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Sunray Engineering Group Limited

新威工程集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8616)

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 high 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Sunray Engineering Group Limited (the “**Company**”) 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.*

FINAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2025, together with the comparative audited figures for the year ended 31 March 2024 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Revenue	3	162,457	165,947
Cost of sales and services		(113,173)	(117,003)
Gross profit		49,284	48,944
Other income	5	306	279
Other gains and losses	6	319	162
Impairment losses under expected credit loss model, net of reversal	7	(13,021)	(441)
Selling and distribution costs		(7,288)	(6,876)
Administrative expenses		(41,087)	(40,689)
Finance costs	8	(1,027)	(1,425)
Loss before taxation	9	(12,514)	(46)
Income tax expense	10	(766)	(752)
Loss for the year		(13,280)	(798)
Other comprehensive income for the year			
<i>Item that may be reclassified subsequently to profit on loss:</i>			
Exchange differences arising on translation of foreign operations		13	—
Total comprehensive expense for the year		(13,267)	(798)
Loss per share			
Basic (HK cents)	11	(1.33)	(0.08)

Consolidated Statement of Financial Position

At 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property and equipment		45,221	47,821
Right-of-use assets		4,263	4,021
Rental and other deposits	13	140	140
		<u>49,624</u>	<u>51,982</u>
Current assets			
Inventories		18,618	16,698
Trade and other receivables	13	17,831	25,806
Contract assets	14	109,595	123,525
Cash and cash equivalents		49,123	35,185
		<u>195,167</u>	<u>201,214</u>
Current liabilities			
Trade and other payables	15	21,684	23,986
Contract liabilities	14	22,748	14,880
Lease liabilities		1,602	1,815
Taxation payable		2,347	1,175
Bank borrowings	16	20,439	22,325
		<u>68,820</u>	<u>64,181</u>
Net current assets		<u>126,347</u>	<u>137,033</u>
Total assets less current liabilities		<u>175,971</u>	<u>189,015</u>
Non-current liabilities			
Lease liabilities		1,941	1,504
Deferred taxation		532	746
		<u>2,473</u>	<u>2,250</u>
Net assets		<u><u>173,498</u></u>	<u><u>186,765</u></u>
Capital and reserves			
Share capital		10,000	10,000
Reserves		163,498	176,765
Total equity		<u><u>173,498</u></u>	<u><u>186,765</u></u>

Notes:

1. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared based on the accounting policies in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the 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.

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 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards- Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²

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

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

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

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

Except for HKFRS 18 which will affect the presentation of the statement of profit or loss and disclosures in the future financial statements, the directors of the Company anticipate that the application of all the amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

Revenue represents the fair value of amounts received and receivable from provision of building protection works and supply of building protection products.

An analysis of the Group's revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Provision of building protection works, recognised over time:		
Residential buildings	35,057	36,187
Community facilities (Note)	68,868	57,753
Commercial buildings	13,333	27,624
	<u>117,258</u>	<u>121,564</u>
Supply of building protection products, recognised at a point in time	45,199	44,383
	<u>162,457</u>	<u>165,947</u>

Note: Community facilities include sports centres, theatre, hospitals, power station and other community facilities.

All the Group's provision of building protection works are made directly with customers which are mainly construction companies and contractors in Hong Kong. The period of building protection works normally varies from 1 to 4 years. The customers for supply of building protection products are mainly located in Hong Kong and Macau.

4. SEGMENT INFORMATION

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

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

- Provision of building protection works; and
- Supply of building protection products.

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

Segment revenue and results

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

For the year ended 31 March 2025

	Provision of building protection works HK\$'000	Supply of building protection products HK\$'000	Total HK\$'000
Segment revenue - external	<u>117,258</u>	<u>45,199</u>	<u>162,457</u>
Segment results	<u>29,629</u>	<u>19,655</u>	<u>49,284</u>
Other income			306
Other gains and losses			319
Impairment losses under ECL model, net of reversal			(13,021)
Selling and distribution costs			(7,288)
Administrative expenses			(41,087)
Finance costs			<u>(1,027)</u>
Loss before taxation			<u>(12,514)</u>

For the year ended 31 March 2024

	Provision of building protection works HK\$'000	Supply of building protection products HK\$'000	Total HK\$'000
Segment revenue - external	<u>121,564</u>	<u>44,383</u>	<u>165,947</u>
Segment results	<u>29,758</u>	<u>19,186</u>	48,944
Other income			279
Other gains and losses			162
Impairment losses under ECL model, net of reversal			(441)
Selling and distribution costs			(6,876)
Administrative expenses			(40,689)
Finance costs			<u>(1,425)</u>
Loss before taxation			<u>(46)</u>

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of other income, other gains and losses, impairment losses under ECL model, net of reversal, selling and distribution costs, administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

Geographical information

The Group's operations are located in Hong Kong, Macau and Mainland China. Analysis of the Group's revenue by geographical locations is detailed below:

	2025	2024
	HK\$'000	HK\$'000
Hong Kong	150,211	149,653
Macau	12,175	16,294
Mainland China	71	—
	<u>162,457</u>	<u>165,947</u>

The Group's non-current assets, excluding financial assets, are substantially situated in Hong Kong.

5. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	306	177
Sundry income	—	102
	<u>306</u>	<u>279</u>

6. OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Net exchange (loss) gain	(120)	325
Gain (loss) on disposal of property and equipment	360	(163)
Gain from early termination of lease contracts	79	—
	<u>319</u>	<u>162</u>

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2025 HK\$'000	2024 HK\$'000
Net impairment losses recognised on:		
– trade receivables	874	85
– contract assets	12,147	356
	<u>13,021</u>	<u>441</u>

8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interests on:		
– bank borrowings	912	1,306
– lease liabilities	115	119
	<u>1,027</u>	<u>1,425</u>

9. LOSS BEFORE TAXATION

	2025 HK\$'000	2024 HK\$'000
Loss before taxation has been arrived at after charging:		
Directors' emoluments	12,200	12,313
Other staff costs	32,570	28,176
Retirement benefit schemes contributions for other staffs	1,130	1,011
Total staff costs	<u>45,900</u>	<u>41,500</u>
Auditor's remuneration	880	880
Variable lease payments in respect of land and buildings which are not included in the measurement of lease liabilities (Note)	3,187	3,464
Cost of inventories recognised as an expense	62,501	63,857
Depreciation of property and equipment	3,679	3,728
Depreciation of right-of-use assets	<u>2,104</u>	<u>1,888</u>

Note: The variable lease payments for certain warehouses are determined according to predetermined unit cost and the usage of storage units of respective warehouses pursuant to terms and conditions that are set out in respective rental agreements.

10. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
The tax charge comprises:		
Hong Kong Profits Tax		
Current tax	1,023	1,069
Overprovision in prior years	(43)	(113)
	<u>980</u>	<u>956</u>
Deferred tax charge	(214)	(204)
	<u>766</u>	<u>752</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision for Macau Complementary Tax is made as the Group has no estimated assessable profits exceeding Macau Pataca 600,000 for both years.

11. LOSS PER SHARE

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

	2025	2024
	HK\$'000	HK\$'000
Loss:		
Loss for the year attributable to owners to the Group		
for the purpose of calculating basic loss per share	<u>(13,280)</u>	<u>(798)</u>
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the		
purpose of calculating basic loss per share	<u>1,000,000</u>	<u>1,000,000</u>

No diluted loss per share for both years ended 31 March 2025 and 2024 were presented as there were no potential ordinary shares in issue for both years.

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

13. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	18,139	23,377
Less: Allowance for impairment	<u>(1,928)</u>	<u>(1,054)</u>
	16,211	22,323
Other receivables	514	505
Prepayment and deposits	<u>1,246</u>	<u>3,118</u>
	17,971	25,946
Less: Rental and other deposits classified as non-current portion	<u>(140)</u>	<u>(140)</u>
Current portion	<u><u>17,831</u></u>	<u><u>25,806</u></u>

As at 1 April 2023, the carrying amount of trade receivables is HK\$22,371,000, net of allowance for impairment of HK\$969,000.

Trade receivables represent the amounts receivable, after deduction of retention receivables. For provision of building protection works, the trade receivables usually fall due within 14 to 30 days after the work is certified. For supply of building protection products, the Group normally allows a credit period ranging from 15 to 30 days to its customers.

The following is an ageing analysis of trade receivables, net of loss allowance, presented based on the approval dates of work certified or dates of invoices at the end of the reporting period.

	2025	2024
	HK\$'000	HK\$'000
0 to 30 days	9,594	9,287
31 to 90 days	2,253	7,262
91 to 180 days	53	854
181 to 365 days	3,813	2,251
Over 365 days	498	2,669
	<u>16,211</u>	<u>22,323</u>

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

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$6,617,000 (2024: HK\$13,036,000) which are past due. The Group does not hold any collateral over these balances.

In addition, the management of the Group is of the opinion that no event of default occurred for trade receivables past due over 90 days as the balances are still considered fully recoverable based on the management's historical experience on the settlement pattern from these customers.

14. CONTRACT ASSETS/LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Analysed on a gross basis of:		
Contract assets — provision of building protection works	122,739	124,522
Less: Allowance for impairment	(13,144)	(997)
	<u>109,595</u>	<u>123,525</u>
Contract liabilities		
– provision of building protection works	(21,949)	(12,961)
– supply of building protection products	(799)	(1,919)
	<u>(22,748)</u>	<u>(14,880)</u>

As at 1 April 2023, the carrying amount of contract assets is HK\$135,999,000, net of allowance for impairment of HK\$641,000.

As at 31 March 2025, included in carrying amounts of contract assets are retention receivables of HK\$37,221,000 (2024: HK\$37,392,000), net of loss allowance of HK\$4,149,000 (2024: HK\$572,000).

Retention receivables represent the money retained by the Group's customers to secure the due performance of the contracts. The customers normally withhold 10% of the certified amount payable to the Group as retention money (accumulated up to maximum 5% of contract sum), 50% of which is normally recoverable upon completion of respective projects and the remaining 50% is recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 year to 2 years from the date of completion of respective projects. The amount is unsecured and interest-free.

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

	2025	2024
	HK\$'000	HK\$'000
Within one year	5,949	10,014
After one year	31,272	27,378
	<u>37,221</u>	<u>37,392</u>

As at 1 April 2023, the carrying amount of contract liabilities was HK\$12,302,000.

At the end of the reporting period, contract liabilities represent advanced payments from customers for unsatisfied performance obligations and are recognised as revenue when the Group performs its obligations under the contracts which are expected to be satisfied within one year.

15. TRADE AND OTHER PAYABLES

	2025	2024
	HK\$'000	HK\$'000
Trade payables	8,422	13,235
Retention payables	6,845	6,296
Accrued staff costs	1,668	1,386
Accrued expenses	4,749	3,069
	<u>21,684</u>	<u>23,986</u>

The following is an ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	2025	2024
	HK\$'000	HK\$'000
0 - 30 days	4,006	8,883
31 to 90 days	354	1,128
Over 90 days	4,062	3,224
	<u>8,422</u>	<u>13,235</u>

The credit period of trade payables ranges from 30 to 90 days.

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

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

	2025	2024
	HK\$'000	HK\$'000
Within one year	1,733	1,772
After one year	5,112	4,524
	<u>6,845</u>	<u>6,296</u>

16. BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Variable-rate, secured bank borrowings	<u>20,439</u>	<u>22,325</u>
The carrying amounts of the above bank borrowings are repayable*:		
– Within one year	1,715	1,698
– More than one year, but not exceeding two years	1,787	1,746
– More than two years, but not exceeding five years	2,866	3,691
– More than five years	<u>14,071</u>	<u>15,190</u>
Carrying amounts of bank borrowings that contain a repayment on demand clause shown under current liabilities	<u>20,439</u>	<u>22,325</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At 31 March 2025, the range of effective interest rates on the bank borrowings are 3.40% to 4.66% (2024: 3.875% to 5.59%) per annum.

At 31 March 2025, the Group has pledged its leasehold land and building with a carrying value of HK\$39,600,000 (2024: HK\$41,108,000) to secure general banking facilities granted to the Group. The bank borrowings are also secured by corporate guarantees provided by the Company.

The bank borrowings at 31 March 2025 and 2024 carried variable interest rate at Hong Kong Dollar Prime Rate minus 2.25% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong-based building protection solution provider principally engaged in provision of building protection works and supply of building protection products.

The Group's building protection works generally refer to the selection and use of appropriate building protection products in a building for protection against water, thermal, acoustic and fire. The supply of building protection products refers to identifying, sourcing, promoting and distributing suitable building protection products to the Group's customers to meet their varying needs and requirements. The building protection products supplied by the Group are mainly waterproofing products, tiling products, flooring and other products.

During the year ended 31 March 2025, the Group had taken up 363 projects with an original contract sum of approximately HK\$1,134.6 million in which the Group had completed 31 projects with an original contract sum of approximately HK\$76.4 million. As at 31 March 2025, the Group had 332 contracts in progress with an original contract sum of approximately HK\$1,058.2 million.

FINANCIAL REVIEW

The Group recorded a total revenue of approximately HK\$162.5 million for FY2025, representing a decrease of approximately HK\$3.5 million or 2.1% as compared to that of approximately HK\$166.0 million for the year ended 31 March 2024. Gross profit of the Group increased by approximately HK\$0.4 million, from approximately HK\$48.9 million for the year ended 31 March 2024 to approximately HK\$49.3 million for FY2025. Loss for the year attributable to owners of the Company for FY2025 was approximately HK\$13.3 million, as compared to a loss of approximately HK\$0.8 million for the year ended 31 March 2024.

PROSPECTS

The external environment in Hong Kong remains complicated. The Group anticipates that intense competition in tenders, driven by aggressive pricing strategies from competitors, along with stringent customer budgets, rising interest rates, increased material costs, subcontracting charges and labour costs, will continue to impact the Group's operations and financial performance in the near term.

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

Going forward, the Group will stay vigilant and continue to strengthen its market position by expanding its workforce and competing for more building protection work projects in Hong Kong. The Directors remain confident in the prospects of the Group and are committed in creating long-term and sustainable value for the Company and its shareholders.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks that could adversely affect the Group's operations and financial results. The major uncertainties may include:

- (i) the Group derives revenue from projects and purchase orders of a non-recurrent nature, where there is no guarantee that customers will provide the Group with new business or that the Group will secure new contracts;
- (ii) the Group determines the contract price based on the estimated time and costs involved in the project. An under-estimation or ineffective cost management may adversely affect the Group's financial results;
- (iii) the slow economic recovery may significantly and adversely impact the Group's business operations and financial performance;
- (iv) the timing of the Group's payment to suppliers may not match the receipt of payment from customers;
- (v) the Group relies on its major subcontractors to help complete the building protection works projects. Any material surges of their charges or any substandard work by subcontractors will affect the Group to a large extent;
- (vi) the Group relies on independent third party suppliers for production of all its own-brand building protection products; and
- (vii) the Group relies on brand owners and manufacturers for the supply of building protection products to satisfy its business operation needs. Failure to secure a steady supply of these products to the Group may adversely affect its results of business operations.

Save as disclosed above, the principal risks and uncertainties affecting the Group as disclosed in the Prospectus remain substantially unchanged since the Listing Date and up to the date of this report. For details and other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the Prospectus.

The Group will continue to use its best efforts to ensure it has sufficiently mitigated the risks present in its operations and financial position as efficiently and effectively as possible.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has adopted risk management and internal control policies to monitor the on-going compliance with the relevant laws and regulations. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 31 March 2025.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the Group had total assets of approximately HK\$244.8 million (31 March 2024: HK\$253.2 million), including bank balances and cash of approximately HK\$49.1 million (31 March 2024: HK\$35.2 million). Such decrease in total assets was mainly attributable to the decrease in contract assets.

Equity attributable to equity holders of the Company as at 31 March 2025 was approximately HK\$173.5 million, representing a decrease of approximately HK\$13.3 million as compared to that of approximately HK\$186.8 million as 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\$24.0 million (31 March 2024: HK\$25.6 million). The borrowings were secured by the Group's property with a carrying value of approximately HK\$39.6 million as at 31 March 2025 (31 March 2024: HK\$41.1 million).

The Group's financial position remains solid and we have sufficient cash and cash equivalents to meet our liabilities when they become due.

Gearing ratio

The Group's gearing ratio (dividing the total interest bearing borrowings and lease liabilities by equity attributable to equity holders of the Company at the year-end date) increased from approximately 13.7% as at 31 March 2024 to approximately 13.8% as at 31 March 2025.

Current ratio

As at 31 March 2025, the Group had net current assets of approximately HK\$126.3 million, representing a decrease of approximately HK\$10.7 million as compared to that of approximately HK\$137.0 million as at 31 March 2024. As a result, the Group's current ratio, which was calculated based on the total current assets divided by total current liabilities at the year-end date, decreased from approximately 3.1 times as at 31 March 2024 to approximately 2.8 times as at 31 March 2025.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the reporting period. The management of the Group regularly reviews the recoverable amounts of contract assets and trade receivables by performing ongoing credit assessments and monitoring prompt recovery and if necessary making adequate impairment losses for irrecoverable amounts. In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with leading licensed banks in Hong Kong and denominated in Hong Kong dollars.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2025, the Group did not hold any significant investment (31 March 2024: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 March 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group had 127 employees excluding the Directors. Total staff costs incurred excluding Directors' remuneration for the year ended 31 March 2025 were approximately HK\$33.7 million (31 March 2024: HK\$29.2 million). The remuneration package offered to the Group's employees includes salary, commission and discretionary bonus. The Group's remuneration policies are in line with the prevailing market practices and the staff remuneration is determined on the basis of the performance and experience of each individual employee.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

FOREIGN CURRENCY FLUCTUATION

The revenue of the Group is mainly denominated in Hong Kong dollars. However, some of our waterproofing products are sourced from overseas countries and the Mainland China and settled in currencies including Euro, US Dollars, Hong Kong dollars and Renminbi. Therefore, the Group is subject to risks associated with foreign exchange rate fluctuations, particularly the Hong Kong dollars against Renminbi or Euro. The Group currently has no foreign currency hedging policy and the management will monitor the foreign exchange exposure by closely monitoring the movements of foreign currency rates. The Group will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

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

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2025 and up to date of this announcement.

PURCHASE, SALE AND REDEMPTION OF SHARES

The Company did not redeem any of its securities listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such securities during the year ended 31 March 2025 and up to the date of this announcement.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year ended 31 March 2025.

AUDIT COMMITTEE

The Group's financial statements for the year ended 31 March 2025 have been reviewed by the audit committee of the Board, which is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The Board ensures that effective self-regulatory practices exist to protect the interests of the shareholders of the Company.

The Company has applied the principles and complied with all the code provisions as set out in the corporate governance code (“**CG Code**”) contained in Part 2 of Appendix C1 to the GEM Listing Rules throughout the year ended 31 March 2025, save for the deviations discussed below.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Lam Ka Wing (“**Mr. Lam**”) is both the chairman and chief executive officer of the Company who is responsible for managing the Board and the Group’s business. Mr. Lam has been both chairman and chief executive officer of the Company since its incorporation. The Board considers that, with the present Board structure and scope of business of the Group, there is no imminent need to separate the roles into two individuals as Mr. Lam is perfectly capable of distinguishing the priority of these roles in which he has been acting. However, the Board will continue to review the effectiveness of the Group’s corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer is necessary.

DIVIDENDS

The Board does not recommend any payment of final dividend for the year ended 31 March 2025 (31 March 2024: Nil).

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2025. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 March 2025.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 June 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 20 August 2025, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF THE REGISTER OF MEMBERS OF SHARES

To be eligible to attend and vote in the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 15 August 2025 to Wednesday, 20 August 2025 (both dates inclusive) during which period no transfer of shares of the Company will be registered. To be qualified for attending and voting at the forthcoming annual general meeting, all share transfer documents must be lodged with Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17/F, Far East Financial Centre 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 14 August 2025.

PUBLICATION OF ANNUAL REPORT ON THE GEM WEBSITE

The annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to shareholders of the Company and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.sunray.com.hk) in due course.

By order of the Board
Sunray Engineering Group Limited
Lam Ka Wing
Chairman

Hong Kong, 27 June 2025

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lam Ka Wing and Ms. Wong Pui Yee Edith; and three independent non-executive Directors, namely Mr. Ng Kwun Wan, Ms. Cho Mei Ting and Mr. Ho Ka Kit.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for at least 7 days from its date of publication and on the Company's website at www.sunray.com.hk.