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Kwong Man Kee Group Limited

鄺文記集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8023)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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*This announcement, for which the directors (the “**Directors**”) of Kwong Man Kee Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

HIGHLIGHTS

- The revenue of the Group increased from approximately HK\$147.6 million for the year ended 31 March 2024 to approximately HK\$166.9 million, or by approximately 13.1% for the year ended 31 March 2025.
- The Group's gross profit decreased by approximately 3.0% from approximately HK\$53.3 million for the year ended 31 March 2024 to approximately HK\$51.7 million for the year ended 31 March 2025. The gross profit margin of the Group decreased from approximately 36.1% for the year ended 31 March 2024 to approximately 31.0% for the year ended 31 March 2025.
- The profit attributable to owners of the Company decreased from approximately HK\$13.9 million for the year ended 31 March 2024 to approximately HK\$8.2 million for the year ended 31 March 2025.
- Basic earnings per share was approximately HK1.37 cents for the year ended 31 March 2025 (2024: approximately HK2.31 cents).
- The board of directors (the “**Board**”) of the Company proposed a final dividend of HK0.5 cents per share of the Company for the year ended 31 March 2025. (2024: HK1 cent per share), which is subject to the approval of the shareholders (the “**Shareholders**”) of the Company at the forthcoming annual general meeting of the Company.

ANNUAL RESULTS

The Board is pleased to announce the consolidated financial results of the Group for the year ended 31 March 2025, together with the comparative figures for the corresponding year ended 31 March 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK\$	2024 HK\$
Revenue	3	166,935,149	147,556,253
Cost of sales		<u>(115,210,920)</u>	<u>(94,245,775)</u>
Gross profit		51,724,229	53,310,478
Other income and other gains or losses, net	4	(2,064,054)	560,863
(Provision for)/reversal of impairment loss on trade and retention receivables and contract assets	11, 12	(4,474,511)	722,641
General and administrative expenses		<u>(32,690,108)</u>	<u>(33,077,726)</u>
Operating profit		12,495,556	21,516,256
Finance income, net	5	254,379	301,973
Share of loss of an associate		–	(130,081)
Impairment loss of an associate		<u>(497,391)</u>	<u>(3,160,771)</u>
Profit before income tax	6	12,252,544	18,527,377
Income tax expense	7	<u>(3,175,313)</u>	<u>(3,738,196)</u>
Profit for the year		<u>9,077,231</u>	<u>14,789,181</u>
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss			
– Exchange difference on translation of foreign operations		22,533	(12,533)
– Reclassification adjustment for a foreign operation deregistered during the year		<u>27,070</u>	<u>–</u>
Other comprehensive income/(loss), net of tax		<u>49,603</u>	<u>(12,533)</u>
Total comprehensive income for the year		<u><u>9,126,834</u></u>	<u><u>14,776,648</u></u>

	<i>Notes</i>	2025 HK\$	2024 <i>HK\$</i>
Profit for the year attributable to:			
– Owners of the Company		8,190,004	13,857,632
– Non-controlling interests		887,227	931,549
		9,077,231	14,789,181
Total comprehensive income attributable to:			
– Owners of the Company		8,239,607	13,827,567
– Non-controlling interests		887,227	949,081
		9,126,834	14,776,648
Earnings per share attributable to owners of the Company			
– Basic and diluted (HK cents per share)	9	1.37	2.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		2025	2024
	<i>Notes</i>	HK\$	HK\$
ASSETS			
Non-current assets			
Property, plant and equipment		11,735,974	12,108,751
Interest in an associate		–	497,391
Investment in an insurance contract		1,421,298	1,374,731
Financial assets at fair value through profit or loss	10	5,254,459	2,616,561
Right-of-use assets		23,946,951	25,554,901
Deposits paid for acquisition of property, plant and equipment		1,830,000	–
Deferred tax assets		36,718	30,303
		44,225,400	42,182,638
Current assets			
Inventories		17,028,661	13,761,067
Trade and retention receivables	11	70,287,776	60,818,577
Prepayments, deposits and other receivables		6,512,747	5,381,189
Financial assets at fair value through profit or loss	10	–	4,305,765
Contract assets	12	7,324,245	7,938,641
Current income tax recoverable		1,076,514	632,639
Cash and cash equivalents		33,449,188	46,243,124
		135,679,131	139,081,002
Total assets		179,904,531	181,263,640
EQUITY			
Share capital		5,974,440	5,974,440
Reserves		60,349,142	60,299,539
Retained earnings		61,025,165	58,809,601
		127,348,747	125,083,580
Non-controlling interests		2,468,309	1,369,922
Total equity		129,817,056	126,453,502

	<i>Notes</i>	2025 HK\$	2024 <i>HK\$</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		404,356	322,518
Lease liabilities		1,027,120	1,407,970
		1,431,476	1,730,488
Current liabilities			
Trade payables	13	29,055,687	23,489,739
Accruals		5,145,479	4,759,863
Contract liabilities	12	5,631,597	10,263,878
Bank borrowings	14	6,974,700	13,043,463
Lease liabilities		1,105,724	1,078,608
Current income tax liabilities		742,812	444,099
		48,655,999	53,079,650
Total liabilities		50,087,475	54,810,138
Total equity and liabilities		179,904,531	181,263,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1 GENERAL INFORMATION

Kwong Man Kee Group Limited (the “Company”) was incorporated in the Cayman Islands on 30 May 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is 21/F, The Bedford, 91-93 Bedford Road, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the provision of engineering services in flooring, screeding, anti-skid surfacing, specialised texture painting and waterproofing works. The controlling shareholder of the Company is Mr. Kwong Chi Man (“Mr. Kwong”) and the parent company of the Company is Sage City Investments Limited (“Sage City”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

The Company listed its shares on GEM of the Stock Exchange on 13 October 2016.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for investment in an insurance contract and financial assets at fair value through profit or loss which are carried at cash surrender value and fair value, respectively.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

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

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

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

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

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

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

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

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

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

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

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

3 REVENUE AND SEGMENT INFORMATION

	2025 HK\$	2024 HK\$
Flooring	132,057,898	123,800,375
Ancillary services	34,025,524	22,959,776
Sales of materials	851,727	796,102
	<u>166,935,149</u>	<u>147,556,253</u>
Geographical markets:		
Hong Kong	166,812,856	145,586,366
Other Asian region	122,293	1,969,887
	<u>166,935,149</u>	<u>147,556,253</u>
Timing of revenue recognition:		
At a point in time	851,727	796,102
Over time	166,083,422	146,760,151
	<u>166,935,149</u>	<u>147,556,253</u>

The executive directors of the Company have been identified as the chief operating decision-maker of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The Directors regard the Group's business as a single operating segment and review consolidated financial statements accordingly.

The Group operates primarily in Hong Kong with substantially all its non-current assets located and capital expenditure incurred in Hong Kong.

Revenue from customers contributing over 10% of the total revenue of the Group for the year ended 31 March 2025 and 2024 were as follows:

	2025 HK\$	2024 HK\$
Customer A	N/A*	39,185,446
Customer B	29,613,514	N/A*
Customer C	20,949,813	N/A*

* The corresponding revenue did not contribute over 10% of the Group's total revenue.

4 OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	2025 HK\$	2024 HK\$
Government grants (<i>Note a</i>)	–	480
Net fair value (losses)/gains on financial assets at fair value through profit and loss – unrealised	(1,631,176)	496,102
Changes in cash surrender value of investment in an insurance contract	54,732	43,929
Gain on disposal of property, plant and equipment and right-of-use assets	2,000	20,352
Loss on deregistration of a subsidiary (<i>Note b</i>)	(503,636)	–
Sundry income	14,026	–
	<u>(2,064,054)</u>	<u>560,863</u>

Notes:

- (a) The government grants for the year ended 31 March 2024 mainly represented the subsidies provided by the Construction Industry Council under the Approved Technical Talents Training Programme. There were no unfulfilled conditions or other contingencies attached to these grants.
- (b) On 21 February 2025, the Group filed for a voluntary dissolution of a subsidiary. The subsidiary had no operational activities during both years ended 31 March 2025 and 31 March 2024. The deregistration of the subsidiary resulted in a loss of HK\$503,636, which has been recognised in the consolidated financial statements for the year ended 31 March 2025.

5 FINANCE INCOME, NET

	2025 HK\$	2024 HK\$
Finance income		
– Interest income on bank deposits	323,086	519,719
– Interest income on convertible promissory note	233,759	235,836
– Interest income on other receivables	136,829	8,877
	<u>693,674</u>	<u>764,432</u>
Finance costs		
– Interest on bank borrowings	(351,906)	(371,195)
– Finance charges on leases liabilities	(87,389)	(91,264)
	<u>(439,295)</u>	<u>(462,459)</u>
Finance income, net	<u>254,379</u>	<u>301,973</u>

6 PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2025 HK\$	2024 HK\$
Cost of materials used	58,843,576	53,519,002
Subcontractor costs	44,220,386	32,132,797
Employee benefit expenses		
– direct labour	9,382,978	6,323,984
– administrative staff	20,953,992	20,771,238
Depreciation of property, plant and equipment	1,258,944	1,225,406
Depreciation of right-of-use assets	2,449,996	2,239,873
Expenses related to short-term lease payments	449,642	329,438
Auditor's remuneration		
– audit services	650,000	1,080,000
– non-audit services	58,000	63,500
Write-off of inventories	34,397	72,678
Reversal of provision for inventory obsolescence	(97,606)	(269,824)
	<u>58,843,576</u>	<u>53,519,002</u>

7 INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	2025 HK\$	2024 HK\$
Current income tax:		
– Hong Kong Profits Tax	3,119,592	3,609,926
– (Over)/under-provision in prior years	(19,702)	39,945
	<u>3,099,890</u>	<u>3,649,871</u>
Deferred income tax	75,423	88,325
	<u>3,175,313</u>	<u>3,738,196</u>

(i) Hong Kong Profits Tax

In accordance with the two-tiered profits tax regime, for the subsidiary entitled to this benefit, Hong Kong Profits Tax was calculated at 8.25% on the first HK\$2,000,000 and 16.5% on the remaining balance of the estimated assessable profits for the years ended 31 March 2025 and 2024. For other Hong Kong incorporated subsidiaries, Hong Kong profits tax was calculated at 16.5%.

(ii) **Macau corporate income tax**

Macau Complementary Tax has been provided at the applicable rate of 12% on the estimated assessable profit in excess of MOP600,000 (approximately HK\$583,000) of the Group's operations in Macau.

8 DIVIDEND

	2025	2024
	HK\$	HK\$
Proposed final dividend – HK0.5 cents per share (2024: HK1 cent per share)	2,987,220	5,974,440

Dividend paid during the year ended 31 March 2025 was HK\$5,974,260 (2024: HK\$6,000,000).

A final dividend in respect of the financial year ended 31 March 2025 of HK0.5 cents per share (2024: HK1 cent per share), amounting to a total dividend of HK\$2,987,220 (2024: HK\$5,974,440), is to be proposed at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

9 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years.

	2025	2024
	HK\$	HK\$
Profit attributable to owners of the Company	8,190,004	13,857,632
Weighted average number of ordinary shares in issue	597,444,000	599,299,699
Basic earnings per share (HK cents)	1.37	2.31

As at 31 March 2025 and 2024, diluted earnings per share is equal to basic earnings per share as there were no dilutive potential shares.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$	2024 HK\$
Non-current assets		
Unlisted preference shares	3,084,397	2,616,561
Convertible promissory note (Note)	<u>2,170,062</u>	<u>–</u>
	5,254,459	2,616,561
Current asset		
Convertible promissory note (Note)	<u>–</u>	<u>4,305,765</u>
	<u>5,254,459</u>	<u>6,922,326</u>

Note: The Group subscribed to a USD500,000 convertible promissory note on 28 June 2022, bearing an interest rate of 6% per annum. The original maturity date of the promissory note was 1 July 2023. Pursuant to supplementary agreements, the maturity date has been extended to 31 July 2027 and accordingly, the balance has been reclassified to non-current assets. The convertible promissory note will automatically convert to equity securities in the event the investee raises funds in a qualified equity financing as stipulated under the convertible promissory note agreement.

11 TRADE AND RETENTION RECEIVABLES

	2025 HK\$	2024 HK\$
Trade receivables	56,900,522	46,046,759
Retention receivables	<u>24,843,034</u>	<u>21,779,373</u>
	81,743,556	67,826,132
Less: provision for impairment loss	<u>(11,455,780)</u>	<u>(7,007,555)</u>
Trade and retention receivables, net	<u>70,287,776</u>	<u>60,818,577</u>

As at 1 April 2023, trade and retention receivables, net of provision, amounted to HK\$62,090,805.

The credit period granted to trade customers other than for retention receivables is within 30 days. The terms and conditions in relation to the release of retentions varies from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

The ageing analysis of trade receivables based on invoice date is as follows:

	2025	2024
	HK\$	HK\$
1 – 30 days	8,211,929	10,251,213
31 – 60 days	11,951,250	9,939,087
61 – 90 days	7,187,626	2,191,761
Over 90 days	29,549,717	23,664,698
	56,900,522	46,046,759

In the consolidated statement of financial position, retention receivables were classified as current assets based on operating cycle. The aging of retention receivables based on invoice date is as follows:

	2025	2024
	HK\$	HK\$
Within 1 year	7,721,121	6,485,258
Between 1 to 5 years	17,121,913	15,294,115
	24,843,034	21,779,373

The carrying amounts of trade and retention receivables approximate their fair values due to their short maturities.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade and retention receivables.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Movement on the provision for impairment loss of trade and retention receivables is as follows:

	2025	2024
	HK\$	HK\$
As at 1 April	7,007,555	7,694,120
Provision for/(reversal of) impairment loss on trade and retention receivables	4,448,225	(686,565)
As at 31 March	11,455,780	7,007,555

12 CONTRACT ASSETS/(LIABILITIES)

	2025 HK\$	2024 HK\$
Contract assets	7,375,025	7,963,135
Less: provision for impairment loss	<u>(50,780)</u>	<u>(24,494)</u>
	<u>7,324,245</u>	<u>7,938,641</u>
	2025 HK\$	2024 HK\$
Contract liabilities	<u>(5,631,597)</u>	<u>(10,263,878)</u>

As at 1 April 2023, contract assets amounted to HK\$9,845,296 and contract liabilities amounted to HK\$14,057,731.

The contract assets are primarily related to the Group's rights to consideration for work completed and not billed at the reporting date because the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights for consideration become unconditional. The Group typically reclassifies contract assets to trade receivables on the date of acceptance reports issued by the customers and invoices issued to them when such right of collection becomes unconditional other than the passage of time.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade and retention receivables.

Movement on the provision for impairment loss of contract assets is as follows:

	2025 HK\$	2024 HK\$
As at 1 April	24,494	60,570
Provision for/(reversal of) impairment loss on contract assets	<u>26,286</u>	<u>(36,076)</u>
As at 31 March	<u>50,780</u>	<u>24,494</u>

13 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

	2025 HK\$	2024 HK\$
1 – 30 days	8,724,035	4,703,129
31 – 60 days	2,108,630	4,456,228
61 – 90 days	6,726,512	5,243,177
Over 90 days	11,496,510	9,087,205
	<u>29,055,687</u>	<u>23,489,739</u>

The carrying amounts of trade payables approximate their fair values due to their short maturities.

14 BANK BORROWINGS

	2025 HK\$	2024 HK\$
Secured		
– Bank borrowings which contain a repayable on demand clause	<u>6,974,700</u>	<u>13,043,463</u>

The fair values of bank borrowings approximate their carrying amounts as the impact of discounting is not significant. As at 31 March 2025, the Group's effective interest rate for bank borrowings was at a floating rate of 2.7% per annum (2024: 4.4% per annum).

The bank borrowings due for repayment, based on the scheduled repayment dates set out in the loan agreements, are as follows:

	2025	2024
	HK\$	HK\$
Within 1 year	1,109,063	6,061,372
Between 1 to 2 years	1,113,917	1,096,329
Between 2 to 5 years	2,634,070	2,834,026
Over 5 years	2,117,650	3,051,736
	6,974,700	13,043,463

As at 31 March 2025, total term and revolving banking facilities of HK\$24,474,700 (2024: HK\$25,543,463) of which approximately HK\$17,500,000 was unutilised (2024: approximately HK\$12,500,000). These facilities were secured by:

- (i) certain assets included in property, plant and equipment and right-of-use assets with carrying amounts of HK\$8,939,717 and HK\$22,144,795 (2024: HK\$9,325,014 and HK\$23,136,339), respectively;
- (ii) investment in an insurance contract with a carrying amount of HK\$1,421,298 (2024: HK\$1,374,731); and
- (iii) corporate guarantee provided by the Company.

As at 31 March 2025 and 2024, the Group has not breached any of the covenants of the banking facilities. The bank borrowings are denominated in HK\$.

15. COMMITMENT

As at 31 March 2025, the Group has remaining contractual obligations of HK\$16,470,000 (2024: nil) relating to the acquisition of a property in Hong Kong for business operations. This amount was payable upon the completion of the transaction in accordance with the terms of the agreement. Subsequent to the end of the reporting period, the property acquisition was completed in June 2025 for a total consideration of HK\$18,300,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in Hong Kong car park flooring industry. We provide (i) flooring services, which involve the application of proprietary floor coating products for the purpose of providing a colorful, slip-resistant, hard-wearing surface that is resistant against water and petrochemicals; (ii) ancillary services, which include specialised texture painting and waterproofing works; and (iii) sales of flooring and waterproofing materials. Our target segment ranges from mid to high end projects in the relevant market.

During the year ended 31 March 2025, the revenues from Hong Kong and other Asian regions were approximately HK\$166.8 million (2024: approximately HK\$145.6 million) and approximately HK\$122,000 (2024: approximately HK\$2.0 million), respectively. The other Asian region includes Macau where there was no sales recorded for the year ended 31 March 2025 (2024: approximately HK\$1.6 million).

For the year ended 31 March 2025, the Group recorded total revenue of approximately HK\$166.9 million, or an increase by approximately 13.1% as compared with approximately HK\$147.6 million for the same period ended 31 March 2024, and the Group's profit attributable to owners of the Company decreased from approximately HK\$13.9 million for the year ended 31 March 2024 to approximately HK\$8.2 million for the year ended 31 March 2025.

Revenue

The flooring services segment were the focus among our business segments for the year ended 31 March 2025. It involves the application of proprietary floor coating products for the purpose of providing a colorful, slip-resistant, hard-wearing surface that is resistant against water and petrochemicals. During the year ended 31 March 2025, the revenue from the floor services increased by approximately HK\$8.3 million to approximately HK\$132.1 million (2024: approximately HK\$123.8 million).

The ancillary services segment includes specialised texture painting and waterproofing works. During the year ended 31 March 2025, the revenue from ancillary services increased by approximately HK\$11.1 million to approximately HK\$34.0 million (2024: approximately HK\$23.0 million).

The sales of materials segment include the sales of flooring and waterproofing materials. During the year ended 31 March 2025, the revenue from the sales of materials increased by approximately HK\$56,000 to approximately HK\$852,000 (2024: approximately HK\$796,000).

In total, the revenue, principally generated from the provision of car park flooring services for construction projects, increased by approximately HK\$19.4 million or approximately 13.1% from approximately HK\$147.6 million for year ended 31 March 2024 to approximately HK\$166.9 million for year ended 31 March 2025. The increase in revenue was principally attributed to increase in projects awarded.

A breakdown of the revenue is listed below:

	Year ended 31 March	
	2025	2024
	HK\$	HK\$
Flooring	132,057,898	123,800,375
Ancillary services	34,025,524	22,959,776
Sales of materials	851,727	796,102
	<u>166,935,149</u>	<u>147,556,253</u>

Gross profit and gross profit margin

The Group's gross profit dropped by approximately HK\$1.6 million, or approximately 3.0% from approximately HK\$53.3 million for the year ended 31 March 2024 to approximately HK\$51.7 million for the year ended 31 March 2025. The gross profit margin of the Group decreased from approximately 36.1% for the year ended 31 March 2024 to approximately 31.0% for the year ended 31 March 2025. Such decrease was primarily due to the implementation of pricing strategy with lower profit margin by the Group in order to remain competitive and secure construction contracts in the flooring market.

Other income and other gains or losses, net

For the year ended 31 March 2025, the Group incurred net losses over the other income and gains of approximately HK\$2.1 million as compared with other income and gains of approximately HK\$561,000 for the year ended 31 March 2024. The net losses for the year ended 31 March 2025 were primarily due to (i) the net fair value losses of approximately HK\$1.6 million on the financial assets at fair value through profit and loss with reference to the valuation performed by an independent professional valuer and (ii) loss of approximately HK\$504,000 on deregistration of a subsidiary during the year ended 31 March 2025.

(Provision for)/reversal of impairment loss on trade and retention receivables and contract assets

For the year ended 31 March 2025, the impairment loss on trade and retention receivables and contract assets of approximately HK\$4.5 million was recognised (2024: reversal of impairment loss of approximately HK\$723,000) which were mainly due to (i) trade receivable due from customers with significant doubt on collection that are individually assessed to be fully impaired and (ii) adoption of a higher expected credit loss rates under the prevailing weak economy.

Impairment loss is calculated under expected credit loss model with reference to the expected credit loss rates, which were determined based on the Group's internal and historical credit loss data, the days past due and the probability of default of customers, and also taking into account the forward-looking information.

General and administrative expenses

General and administrative expenses of the Group slightly decreased from approximately HK\$33.1 million for the year ended 31 March 2024 to approximately HK\$32.7 million for the year ended 31 March 2025. General and administrative expenses consist primarily of staff cost, depreciation, professional fee and other general administrative expenses.

Impairment loss of an associate

Impairment loss of an associate relates to the Group's 40% equity interest in an associate providing a car-sharing platform and motor beauty service in Hong Kong and China, respectively.

For the year ended 31 March 2025, the Group conducted an impairment review of its investment in the associate with reference to its recoverable and carrying amounts. Consequently, an impairment loss of the associate was recognised in profit and loss as approximately HK\$497,000 for the year ended 31 March 2025 (2024: approximately HK\$3.2 million).

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and its value in use.

Income tax expense

Income tax expense for the Group was approximately HK\$3.2 million for the year ended 31 March 2025 as compared with income tax expense of approximately HK\$3.7 million for the year ended 31 March 2024. The decrease of income tax expense was mainly due to the decrease in profit before income tax from approximately HK\$18.5 million for the year ended 31 March 2024 to approximately HK\$12.3 million for the year ended 31 March 2025.

Profit for the year attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company decreased from approximately HK\$13.9 million for the year ended 31 March 2024 to approximately HK\$8.2 million for the year ended 31 March 2025.

OUTLOOK

As a result of the global economic slowdown and ongoing uncertainties in the property markets of Hong Kong and Macau, the Group anticipates facing a number of challenges in the years ahead. These challenges may include, but are not limited to, diminished demand in both the commercial and residential real estate sectors, increased competition in the market, and rising global inflation.

In spite of these challenges, the Group continues to be agile and responsive to the changing market dynamics. We are actively implementing (i) diversification strategies to reduce business risks and enhance revenue by exploring investment opportunities globally, with a particular focus on emerging economies in Asia; and (ii) measures to manage operating costs and streamline administrative expenses. These initiatives are designed to protect the interests of the Shareholders and ensure favorable returns on investments during periods of economic volatility.

Additionally, the Group is committed to sustaining its competitive advantage and market leadership in the car park flooring and waterproofing sectors, which have consistently been the foundational elements of our business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the Group had cash and cash equivalents of approximately HK\$33.4 million (2024: approximately HK\$46.2 million). The Group's current ratio was approximately 2.8 times as at 31 March 2025 compared to approximately 2.6 times at 31 March 2024.

The total interest-bearing borrowings (including bank borrowings and lease liabilities) of the Group as at 31 March 2025 were approximately HK\$9.1 million (2024: approximately HK\$15.5 million). The borrowings were secured by the Group's certain assets with carrying amount of approximately HK\$32.5 million as at 31 March 2025 (2024: approximately HK\$33.8 million).

As at 31 March 2025, the Group had total assets of approximately HK\$179.9 million (2024: approximately HK\$181.3 million) which were financed by total liabilities and total equity of approximately HK\$50.1 million (2024: approximately HK\$54.8 million) and approximately HK\$129.8 million (2024: approximately HK\$126.5 million). The Board considers that the Group has sufficient financial resources to meet its funding requirements at all times.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2025, certain assets included in property, plant and equipment and right-of-use assets with carrying amounts of approximately HK\$8.9 million and approximately HK\$22.1 million (2024: approximately HK\$9.3 million and approximately HK\$23.1 million), respectively, and investment in an insurance contract with a carrying amount of approximately HK\$1.4 million (2024: approximately HK\$1.4 million), were charged to secure a banking facilities of approximately HK\$24.5 million (2024: approximately HK\$25.5 million). As at 31 March 2025, approximately HK\$17.5 million of the banking facilities were unutilised (2024: approximately HK\$12.5 million).

GEARING RATIO

The gearing ratio of the Group as at 31 March 2025 was approximately 6.6% (2024: approximately 10.9%).

The gearing ratio is calculated based on the total interest-bearing borrowings divided by the total capital of approximately HK\$138.9 million as at 31 March 2025 (2024: approximately HK\$142.0 million). The total capital of the Group is calculated as total equity plus total borrowings.

CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on 13 October 2016. The share capital of the Company only comprises of ordinary shares.

As at 31 March 2025 and 2024, the Company's issued share capital was HK\$5,974,440 and the number of its issued ordinary shares was 597,444,000 of HK\$0.01 each.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this announcement, there was no significant investment held by the Group nor any material acquisition or disposal of subsidiary, associate and joint venture for the year ended 31 March 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of 31 March 2025.

RISK OF FOREIGN EXCHANGE FLUCTUATIONS

The Group's assets, liabilities, revenues and expenses are mainly denominated in Hong Kong dollars ("HK\$"), United States dollars ("US\$"), Macau Pataca ("MOP") and Malaysian Ringgit ("MYR"). Under the Linked Exchange Rate System of Hong Kong, HK\$ is pegged to US\$. Hence, the risk of the exchange rate fluctuation of US\$ against HK\$ is very limited. The exchange rates fluctuations of MOP and MYR against HK\$ are primarily arising from the operations of the Group's subsidiaries in Macau and Malaysia. In considering of their size of the operations, the Group considers the risk of foreign exchange fluctuations of MOP and MYR against HK\$ are insignificant to the Group.

The Group does not have foreign currency hedging arrangement but will closely monitor the exposure and take measures when necessary.

TREASURY POLICY

The Group adopted a prudent financial management approach towards its treasury policies and maintained a healthy liquidity position throughout the reporting year. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group had 64 employees in total (2024: 54 employees). The employee costs of the Group (including directors' emoluments and management, administrative and operational staff costs) for the year ended 31 March 2025 were approximately HK\$30.3 million (2024: approximately HK\$27.1 million).

The Group remunerates its employees based on their performance, working experience and with reference to the prevailing market conditions. On top of basic remuneration, discretionary bonus may be granted to senior management and staff members by reference to the Group's performance as well as individual's performance. Other staff benefits include medical benefits, mandatory provident fund and sponsorship of training courses. Share options may also be granted to eligible employees as incentives or rewards for their contribution to the Group.

CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group did not have any significant contingent liabilities.

COMMITMENT

Save as disclosed in note 15 of financial information of this announcement, the Group had no other material commitment as at 31 March 2025 and 2024.

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the GEM Listing Rules for the year ended 31 March 2025.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the “**Code of Conduct**”). Having made specific enquiries to all Directors, each of them has confirmed that he/she has fully complied with the required standard of dealings set out in the Code of Conduct during the year ended 31 March 2025.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2025.

EVENTS AFTER THE DATE OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Save as disclosed in note 15 of financial information of this announcement, the Board is not aware of any other significant event after the date of consolidated statement of financial position that requires disclosure.

DIVIDENDS

The Board recommended the payment of a final dividend of HK0.5 cents per share of the Company for the year ended 31 March 2025 (2024: HK1 cent per share), which is subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM").

ANNUAL GENERAL MEETING

The Company will hold the AGM on 29 August 2025. Notice of the AGM will be published and dispatched to the Shareholders in accordance with the articles of association of the Company and the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 26 August 2025 to 29 August 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 pm on 25 August 2025.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 9 September 2025 to 12 September 2025, both dates inclusive, during which period no transfer of Shares will be registered. Only Shareholders whose names appear on the register of members of the Company on 12 September 2025 are entitled to the proposed final dividend payable on or about 2 October 2025. In order to qualify for the entitlement to the proposed final dividend, unregistered holders of shares of the Company will ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 pm on 8 September 2025.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 24 September 2016 with its written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 March 2025, which is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in this preliminary announcement have been agreed by the Group’s auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year as approved by the Board. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on this preliminary announcement.

PUBLICATION OF ANNUAL REPORT ON THE GEM WEBSITE

The annual report for the year ended 31 March 2025 containing all the information required by the GEM Listing Rules will be made available on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.kmk.com.hk) and despatched to the Shareholders who have elected to receive printed form in due course.

By order of the Board
Kwong Man Kee Group Limited
Kwong Chi Man
Chairman and Executive Director

Hong Kong, 27 June 2025

As at the date of this announcement, the executive Directors are Mr. Kwong Chi Man (Chairman) and Mr. Yip Kong Lok and the independent non-executive Directors are Ms. Yu Wan Wah Amparo, Ms. To Yee man and Mr. Wat Danny Hiu Yan.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.com for at least 7 days from the date of its posting and the Company’s website at www.kmk.com.hk.