) Categories of financial instruments as at 31 March

	2025 **HK$'000**	2024 HK$'000
Financial assets:		
Financial assets at amortised cost	**762,548**	724,161
Financial assets at FVTPL	**12,921**	12,649
Financial liabilities:		
Financial liabilities at amortised cost	**221,237**	157,433

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value.

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements using: Level 2 HK$'000	Level 3 HK$'000	Total 31 March 2025 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Investments in unlisted unit trusts	1,713	–	1,713
Investments in life insurance	–	11,208	11,208
Total	1,713	11,208	12,921

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy: (Continued)

Description	Fair value measurements using: Level 2 HK$'000	Level 3 HK$'000	Total 31 March 2024 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Investments in unlisted unit trusts	1,757	–	1,757
Investments in life insurance	–	10,892	10,892
Total	1,757	10,892	12,649

(b) Reconciliation of assets measured at fair value based on level 3:

	2025 HK$'000	2024 HK$'000
Financial assets at FVTPL – Investments in life insurance		
At the beginning of year	**10,892**	10,581
Fair value gain, net recognised in profit or loss	**316**	311
At the end of year	**11,208**	10,892

Fair value gain, net recognised in profit or loss including those for assets held at end of reporting period are presented in other gains in the consolidated statement of profit or loss and other comprehensive income.

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's Chief Financial Officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The Chief Financial Officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Chief Financial Officer and the Board of Directors at least twice a year.

Level 2 fair value measurements

		Assets fair value as at 31 March	
Description	**Valuation technique**	**2025 HK$'000**	2024 HK$'000
Investments in unlisted unit trusts	Derived from quoted unit prices	**1,713**	1,757

Level 3 fair value measurements

The investments in life insurance in level 3 represents life insurance policies for key management (note 20 to the consolidated financial statements). The fair value of key management life insurance policies is determined by reference to the cash surrender value of the insurance policies.

If the cash surrender value of the insurance policies increased/decreased by 6% (2024: 6%) per annum, the Group's consolidated profit after tax for the year ended 31 March 2025 would be increased/decreased by HK$672,000 (2024: HK$654,000).

There were no changes in the valuation techniques used.

8. REVENUE

(a) Disaggregation of revenue

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Cleaning, janitorial and other related services income	**1,836,054**	1,564,215
Timing of revenue recognition		
Services transferred over time	**1,836,054**	1,564,215

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

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

	2025 HK$'000	2024 HK$'000
Within one year	**2,162,858**	925,811
More than one year but not more than two years	**1,660,965**	323,261
More than two years	**991,484**	69,743
	4,815,307	1,318,815

9. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Interest income	**5,836**	6,885
Dividend income from financial assets at FVTPL	**121**	99
Other income	**–**	324
	5,957	7,308

10. OTHER GAINS

	2025 HK$'000	2024 HK$'000
Gain on disposals of property, plant and equipment, net	**93**	2,215
Fair value gain on financial assets at FVTPL, net	**272**	391
	365	2,606

11. SEGMENT INFORMATION

The Group has carried on a single business, which is provision of cleaning, janitorial and other related services in Hong Kong. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

Geographical information:

No geographical information is presented as all of the Group's business is carried out in Hong Kong and the Group's revenue from external customers is generated and non-current assets are located in Hong Kong during the year.

11. SEGMENT INFORMATION (Continued)

Revenue from major customers:

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

	2025 HK$'000	2024 HK$'000
Customer A	778,170	576,773
Customer B	N/A	164,983

12. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on lease liabilities	237	526
Interest on bank and other borrowings	589	2,452
	826	2,978

13. INCOME TAX EXPENSE

	2025 HK$'000	2024 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	4,888
Over-provision in prior year	(146)	(228)
	(146)	4,660
Deferred tax *(note 31)*	2,326	(2,694)
	2,180	1,966

13. INCOME TAX EXPENSE (Continued)

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in these jurisdictions.

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the years ended 31 March 2025 and 2024.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2025 HK$'000	2024 HK$'000
Profit before tax	**18,134**	19,225
Tax at the Hong Kong Profits Tax rate of 16.5% (2024:16.5%)	**2,992**	3,172
Tax effect of income that is not taxable	**(819)**	(1,023)
Tax effect of expenses that are not deductible	**551**	851
Tax effect of temporary differences not recognised	**419**	(1,694)
Tax concession	**–**	(3)
Tax effect of tax losses not recognised	**–**	1,229
Tax effect of utilisation of tax losses not previously recognised	**(817)**	–
Over-provision in prior year	**(146)**	(228)
Others	**–**	(338)
Income tax expense	**2,180**	1,966

14. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2025 **HK$'000**	2024 HK$'000
Auditor's remuneration	**918**	1,080
Cost of services *(note (a))*	**1,741,524**	1,463,379
Depreciation of property, plant and equipment	**23,296**	20,284
Depreciation of right-of-use assets	**4,656**	5,718
Gain on disposals of property, plant and equipment, net	**(93)**	(2,215)
(Reversal of allowance)/allowance for account receivables	**(282)**	831
Write-down of inventories	**–**	139
Expenses relating to short-term leases	**813**	575
Staff costs including labour costs, employee expenses and directors' emoluments		
Salaries, bonuses and allowances	**1,296,368**	1,118,030
Provision for employee benefits *(note (b))*	**54,154**	32,624
(Reversal of provision)/provision for employee compensation claims and related legal fees	**(5,480)**	835
Retirement benefit scheme contributions	**34,332**	29,096
Other benefits	**2,112**	1,814
	1,381,486	1,182,399

Notes:

(a) For the year ended 31 March 2025, the cost of services, amongst others, includes labour costs, depreciation and write-down of inventories totalling HK$1,357,241,000 (2024: HK$1,156,817,000).

(b) Provision for employee benefits includes unutilised annual leave payments, estimated redundancy cost, estimated LSP, and gratuity.

15. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES' EMOLUMENTS

(a) Chief executive and directors' emoluments

The remuneration of chief executive and each director was as follows:

Name of chief executive and director	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees HK$'000	Salaries HK$'000	Bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2025					
Chief Executive					
Mr. Fung Chi Wang William *(note (b)*	–	2,376	1,127	18	3,521
Executive Director					
Dr. LI Zhuang	–	–	–	–	–
Non-executive Directors					
Dr. XIE Hui	–	–	–	–	–
Ms. LI Yanmei	–	–	–	–	–
Ms. LEE Wing Yee Loretta	*–	–	–	–	–
Ms. WONG Ling Fong Lisa	*–	–	–	–	–
Mr. ZHOU Wenjie *(note (c))*	*–	–	–	–	–
Mr. LU Xuefang *(note (d))*	–	–	–	–	–
Mr. JIN Liang *(note (c))*	*–	–	–	–	–
Mr. YAN Jun	–	–	–	–	–
Independent Non-executive Directors					
Mr. FAN Chiu Tat Martin	120	–	–	–	120
Dr. GUAN Yuyan	120	–	–	–	120
Mr. HONG Kam Le	120	–	–	–	120
Mr. LEUNG Siu Hong	120	–	–	–	120
Ms. RU Tingting	120	–	–	–	120
	600	2,376	1,127	18	4,121

15. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Chief executive and directors' emoluments (Continued)

Name of chief executive and director	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees	Salaries	Bonuses	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2024					
Chief Executive					
Mr. Fung Chi Wang William *(note (b))*	–	2,160	177	18	2,355
Executive Directors					
Mr. NG Chun Man *(note (a))*	–	1,115	469	11	1,595
Dr. LI Zhuang	# –	–	–	–	–
Non-executive Directors					
Dr. XIE Hui	* –	–	–	–	–
Ms. LI Yanmei	* –	–	–	–	–
Ms. LEE Wing Yee Loretta	* –	–	–	–	–
Ms. WONG Ling Fong Lisa	* –	–	–	–	–
Mr. ZHOU Wenjie *(note (c))*	* –	–	–	–	–
Mr. JIN Liang *(note (c))*	* –	–	–	–	–
Mr. YAN Jun	* –	–	–	–	–
Independent Non-executive Directors					
Mr. FAN Chiu Tat Martin	120	–	–	–	120
Dr. GUAN Yuyan	120	–	–	–	120
Mr. HONG Kam Le	120	–	–	–	120
Mr. LEUNG Siu Hong	120	–	–	–	120
Ms. RU Tingting	120	–	–	–	120
	600	3,275	646	29	4,550

The fee paid to the executive director was HK$1.

* The fee paid to each of the non-executive directors was HK$1, respectively.

15. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Chief executive and directors' emoluments (Continued)

Notes:

(a) He resigned as the executive director with effect from 7 October 2023, and as the chief executive officer with effect from 1 September 2023.

(b) He was appointed as chief executive officer with effect from 1 September 2023.

(c) He was resigned as the non-executive director with effect from 6 June 2024.

(d) He was appointed as the non-executive director with effect from 15 July 2024.

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

The bonuses are determined with reference to the financial performance of the Group.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included the chief executive officer (2024: one director who resigned on 7 October 2023 and the chief executive officer) whose emoluments are reflected in the analysis presented in note (a) above. The emoluments of the remaining four (2024: three) individuals are set out below:

	2025 **HK$'000**	2024 HK$'000
Salaries and allowances	**3,803**	2,644
Bonuses	**1,664**	330
Retirement benefit scheme contributions	**129**	177
	5,596	3,151

15. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The emoluments fell within the following band:

	Number of individuals	
	2025	2024
HK$500,000 to HK$1,000,000	**–**	1
HK$1,000,000 to HK$1,500,000	**3**	2
HK$1,500,000 to HK$2,000,000	**1**	–

During the year ended 31 March 2025, no emoluments were paid by the Group to the chief executive or any of the directors or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: HK$Nil).

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 March 2025 and 2024.

(d) Director's termination benefits

None of the directors of the Company received any termination benefits during the years ended 31 March 2025 and 2024.

(e) Consideration provided to third parties for making available directors' services

During the years ended 31 March 2025 and 2024, the Group did not pay considerations to any third parties for making available directors' services.

(f) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

As at 31 March 2025 and 2024, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and the directors' connected entities.

15. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES' EMOLUMENTS (Continued)

(g) Pensions – defined contribution plans

The Group operates a Mandatory Provident Fund scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) and a defined contribution provident fund scheme (the "**ORSO Scheme**") which is registered under the Occupational Retirement Schemes Ordinance for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme and the ORSO Scheme are defined contribution retirement plans administered by independent trustees.

Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Under the ORSO Scheme, the Group contributes 5 to 10% of the employees' basic salary to the ORSO Scheme even the employee chooses not to contribute.

During the years ended 31 March 2025 and 2024, the Group had no forfeited contributions under the MPF Scheme and the ORSO Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 March 2025 and 2024 under the MPF Scheme and the ORSO Scheme and which may be used by the Group to reduce the contribution payable in future years.

16. DIVIDENDS

	2025 **HK$'000**	2024 HK$'000
Payment of final dividend in respect of the year ended 31 March 2024 of 0.94 HK cents per share	**4,700**	–
Payment of final dividend in respect of the year ended 31 March 2023 of 1.22 HK cents per share	–	6,100
	4,700	6,100

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2025 of 0.87 HK cents per share, in an aggregate amount of HK$4,350,000, has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

17. EARNINGS PER SHARE

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

	2025 HK$'000	2024 HK$'000
Earnings		
Profit for the year attributable to equity holders of the Company for the purpose of calculating basic and diluted earnings per share	15,954	17,259

	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	500,000	500,000

The weighted average numbers of ordinary shares used as denominator for calculating the basic and diluted earnings per share are the same for the years ended 31 March 2025 and 2024 as there were no dilutive potential ordinary shares in issue for both years.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Computer and software HK$'000	Total HK$'000
Cost							
At 1 April 2023	7,532	196	7,863	12,343	163,012	1,183	192,129
Additions	–	–	–	2,555	17,988	–	20,543
Transfer from right-of-use assets *(note 19)*	–	–	–	–	4,891	–	4,891
Disposals and write-off	–	–	–	(372)	(11,350)	–	(11,722)
At 31 March 2024 and 1 April 2024	7,532	196	7,863	14,526	174,541	1,183	205,841
Additions	–	48	319	2,930	54,344	1,876	59,517
Transfer from right-of-use assets *(note 19)*	–	–	–	–	10,603	–	10,603
Disposals and write-off	–	–	–	(127)	(665)	–	(792)
At 31 March 2025	**7,532**	**244**	**8,182**	**17,329**	**238,823**	**3,059**	**275,169**
Accumulated depreciation							
At 1 April 2023	2,648	196	6,338	7,821	103,709	798	121,510
Charge for the year	204	–	839	2,173	16,948	120	20,284
Transfer from right-of-use assets *(note 19)*	–	–	–	–	4,105	–	4,105
Disposals and write-off	–	–	–	(285)	(8,218)	–	(8,503)
At 31 March 2024 and 1 April 2024	2,852	196	7,177	9,709	116,544	918	137,396
Charge for the year	204	4	682	2,444	19,751	211	23,296
Transfer from right-of-use assets *(note 19)*	–	–	–	–	7,382	–	7,382
Disposals and write-off	–	–	–	(127)	(619)	–	(746)
At 31 March 2025	**3,056**	**200**	**7,859**	**12,026**	**143,058**	**1,129**	**167,328**
Carrying amount							
At 31 March 2025	**4,476**	**44**	**323**	**5,303**	**95,765**	**1,930**	**107,841**
At 31 March 2024	4,680	–	686	4,817	57,997	265	68,445

As at 31 March 2025, certain motor vehicles with the carrying amount of HK$14,209,000 (2024: HK$21,827,000) were pledged as security for the Group's other borrowings (note 29).

19. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Motor vehicles HK$'000	Leased properties HK$'000	Total HK$'000
At 1 April 2023	15,657	12,980	5,963	34,600
Transfer to property, plant and equipment *(note 18)*	–	(786)	–	(786)
Depreciation	(653)	(2,757)	(2,308)	(5,718)
At 31 March 2024 and 1 April 2024	15,004	9,437	3,655	28,096
Transfer to property, plant and equipment *(note 18)*	–	(3,221)	–	(3,221)
Depreciation	(653)	(1,695)	(2,308)	(4,656)
At 31 March 2025	**14,351**	**4,521**	**1,347**	**20,219**

As at 31 March 2025, certain motor vehicles under right-of-use assets with the carrying amount of HK$4,521,000 (2024: HK$9,437,000) were pledged as security for the Group's lease liabilities.

Lease liabilities of HK$2,168,000 (2024:HK$8,661,000) are recognised with related right-of-use assets of HK$5,868,000 as at 31 March 2025 (2024: HK$13,092,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The following are the amounts recognised in profit or loss:

	2025 HK$'000	2024 HK$'000
Depreciation expenses on right-of-use assets	**4,656**	5,718
Interests expense on lease liabilities (included in finance costs)	**237**	526
Expenses relating to short-term leases (included in cost of services and administrative expenses)	**813**	575

Details of total cash outflow for leases are set out in note 37(b) to the consolidated financial statements.

For both years, the Group leases various motor vehicles and properties for its operations. Lease contracts are entered into for fixed term of 3 years to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

20. FINANCIAL ASSETS AT FVTPL

	2025 **HK$'000**	2024 HK$'000
Unlisted investments		
Investments in unlisted unit trusts *(note)*	**1,713**	1,757
Investments in life insurance *(note 7(b))*	**11,208**	10,892
Analysed as non-current assets	**12,921**	12,649

Note: Dividend income of HK$121,000 (2024: HK$99,000) was received from these investments during the year.

The fair values of investments in unit trusts are determined by the number of unit trust held by the Group times its indicative market value at the end of each reporting period. The indicative market value is quoted by the unit trust and is calculated from its net asset value on each dealing day. As at 31 March 2025 and 2024, all the unlisted unit trusts were pledged for bank borrowings and banking facilities granted to the Group.

Investments in life insurance represent investments in life insurance policies for the former key management, Mr. CHEUNG Kam Chiu and Mr. SZETO Wing Tak, who resigned as the executive directors with effect from 1 April 2022, and as the co-chief executive officers with effect from 1 July 2022. There are no fixed maturity and no market price for such investment. The return of the investments will be based on the guaranteed minimum return rate. The fair values of investments in life insurance are based on the cash surrender value of the life insurance policies at the end of each reporting period. As at 31 March 2025 and 2024, all the investments in life insurance were pledged for bank borrowings and banking facilities granted to the Group.

Financial assets at FVTPL are denominated in the following currencies:

	2025 **HK$'000**	2024 HK$'000
HK$	**1,713**	1,757
United States dollars ("**USD**")	**11,208**	10,892
	12,921	12,649

21. ACCOUNT RECEIVABLES

	2025 HK$'000	2024 HK$'000
Account receivables	**424,213**	262,368
Allowance for account receivables *(note 6(c))*	**(2,055)**	(2,337)
	422,158	260,031

The credit terms of account receivables generally range from 14 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors of the Company.

The ageing analysis of account receivables, based on the invoice date, is as follows:

	2025 HK$'000	2024 HK$'000
Up to 90 days	**380,452**	224,543
91 to 180 days	**25,767**	29,973
181 days to 1 year	**10,779**	4,142
Over 1 year	**7,215**	3,710
	424,213	262,368

The carrying amounts of the Group's account receivables are denominated in HK$.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Prepayments	**8,600**	4,319
Deposits	**7,559**	2,498
Other receivables	**4,540**	4,142
	20,699	10,959

23. INVENTORIES

	2025 HK$'000	2024 HK$'000
Consumable goods	3,962	6

24. PLEDGED BANK DEPOSITS

The pledged bank deposits represented deposits pledged to banks to secure banking facilities of the Group. These deposits are subject to regulatory restrictions and are therefore not available for general use by the Group.

25. BANK AND CASH BALANCES

	2025 HK$'000	2024 HK$'000
Bank balances	302,526	426,903
Cash on hand	43	64
	302,569	426,967

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK$	302,514	426,912
USD	55	55
	302,569	426,967

26. ACCOUNT PAYABLES

The ageing analysis of account payables, based on the date of receipt of goods or services, is as follows:

	2025 HK$'000	2024 HK$'000
Up to 30 days	**19,057**	11,913
31 to 60 days	**9,905**	5,524
61 to 90 days	**800**	510
Over 90 days	**95**	59
	29,857	18,006

The carrying amounts of the Group's account payables are denominated in HK$.

27. ACCRUALS, OTHER PAYABLES AND PROVISIONS

	2025 HK$'000	2024 HK$'000
Accrued wages, salaries and other benefits	**247,432**	169,329
Post-employment benefit obligations *(note 28)*	**17,092**	15,941
Other accruals	**1,246**	3,394
Other payables	**730**	1,576
	266,500	190,240

Presented as:

	2025 HK$'000	2024 HK$'000
Current liabilities	**265,959**	189,632
Non-current liabilities	**541**	608
	266,500	190,240

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

Hong Kong employees that have been employed continuously for at least five years are entitled to LSP in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to the MPF Scheme (see note 15(g)), with an overall cap of $390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government of the Hong Kong Special Administrative Region (the "**HKSAR**") gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) Amendment Ordinance (the "**Amendment Ordinance**"), which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP (the "**Abolition**"). The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 4(q).

Movements in the present value of unfunded LSP obligation in the current year are as follows:

	2025 HK$'000	2024 HK$'000
Opening unfunded obligation	15,941	16,717
Benefit paid	(3,625)	(11,594)
Current service cost	4,363	9,027
Interest cost	609	453
Remeasurements recognised in other comprehensive income:		
Actuarial (gains)/losses arising from changes in financial assumptions	(196)	1,338
Closing unfunded obligation	17,092	15,941

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57) (Continued)

The average duration of the benefit obligation at 31 March 2025 is 1.22 years (2024: 2.68 years).

Significant actuarial assumptions for the determination of the LSP obligation are discount rate range from 2.8% to 3.7% (2024: from 3.5% to 4.3%) and expected staff turnover rate from 9.9%% to 23.5% (2024: from 7.1% to 24.1%). The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the LSP obligation would decrease by HK$32,000 (increase by HK$33,000) (2024: decrease by HK$132,000 (increase by HK$136,000)).
- If the expected staff turnover rate increase (decrease) by 5%, the LSP obligation would decrease by HK$246,000 (increase by HK$354,000) (2024: decrease by HK$147,000 (increase by HK$158,000)).

The sensitivity analysis presented above may not be representative of the actual change in the LSP obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

29. BANK AND OTHER BORROWINGS

The bank and other borrowings are repayable as follows:

	2025 **HK$'000**	2024 HK$'000
Within one year	**6,526**	8,997
More than one year, but not exceeding two years	**1,453**	6,531
More than two years, but not more than five years	**–**	1,453
	7,979	16,981
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(6,526)**	(8,997)
Amount due for settlement after 12 months (shown under non-current liabilities)	**1,453**	7,984

29. BANK AND OTHER BORROWINGS (Continued)

The interest rates per annum are as follows:

	2025	2024
Bank and other borrowings	**4.24% to 4.92%**	4.23% to 4.92%

Bank and other borrowings of HK$7,979,000 (2024: HK$16,943,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

All bank and other borrowings are denominated in HK$.

As at 31 March 2025 and 2024, all other borrowings were secured by the Group's certain motor vehicles under property, plant and equipment amounted to HK$14,209,000 (2024: HK$21,827,000).

30. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Within one year	**2,189**	6,716	**2,168**	6,493
In the second to fifth years, inclusive	**–**	2,189	**–**	2,168
	2,189	8,905	**2,168**	8,661
Less: Future finance charges	**(21)**	(244)	**N/A**	N/A
Present value of lease obligations	**2,168**	8,661	**2,168**	8,661
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(2,168)**	(6,493)
Amount due for settlement after 12 months (shown under non-current liabilities)			**–**	2,168

30. LEASE LIABILITIES (Continued)

As at 31 March 2025, the lease liabilities of the Group of HK$749,000 (2024: HK$4,892,000) were secured by certain motor vehicles under right-of-use assets.

The weighted average incremental borrowing rates applied to lease liabilities range from 3.3% to 4.5% (2024: from 3.3% to 4.6%).

All lease liabilities are denominated in HK$.

31. DEFERRED TAX

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movement during the years are as follows:

	Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Allowance for account receivables** HK$'000	**After offsetting** HK$'000
At 1 April 2023	8,958	(147)	(459)	8,352
(Credited)/charged to profit or loss for the year *(note 13)*	(2,759)	(9)	74	(2,694)
At 31 March 2024 and 1 April 2024	6,199	(156)	(385)	5,658
Charged/(credited) to profit or loss for the year *(note 13)*	4,474	(2,194)	46	2,326
At 31 March 2025	**10,673**	**(2,350)**	**(339)**	**7,984**

The following is the analysis of the deferred tax balances (after offsetting) for presentation in the consolidated statement of financial position purpose:

	2025 **HK$'000**	2024 HK$'000
Deferred tax liabilities	**8,108**	5,814
Deferred tax assets	**(124)**	(156)
	7,984	5,658

31. DEFERRED TAX (Continued)

At the end of the reporting period the Group has unused tax losses of HK$34,303,000 (2024: HK$25,938,000) available for offset against future profits. Deferred tax assets have been recognised in respect of HK$14,246,000 (2024: HK$942,000) of such losses. No deferred tax assets have been recognised in respect of the remaining HK$20,057,000 (2024: HK$24,996,000) due to the unpredictability of future profit streams. All unrecognised tax losses may be carried forward indefinitely.

32. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	**3,000,000,000**	**30,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	**500,000,000**	**5,000**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as total debt less bank and cash balances divided by total equity. Total debt comprises bank and other borrowings (except for bank overdrafts) and lease liabilities. Total equity comprises all components of equity (i.e. share capital, share premium, merger reserve and retained earnings).

The Group's strategy, which was unchanged throughout the year, was to maintain the net gearing ratio at a reasonable level in order to secure access to finance at a reasonable cost.

As at 31 March 2025, bank and cash balances amounted to HK$302,569,000 (2024: HK$426,967,000), which exceeded total debt of HK$10,147,000 (2024: HK$25,642,000). Accordingly, there was no net debt as at 31 March 2025 and 2024 and calculation of net gearing ratio as at 31 March 2025 and 2024 is not meaningful.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Investment in a subsidiary		**157,699**	157,699
Current assets			
Amounts due from subsidiaries	*39*	**110,305**	110,305
Bank balances		**297**	311
		110,602	110,616
Current liabilities			
Accruals		**39**	39
Net current assets		**110,563**	110,577
NET ASSETS		**268,262**	268,276
Equity			
Share capital	*32*	**5,000**	5,000
Reserves	*33(b)*	**263,262**	263,276
TOTAL EQUITY		**268,262**	268,276

Approved by the Board of Directors on 26 June 2025 and are signed on its behalf by:

Dr. XIE Hui **Dr. LI Zhuang**

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium HK$'000 *(note 34(b)(i))*	Contributed surplus HK$'000 *(note 34(b)(iii))*	Retained earnings HK$'000	Total HK$'000
At 1 April 2023	46,999	153,949	62,343	263,291
Total comprehensive income for the year	–	–	6,085	6,085
Dividend approved and paid in respect of the previous year	–	–	(6,100)	(6,100)
At 31 March 2024 and 1 April 2024	**46,999**	**153,949**	**62,328**	**263,276**
Total comprehensive income for the year	**–**	**–**	**4,686**	**4,686**
Dividend approved and paid in respect of the previous year	**–**	**–**	**(4,700)**	**(4,700)**
At 31 March 2025	**46,999**	**153,949**	**62,314**	**263,262**

34. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

34. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(ii) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of shares of a subsidiary acquired pursuant to the Reorganisation, as more fully explained in the section headed "History, Reorganisation and Corporate Structure" to the Company's prospectus dated 27 September 2019, over the nominal value of the share capital of the Company issued in exchange thereof.

(iii) Contributed surplus

Contributed surplus of the Company represents the difference between the cost of the investment in a subsidiary pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange thereof.

The contributed surplus of the Company is available for distribution to owners, provided that the Company is, after the payment of dividends out of the contributed surplus, able to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby not be less than the aggregate of its liabilities, issued share capital and reserves.

35. CONTINGENT LIABILITIES

(a) Performance bonds

As at 31 March 2025, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group amounting to approximately HK$257,080,000 (2024: HK$290,110,000). The performance bonds were secured by the Group's pledged bank deposits and financial assets at FVTPL and were guaranteed by the Company.

(b) Litigations

As at 31 March 2025, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees and third parties with estimated claim amounts, net of estimated insurance deductibles, of approximately HK$2,956,000 (2024: HK$3,372,000). In the opinion of the directors of the Company, the provision of insurance deductibles had been provided for based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

36. SHORT-TERM LEASE COMMITMENTS

The Group as lessee regularly entered into short-term leases for warehouses and carparks. The lease commitments for those short-term leases are similar to the short-term lease expenses recognised for the years ended 31 March 2025 and 2024. The corresponding short-term lease expenses of the portfolio of short-term leases during the years ended 31 March 2025 and 2024 were disclosed in note 19 to the consolidated financial statements.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities *(note 30)* HK$'000	Factoring loans HK$'000	Other borrowings *(note 29)* HK$'000	Total HK$'000
At 1 April 2023	15,795	–	28,314	44,109
Interest expenses	526	1,451	1,001	2,978
Cash outflows from operating activities	(526)	–	–	(526)
Cash outflows from financing activities	(7,134)	(1,451)	(12,334)	(20,919)
At 31 March 2024 and 1 April 2024	8,661	–	16,981	25,642
Interest expenses	237	–	589	826
Cash outflows from operating activities	(237)	–	–	(237)
Cash outflows from financing activities	(6,493)	–	(9,591)	(16,084)
At 31 March 2025	**2,168**	**–**	**7,979**	**10,147**

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

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

	2025 HK$'000	2024 HK$'000
Within operating cash flows	**1,050**	1,101
Within financing cash flows	**6,493**	7,134
	7,543	8,235

These amounts relate to the following:

	2025 HK$'000	2024 HK$'000
Lease rental paid	**3,273**	3,035
Payments for right-of-use assets	**4,270**	5,200
	7,543	8,235

38. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2025 HK$'000	2024 HK$'000
Compliance advisor fee to a related company *(note (i))*	**360**	360
Purchases of consumable goods from a related company *(note (i))*	**445**	–
Deposits paid for property, plant and equipment to a related company *(notes (i) and (ii))*	**1,564**	–

Notes:

(i) The related company and the Company have a common shareholder, that is Zhuhai Huafa Group Company Limited.

(ii) As at 31 March 2025, all the deposits paid are included in deposits under prepayments, deposits and other receivables (note 22).

38. RELATED PARTY TRANSACTIONS (Continued)

(b) The remuneration of directors of the Company and other members of key management personnel during the year are as follows:

	2025 HK$'000	2024 HK$'000
Salaries and allowances	**5,134**	6,777
Bonuses	**2,282**	1,049
Retirement benefit scheme contributions	**200**	248
	7,616	8,074

39. DETAILS OF SUBSIDIARIES

Name	**Place of incorporation/ establishment**	**Issued and paid up capital**	**Percentage of ownership interest/voting power/ profit sharing**		**Principal activities**
			2025	2024	
Directly held:					
Johnson Investment Holding Co., Ltd.	BVI	HK$2	**100%**	100%	Investment holding
Indirectly held:					
Johnson Cleaning Services Company Limited	Hong Kong	HK$10,200,000	**100%**	100%	Provision of cleaning, janitorial and other related services
Johnson Environmental Company Limited	Hong Kong	HK$5,000,000	**100%**	100%	Provision of garbage logistics and other related services
Wyson Security Services Limited	Hong Kong	HK$1,000,000	**100%**	100%	Provision of security guarding services
Johnson Professional Services Company Limited	Hong Kong	HK$5,000,000	**100%**	100%	Provision of pest control and other related services

Amounts due from subsidiaries are interest-free, unsecured and have no fixed terms of repayment.

Five-Year Financial Summary

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**1,836,054**	1,564,215	2,280,200	2,979,031	2,767,475
Profit before tax	**18,134**	19,225	38,085	156,252	215,909
Income tax expense	**(2,180)**	(1,966)	(7,535)	(26,616)	(27,374)
Profit for the year	**15,954**	17,259	30,550	129,636	188,535

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**922,342**	837,832	950,464	1,051,761	960,515
Total liabilities	**(314,612)**	(241,552)	(364,005)	(470,852)	(471,742)
Total equity attributable to equity holders of the Company	**607,730**	596,280	586,459	580,909	488,773