



TSUN YIP HOLDINGS LIMITED

進業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8356)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025
AND CHANGE IN COMPOSITION OF
THE NOMINATION COMMITTEE**

**CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG
KONG LIMITED**

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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

Consolidated Results

For the year ended 31 March

| | Changes | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|---------|-------------------------|-------------------------|
| Revenue | -21.9% | 366,071 | 468,963 |
| Gross profit | -45.0% | 9,933 | 18,063 |
| Loss before income tax | 23.0% | (11,903) | (9,677) |
| Loss attributable to the owners of the Company | 21.6% | (11,341) | (9,324) |
| Basic loss per Share (<i>HK cents</i>) | -12.6% | (20.1) | (23.0) |

Consolidated Financial Position

As at 31 March

| | Changes | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|---------|-------------------------|-------------------------|
| Total assets | -24.3% | 165,649 | 218,960 |
| Cash and cash equivalents | 16.4% | 56,120 | 48,222 |
| Total liabilities | -67.0% | 205,514 | 622,390 |
| Equity attributable to the owners of the Company | 89.9% | (40,930) | (405,113) |

Ratios

As at 31 March

| | 2025 | 2024 |
|------------------------------------|------------------|-----------|
| Return on equity (<i>Note a</i>) | N/A | N/A |
| Return on assets (<i>Note b</i>) | -7.2% | -4.2% |
| Current ratio (<i>Note c</i>) | 0.90 time | 0.33 time |
| Gearing ratio (<i>Note d</i>) | 60.5% | 176.7% |

Notes:

- (a) Return on equity is calculated as net loss divided by Shareholders' equity.
- (b) Return on assets is calculated as net loss divided by total assets.
- (c) Current ratio is calculated as total current assets divided by total current liabilities.
- (d) Gearing ratio is calculated as total amount of promissory note, convertible notes, lease liabilities and contract liabilities divided by total assets.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

| | |
|--------------------------------|--|
| “Board” | the board of Directors |
| “BVI” | the British Virgin Islands |
| “Company” | Tsun Yip Holdings Limited (進業控股有限公司), a company incorporated in the Cayman Islands with limited liability on 15 March 2010 |
| “Director(s)” | director(s) of the Company |
| “Financial Statements” | the audited financial statements of the Group for the year ended 31 March 2025 |
| “GEM” | the GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Government” | the Government of Hong Kong |
| “Group” | the Company and its subsidiaries |
| “HK\$” and “HK cent(s)” | Hong Kong dollar(s) and cent(s), respectively, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Mr. Kan” | Mr. Kan Kwok Cheung (簡國祥), an executive Director and the controlling shareholder of the Company |
| “PRC” | the People’s Republic of China, excluding Hong Kong, Macau and Taiwan |

| | |
|-------------------------|--|
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended or otherwise modified from time to time |
| “Share(s)” | ordinary share(s) of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

The Board is pleased to present the consolidated results of the Group for the year ended 31 March 2025 together with the comparative figures for 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

| | <i>Notes</i> | 2025 HK\$'000 | 2024 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue | 4 | 366,071 | 468,963 |
| Cost of services | | <u>(356,138)</u> | <u>(450,900)</u> |
| Gross profit | | 9,933 | 18,063 |
| Other income | 5 | 4,309 | 2,984 |
| Other gains/(losses), net | 6 | 4,954 | (1,097) |
| Administrative and operating expenses | | <u>(25,681)</u> | <u>(17,629)</u> |
| (Loss)/profit from operations | 8 | (6,485) | 2,321 |
| Finance costs | 9 | <u>(5,418)</u> | <u>(11,998)</u> |
| Loss before income tax | | (11,903) | (9,677) |
| Income tax (expense)/credit | 10 | <u>(56)</u> | <u>565</u> |
| Loss for the year | | (11,959) | (9,112) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translating foreign operations | | <u>–</u> | <u>488</u> |
| Total comprehensive loss for the year | | <u>(11,959)</u> | <u>(8,624)</u> |

| | 2025 | 2024 |
|---|--------------------------------|-----------------------|
| <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| (Loss)/profit for the year attributable to: | | |
| – Owners of the Company | (11,341) | (9,324) |
| – Non-controlling interest | <u>(618)</u> | <u>212</u> |
| | <u>(11,959)</u> | <u>(9,112)</u> |
| Total comprehensive (loss)/income for the year attributable to | | |
| – Owners of the Company | (11,341) | (8,836) |
| – Non-controlling interest | <u>(618)</u> | <u>212</u> |
| | <u>(11,959)</u> | <u>(8,624)</u> |
| Loss per share attributable to owners of the Company | | |
| – Basic and diluted (<i>HK cents</i>) | <i>12</i> <u>(20.1)</u> | <u>(23.0)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

| | <i>Notes</i> | 2025 HK\$'000 | 2024 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 15,095 | 12,810 |
| Right-of-use assets | | 1,614 | 3,746 |
| Deposit paid for acquisition of property, plant and equipment | <i>13</i> | 1,385 | – |
| | | 18,094 | 16,556 |
| Current assets | | | |
| Trade and other receivables | <i>13</i> | 82,047 | 103,065 |
| Contract assets | | 9,367 | 51,070 |
| Tax recoverable | | 21 | 47 |
| Cash and cash equivalents | | 56,120 | 48,222 |
| | | 147,555 | 202,404 |
| Total assets | | 165,649 | 218,960 |
| Current liabilities | | | |
| Trade and other payables | <i>14</i> | 94,532 | 227,800 |
| Contract liabilities | | 59,713 | 83,933 |
| Lease liabilities | | 1,120 | 1,735 |
| Promissory note | | – | 44,122 |
| Convertible notes | | – | 257,030 |
| Employee benefits | | 9,399 | 6,210 |
| | | 164,764 | 620,830 |
| Net current liabilities | | (17,209) | (418,426) |
| Total assets less current liabilities | | 885 | (401,870) |

| | 2025 | 2024 |
|--------------------------------|------------------------|------------------|
| <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Non-current liabilities | | |
| Lease liabilities | 588 | 71 |
| Promissory note | 38,749 | – |
| Deferred tax liabilities | 1,413 | 1,489 |
| | <u>40,750</u> | <u>1,560</u> |
| Total liabilities | <u>205,514</u> | <u>622,390</u> |
| Net liabilities | <u>(39,865)</u> | <u>(403,430)</u> |
| Capital and reserves | | |
| Share capital | 5,722 | 4,055 |
| Reserves | (46,652) | (409,168) |
| | (40,930) | (405,113) |
| Non-controlling interests | 1,065 | 1,683 |
| Total equity | <u>(39,865)</u> | <u>(403,430)</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands on 15 March 2010 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 registered office and principal place of business of the Company are located at the offices of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit M&N, 8/F, Hi-Speed Centre 1,18 On Chuen Street, Fanling, New Territories respectively.

Pursuant to a special resolution passed at the extraordinary general meeting on 31 May 2024 and the issue of the certificate of incorporation on change of name by the Registrar of Companies in Cayman Islands on 7 June 2024, the English name and the Chinese name of the Company have been changed from “CNC Holdings Limited” to “Tsun Yip Holdings Limited” and “中國新華電視控股有限公司” to “進業控股有限公司”, respectively.

The substantial shareholder of the Company is Mr. Kan Kwok Cheung, an executive director of the Company. As at the date of this announcement, Mr. Kan Kwok Cheung owns 57.1% issued shares capital of the Company and is the controlling shareholder of the Company.

The Shares of the Company were listed on GEM of the Stock Exchange on 30 August 2010.

The principal activities of the Company are investment holding. The principal activities of its subsidiaries are the provision of civil engineering services for the public sector in Hong Kong.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”) for the first time, which are mandatorily effective for their annual reporting period commencing 1 April 2024 for the preparation of consolidated financial statements:

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

The application of the amendments to HKFRSs 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 in issued but not yet effective

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

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

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

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

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

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

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

(c) Going concern basis

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that the Group incurred a net loss of approximately HK\$11,959,000 during the year ended 31 March 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$17,209,000 and HK\$39,865,000 respectively.

The directors of the Company adopted the going concern basis in the preparation of consolidated financial statements and implemented certain measures in order to improve the working capital and liquidity and cash flow position of the Group:

- Mr. Kan Kwok Cheung, an executive director and controlling shareholder of the Company, has granted a loan facility up to HK\$60,000,000 (which has not been utilised up to date of this announcement) to the Group to maintain the going concern of the Company; and
- The management is endeavoring to improve the Group's operating results and cash flows through cost control measures and will focus on the existing business of the Group by actively engaged into new construction projects.

In the opinion of the directors of the Company, in light of the various measures/arrangements implemented after the end of the reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

(d) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand dollars (HK\$'000) except otherwise indicated.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| Construction works | <u>366,071</u> | <u>468,963</u> |
| Revenue recognised over time | <u><u>366,071</u></u> | <u><u>468,963</u></u> |

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

The aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts is as follow:

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| Within one year | 357,287 | 345,040 |
| More than one year | <u>796,236</u> | <u>431,362</u> |
| Revenue recognised over time | <u><u>1,153,523</u></u> | <u><u>776,402</u></u> |

This amount represents revenue expected to be recognised in the future from pre-completion construction contracts entered into by the customers with the Group.

5. OTHER INCOME

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--------------------------------------|-------------------------|-------------------------|
| Interest income | 120 | 344 |
| Government subsidies (<i>Note</i>) | 703 | 234 |
| Sale of scrap materials | 2,688 | – |
| Sundry income | <u>798</u> | <u>2,406</u> |
| | <u><u>4,309</u></u> | <u><u>2,984</u></u> |

Note: During the year ended 31 March 2025, the Group recognised government subsidy from Construction Industry Council of approximately HK\$703,000 (2024: HK\$234,000).

6. OTHER GAINS/(LOSSES), NET

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Exchange gain, net | 6 | 20 |
| Net gain on disposal of property, plant and equipment | 869 | 76 |
| Net loss on termination of lease | – | (1,371) |
| Reversal of expected credit loss (“ECL”) recognised for trade receivables, net | 540 | 262 |
| Allowance for expected credit loss recognised for other receivables and deposits, net | (10) | (1) |
| Allowance for expected credit loss recognised for contract assets, net | (13,741) | (83) |
| Gain on modification of promissory note | 17,290 | – |
| | <u>4,954</u> | <u>(1,097)</u> |

7. SEGMENT INFORMATION

The Group’s segment information is presented on the basis of internal reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker (“CODM”), in order to allocate resources to the segments and assess their performance.

In current year, the Group reorganised its reportable segments as the media and advertising business has ceased its operation.

Specifically, the CODM has determined the Group has only one operating segment as the Group only engaged in provision of civil engineering services – provision of waterworks engineering services, road works and drainage services and site formation works for public sector in Hong Kong. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

Geographical information

Revenue from external customers of the Group was all derived Hong Kong for the years ended 31 March 2025 and 2024.

All non-current assets are located in Hong Kong.

Information about major customers

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

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--------------------------------|-------------------------|-------------------------|
| Customer A | 108,654 | 65,216 |
| Customer B (<i>Note (i)</i>) | 105,965 | – |
| Customer C (<i>Note (i)</i>) | – | 148,280 |
| Customer D | <u>49,586</u> | <u>119,575</u> |

Notes:

(i) The corresponding revenue did not contribute over 10% of the Group's revenue for the respective year.

8. (LOSS)/PROFIT FROM OPERATIONS

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| (Loss)/profit from operations has been arrived at after charging: | | |
| Contract costs recognised as expenses* | 356,138 | 450,900 |
| Auditors' remuneration | 650 | 650 |
| Depreciation of property, plant and equipment** | 7,842 | 7,995 |
| Depreciation of right-of-use assets*** | 2,386 | 4,057 |
| Staff costs**** | 116,444 | 105,165 |
| Expenses relating to short-term leases | <u>859</u> | <u>416</u> |

* *Contract costs recognised as expenses mainly include subcontracting fee of approximately HK\$155,011,000 (2024: HK\$251,309,000) and raw materials of approximately HK\$27,679,000 (2024: HK\$26,869,000).*

** *Depreciation of property, plant and equipment of approximately HK\$7,164,000 (2024: HK\$7,147,000) and HK\$678,000 (2024: HK\$848,000) have been separately expensed in cost of services and administrative and operating expenses respectively.*

*** *Depreciation of right-of-use assets of approximately HK\$1,158,000 (2024: HK\$2,829,000) and HK\$1,228,000 (2024: HK\$1,228,000) have been separately expensed in cost of services and administrative and operating expenses respectively.*

**** *Included in the staff costs, approximately HK\$107,237,000 (2024: HK\$101,256,000) was charged in cost of services.*

9. FINANCE COSTS

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Interest on: | | |
| Lease liabilities | 187 | 369 |
| Promissory note | 4,914 | 3,918 |
| Default interest of convertible notes | 317 | 7,711 |
| | <u>5,418</u> | <u>11,998</u> |

10. INCOME TAX EXPENSE/(CREDIT)

The amount of income tax in the consolidated statement of profit or loss and other comprehensive income represents:

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|-------------------------------------|-------------------------|-------------------------|
| Current tax – Hong Kong Profits Tax | | |
| – tax for the year | 132 | 229 |
| Deferred tax | | |
| – provision for the year | (76) | (794) |
| Income tax expense/(credit) | <u>56</u> | <u>(565)</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.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Company and its subsidiaries incorporated in BVI are not subject to any income tax in the Cayman Islands and the BVI respectively.

Under the prevailing tax law in the PRC, the Enterprise Income Tax rate of the subsidiary of the Company incorporated in the PRC is 25% (2024: 25%).

11. DIVIDENDS

The board of directors does not recommend the payments of any dividend in respect of the year ended 31 March 2025 (2024: nil).

12. LOSS PER SHARE

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

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss | | |
| Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share | <u>(11,341)</u> | <u>(9,324)</u> |
| | Number of shares | |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | <u>56,508,897</u> | <u>40,553,499</u> |

Diluted loss per share for the years ended 31 March 2025 and 2024 are the same as the basic loss per share. The calculation of the diluted loss per share for both years did not assume the conversion of convertible bonds as the effect is anti-dilutive.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 March 2024 has been adjusted retrospectively for share consolidation during the year ended 31 March 2024.

13. TRADE AND OTHER RECEIVABLES

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Trade receivables (<i>Note (i)</i>) | 24,237 | 58,317 |
| Allowance for ECL | <u>(389)</u> | <u>(929)</u> |
| | 23,848 | 57,388 |
| Other receivables | 443 | 926 |
| Deposits | 5,182 | 3,373 |
| Allowance for ECL | <u>(39)</u> | <u>(29)</u> |
| | 5,586 | 4,270 |
| Prepayment (<i>Note (ii)</i>) | <u>53,998</u> | <u>41,407</u> |
| | 83,432 | 103,065 |
| Less: Trade and other receivables within twelve months shown under current assets | <u>(82,047)</u> | <u>(103,065)</u> |
| Deposits shown under non-current assets | <u>1,385</u> | <u>–</u> |

Notes:

- (i) Trade receivables as at the end of the reporting period mainly derived from provision of construction works on civil engineering contracts. The related customers are mainly government department/organisation and reputable corporations. The Group does not hold any collateral over these balances.

An aging analysis of the trade receivables as of the end of the reporting period, based on the invoice date and net of allowance of ECL, is as follows:

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current to 1 month | 23,848 | 45,671 |
| More than 1 month but less than 3 months | – | 6,108 |
| More than 3 months but less than 12 months | <u>–</u> | <u>5,609</u> |
| | <u>23,848</u> | <u>57,388</u> |

The Group grants an average credit period of 30 days (2024: 30 days) to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

- (ii) As at 31 March 2025, prepayments mainly comprised advance payment to subcontractors of approximately HK\$32,187,000 (2024: HK\$30,079,000) and prepaid insurance of approximately HK\$21,339,000(2024: HK\$10,458,000).

14. TRADE AND OTHER PAYABLES

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Trade payables | 30,181 | 43,128 |
| Retention money payables | 35,348 | 33,592 |
| Amount due to a shareholder (<i>Note (i)</i>) | – | 362 |
| Interest payables (<i>Note (ii)</i>) | – | 88,939 |
| Other payables and accruals (<i>Note (iii)</i>) | <u>29,003</u> | <u>61,779</u> |
| | <u><u>94,532</u></u> | <u><u>227,800</u></u> |

Notes:

- (i) As at 31 March 2024, amount due to a shareholder represented amount due to Mr. Kan Kwok Cheung which was unsecured, interest-free and repayable on demand.
- (ii) As at 31 March 2024, interest payables represented interest of promissory note and convertible notes of approximately HK\$7,002,000 and HK\$81,937,000.
- (iii) As at 31 March 2025, the other payables mainly comprised of amounts due to other parties of joint operations of approximately HK\$9,020,000 (2024: HK\$9,020,000). The amounts are unsecured, interest-free and repayable on demand.

The Group normally settles trade payables within 30 days (2024: 30 days) credit term. Based on the invoice date, ageing analysis of trade payables at the end of the reporting period is as follows:

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current to 1 month | 17,855 | 40,037 |
| More than 1 month but less than 3 months | 270 | 269 |
| More than 3 months but less than 12 months | 9,279 | 19 |
| More than 12 months | <u>2,777</u> | <u>2,803</u> |
| | <u><u>30,181</u></u> | <u><u>43,128</u></u> |

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the consolidated financial statements of the Group for the year ended 31 March 2025:

OPINION

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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to Note 3(c) in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$11,959,000 during the year ended 31 March 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$17,209,000 and HK\$39,865,000 respectively. As stated in Note 3(c), these events or conditions, along with other matters as set forth in Note 3(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of civil engineering services for the public sector in Hong Kong. During the year ended 31 March 2025, the Group continued to focus on rendering civil engineering services to the public sector in Hong Kong.

Major projects awarded and undertaken as at 31 March 2025

During the year ended 31 March 2025, the Group has been undertaking four contracts. Among the four contracts, one of these is related to provision of waterworks engineering services and the remaining contracts are related to provision of drainage services and site formation services. Details of the contracts undertaken are set out below. Details of the contracts undertaken are set out below:

| Contract number | Particulars of contract | Client | Contract period under main contracts or expected completion date | | |
|-------------------------|---|--|--|--|--|
| Subcontracts | | | | | |
| ND/2018/02 | The Establishment of an Agricultural Pak in Kwu Tung South (Phase 1) | Harvest – Tsun Yip Joint Venture | Oct 2020 – Sept 2025 | Total contract value HK\$1,982.0 million Total amount of works certified (Note) HK\$887.8 million | |
| Joint Operations | | | | | |
| ND/2018/02 | The Establishment of an Agricultural Pak in Kwu Tung South (Phase 1) | Civil Engineering and Development Department of the Government | Oct 2020 – Sept 2025 | | |
| 4/WSD/19 | Development of Anderson Road Quarry site – construction of grey water treatment plant | Water Supplies Department of the Government | Sep 2020 – Sep 2025 | | |
| CV/2022/08 | Site Formation and Infrastructure Works at Area 48, Fanling | Civil Engineering and Development Department of the Government | Jan 2023 – Jan 2027 | | |
| ND/2024/06 | Fanling North New Development Area, Remaining Phase: Fresh Water and Flushing Water Service Reservoirs and Associated Works | Civil Engineering and Development Department of the Government | July 2024 – Aug 2027 | | |

Note: Amount of works certified is based on the certificates of payment received from client.

During the year ended 31 March 2025, a joint venture contract (contract numbered ND/2024/06) was newly awarded.

Major projects completed or terminated for the year ended 31 March 2025

Completed or terminated projects refer to projects substantially completed or terms of year of the contracts expired or early terminated before the completion. Details of the major projects completed or terminated by the Group during the year ended 31 March 2025 are as follows:

| Contract number | Particulars of contract | Client | Contract period under main contracts | |
|-------------------------|--|--|---|--|
| Subcontracts | | | | |
| CV/2016/10 | Site Formation and Association Infrastructural Works For Development of Columbarium at Sandy Ridge Cemetery | Hsin Chong Tsun Yip Joint Venture | Dec 2017 – Jun 2021 | } Total amount of works certified up to 31 March 2025 (Note) HK\$1,307.8 million |
| PYC-03084BAH-001 | Site Formation, Foundation & Sub-structure Works for the Student Residence Development at The Hong Kong University of Science and Technology | Paul Y. Construction Company Limited | Aug 2020 – Dec 2022 | |
| 1002EM19A | Design-Build-Operate for the Additional District Cooling System (DCS) at the Kai Tak Development (KTD) | Paul Y. Construction Company Limited | Dec 2020 – Dec 2023 | |
| EP/SP/10/91 | South East-New Territories (SENT) Landfill Extension | Paul Y. Construction & Engineering Co. Limited | July 2021 – July 2023 | |
| Joint Operations | | | | |
| CV/2016/10 | Site Formation and Association Infrastructural Works For Development of Columbarium at Sandy Ridge Cemetery | Civil Engineering and Development Department of the Government | Dec 2017 – Jun 2021 | |
| CV/2019/04 | Site Formation and Infrastructure Works near Tsz Tin Road and Hing Fu Street in Area 54, Tuen Mun | Civil Engineering and Development Department of the Government | Dec 2020 – Jun 2024 | |

Note: Amount of works certified is based on the certificates of payment received from client.

During the year ended 31 March 2025, contracts with contract numbered CV/2022/08 and 4/WSD/19 were the main contributors to the Group's revenue, which generated approximately HK\$162.0 million and approximately HK\$75.2 million, constituting approximately 44.3% and 20.5% of the Group's total revenue respectively.

Financial Review

Revenue

For the year ended 31 March 2025, the Group reported a revenue of approximately HK\$366.1 million (2024: approximately HK\$469.0 million), representing a decrease of approximately 21.9% as compared with that for the previous year. The overall decrease in revenue was mainly due to (i) decrease in works for certain civil engineering projects at or nearly reaching completion stage and (ii) early termination of subcontract due to default payment of a customer which is undergoing a winding-up procedure.

During the year ended 31 March 2025, the revenue of the Group was primarily generated from the undertaking of civil engineering contracts in the capacity of a subcontractor and joint ventures. The breakdown of total revenue by nature of capacity of the Group is set forth below:

| | For the year ended 31 March | | | |
|-------------------------------|-----------------------------|---------------------|-----------------------|---------------------|
| | 2025 | | 2024 | |
| | <i>HK\$'000</i> | <i>% of total</i> | <i>HK\$'000</i> | <i>% of total</i> |
| Main contractor | – | – | – | – |
| Subcontractor | 207,830 | 56.8 | 278,771 | 59.4 |
| Jointly controlled operations | 158,241 | 43.2 | 190,192 | 40.6 |
| Total | <u>366,071</u> | <u>100.0</u> | <u>468,963</u> | <u>100.0</u> |

Cost of services

The Group's cost of services decreased by approximately 21.0% to approximately HK\$356.1 million (2024: approximately HK\$450.9 million) for the year ended 31 March 2025 as compared with that for the previous year. The Group's cost of services mainly includes costs of construction services. Costs of construction services mainly comprise raw materials, direct labour and subcontracting fee for services provided by the subcontractors. The decrease in cost of services was mainly due to overall decrease in construction costs for certain civil engineering projects at or nearly reaching completion stage during the year ended 31 March 2025. The following table sets out a breakdown of the Group's cost of services:

| | For the year ended 31 March | | | |
|---------------------------------------|------------------------------------|--------------------------|------------------------|--------------------------|
| | 2025 | | 2024 | |
| | <i>HK\$'000</i> | <i>% of total</i> | <i>HK\$'000</i> | <i>% of total</i> |
| Costs of construction services | | | | |
| Raw materials | 27,679 | 7.8 | 26,869 | 6.0 |
| Direct labour | 107,237 | 30.1 | 101,256 | 22.5 |
| Subcontracting fee | 155,011 | 43.5 | 251,309 | 55.7 |
| Other direct costs | 66,211 | 18.6 | 71,466 | 15.8 |
| Total | <u>356,138</u> | <u>100.0</u> | <u>450,900</u> | <u>100.0</u> |

Gross profit

The gross profit for the Group for the year decreased by approximately 45.0% to approximately HK\$9.9 million (2024: approximately HK\$18.1 million) for the year ended 31 March 2025 as compared with that for the previous year. The gross profit margin of the Group amounted to approximately 2.7% (2024: approximately 3.9%) for the year. The decrease in gross profit was mainly due to (i) the extra construction costs employed from certain civil engineering projects reaching nearly completion stage at lower gross profit margin and (ii) unexpected complexity and increased costs of variation works arising from certain civil engineering projects of the Group for the year ended 31 March 2025.

Other income

The Group's other income for the year ended 31 March 2025 increased by approximately 44.4% to approximately HK\$4.3 million (2024: approximately HK\$3.0 million) as compared with that for the previous year. The other income mainly consisted of sale proceeds of scrapped materials in respect of early terminated civil engineering projects and receipt of government subsidy from Construction Industry Council during the year ended 31 March 2025.

Other gains/(losses), net

The Group's other gains, net for the year ended 31 March 2025 was amounted to approximately HK\$5.0 million (2024: other losses, net of approximately HK\$1.1 million). Other gains, net mainly consisted of combining effect of (i) one-off recognition of gain on modification of promissory note of approximately HK\$17.3 million due to the extension of maturity date of promissory note during the year ended 31 March 2025 and (ii) provision of expected credit loss of trade and other receivables and contract assets, net of totalling approximately HK\$13.2 million due to increased uncertainty on settlement of a customer.

Administrative and operating expenses

The Group's administrative and operating expenses for the year ended 31 March 2025 increased by approximately 45.7% to approximately HK\$25.7 million (2024: approximately HK\$17.6 million) as compared with that for the previous year. The administrative expenses mainly consisted of auditors' remuneration, legal and professional fees, staff costs (including Directors' remuneration) and depreciation expenses. The increase in administrative expenses was mainly due to the additional provision of long service payment arising from abolition of the Mandatory Provident Fund - Long Service Payment offsetting mechanism and legal and professional fee paid for the special deals such extension and issuance of convertible notes, share consolidation and change of Company name during the year ended 31 March 2025.

Finance costs

The Group's finance costs for the year ended 31 March 2025 decreased by approximately 54.8% to approximately HK\$5.4 million (2024: approximately HK\$12.0 million) as compared with that for the previous year. The finance costs mainly consist of interest expenses for the promissory note and convertible notes. Upon the extension and modification of terms of the convertible notes in the outstanding principal amount of approximately HK\$257.0 million (the "Existing Convertible Notes") in April 2024, the principal amount and the interest accrued of the Existing Convertible Notes therein would be mandatorily converted into shares at its maturity and hence no further interest would be accrued from the effective date of extension and modification of terms of the Existing Convertible Notes.

Impairment assessment of contract assets and receivables

According to the policy of impairment provision of receivables of the Group, the Group performs impairment assessment under expected credit loss model on trade balances individually or based on collective assessment. Except for debtors with significant outstanding balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables and contract assets of trade nature have been grouped based on shared credit risk characteristics and aging.

During the year ended 31 March 2025, the Group recognised provision of expected credit loss allowance, net of approximately HK\$13.7 million (2024: approximately HK\$83,000) for contract assets and reversed provision of expected credit loss allowance, net of approximately HK\$0.5 million (2024: approximately HK\$0.3 million) for trade and other receivables. Included in the provision of expected credit loss allowance for contract assets, allowance of approximately HK\$14.6 million (2024: HK\$Nil) was made on credit-impaired contract assets (“Such Receivables”) arising from one of the customers of the Group which is currently undergoing winding up procedures. Provisional liquidators were appointed for the aforesaid customer by the High Court of Hong Kong, resulting in a significant increase in its credit risk. To the best knowledge of the Company based on the information currently available and after taking into consideration of (i) the defaulted payments; (ii) the aforesaid customer is in the process of liquidation and (iii) the provisional liquidator has been appointed to this aforesaid customer, the Group assessed the recoverability of Such Receivables became uncertain and Such Receivables became credit-impaired. Accordingly, the Group recognized provision of expected credit loss allowance on Such Receivables of approximately HK\$14.6 million (2024: Nil) during the year ended 31 March 2025. The Group will take appropriate actions against the aforesaid customer to recover the amount. The Company will update its shareholders on any material development as and when appropriate.

Impairment assessment of property, plant and equipment and right-of-use assets

During the years ended 31 March 2025 and 2024, the Group estimates the recoverable amount of the property, plant and equipment and right of use assets based on higher of fair values less costs of disposal and value in use. The carrying amount of the relevant assets does not exceed the recoverable amount and no impairment has been recognised.

Net loss

The net loss of the Group for the year ended 31 March 2025 increased by 31.2% to approximately HK\$12.0 million (2024: approximately HK\$9.1 million) as compared with that for the previous year. The increase in net loss was mainly due to the combined effect of (i) decrease in gross profit, (ii) provision of additional expected credit losses allowance on contract assets and (iii) increase in administrative and operating expenses outweighed by the one-off recognition of gain on modification of promissory note.

Loss per Share

The basic loss per Share attributable to the owners of the Company for the year ended 31 March 2025 was approximately HK20.1 cents (2024: approximately HK23.0 cents).

Prospects

In 2025, the construction industry faces significant challenges, primarily driven by the Hong Kong Government's diminishing fiscal reserves, stringent expenditure controls, sluggish economic recovery, reduced in private construction activity and other unfavorable market conditions. These factors may result to a decline in number of new construction projects launched and further intensify market competition. Following the completion of specific civil engineering projects this year, the Group has actively engaged in a variety of contract bidding processes. However, the growing number of participants in Hong Kong market has intensified the competitive environment. In the years ahead, local construction companies will be face heightened pressure on securing new contracts and maintaining competitive tender pricing.

Despite these challenges, the Group has been dealing with rising operational costs, such as optimizing direct labor costs and controlling subcontracting fees. The challenging fiercely competitive business environment is expected to have a certain negative impact on the Group's operation and financial status. The Group will continue to actively monitor market conditions and taking appropriate measures to mitigate any negative impact on the business and performance of the Group. In addition, the Group will implement additional cost control measures to mitigate the onslaught of the abovementioned challenges. The Group is proactively adjusting its strategies to address financial constraints and regulatory changes and therefore the management team remains optimistic about the future.

Capital Structure

The Shares were listed on GEM on 30 August 2010. The capital of the Group comprises only ordinary shares.

Total equity attributable to the owners of the Company amounted to approximately HK\$40.9 million in deficit as at 31 March 2025 (31 March 2024: approximately HK\$405.1 million in deficit). The increase in equity was mainly resulted from allotment of shares, entering of the fifth supplemental deed (the "Fifth Supplemental Deed") of the Existing Convertible Notes and issuance of certain convertible notes for the year ended 31 March 2025.

- (i) On 15 April 2024, an aggregate of 1,666,666,667 subscription share, representing approximately 29.1% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares immediately after the share subscription completion, were allotted and issued at the subscription price of HK\$0.012 per subscription share to Mr. Kan Kwok Cheung, an executive director and controlling shareholder of the Company under the share specific mandate. The then subscription price represents (i) the closing price of HK\$0.012 per Share as quoted on the Stock Exchange on 12 August 2022 (last day before resumption of trading on 1 March 2024); (ii) the average closing price of approximately HK\$0.012 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days immediately prior to and including 12 August 2022; and (iii) a discount of approximately 14.3% to the average closing price of approximately HK\$0.014 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including 12 August 2022. The gross and net proceeds from share subscription are HK\$20.0 million and approximately HK\$19.9 million respectively, of which (i) HK\$10,355,700 has been used for the repayment of its outstanding indebtedness of the Group which includes (a) an amount of HK\$2,008,844 due to Xinhua News Agency Audio News Desk (新華音像中心), being a wholly-owned subsidiary of Xinhua News Agency (新華社) and a fellow subsidiary of the China Xinhua News Network Co., Limited (“China Xinhua NNC”), the then substantial shareholder of the Company; and (b) part of outstanding broadcasting fee in the amount of HK\$8,346,856 owed to China Xinhua NNC as a service provider to the Group; and (ii) the remaining amount of approximately HK\$9.5 million has been used for the general working capital of the Group during the year ended 31 March 2025.
- (ii) The Fifth Supplemental Deed of the Existing Convertible Notes has been effective on 15 April 2024, in which the maturity date of the Existing Convertible Notes has been extended to 9 December 2025 and the interest rate has been retrospectively reduced from 3% to 0.8% per annum from 9 December 2021. China Xinhua NNC, the holder of the convertible bonds shall not convert or redeem the Existing Convertible Notes before the maturity date and shall mandatorily convert all of the Existing Convertible Notes and accrued interest into the conversion shares at the conversion price of HK\$19.6 per conversion share at the maturity date. Upon the date of effective of the Fifth Supplemental Deed, the Company assumed the Existing Convertible Notes have been converted into ordinary shares of the Company and reclassified as the equity of the Company.

- (iii) Convertible notes of approximately HK\$64,127,855 (the “Convertible Notes A”) has been issued to China Xinhua NNC on 15 April 2024. The overdue interest of the Existing Convertible Notes has been set-off against the subscription price of the Convertible Notes A. The maturity date of the Convertible Notes A is 9 December 2025 and the interest rate is 0.8% per annum. China Xinhua NNC, the holder of the Convertible Notes A shall not convert or redeem the Convertible Notes A before the maturity date and shall mandatorily convert all of the Convertible Notes A and accrued interest into the conversion shares at the conversion price of HK\$19.6 per conversion share at the maturity date. Upon the date of issuance of the Convertible Notes A, the Company assumed the Convertible Notes A have been converted into ordinary shares of the Company and reclassified as the equity of the Company.
- (iv) Convertible notes of approximately HK\$16,240,000 (the “Convertible Notes B”) has been issued to China Xinhua NNC on 15 April 2024. Part of the outstanding broadcasting fee owed to China Xinhua NNC has been set-off against the subscription price of the Convertible Notes B. The maturity date of the Convertible Notes B is 9 December 2025 and the interest rate is 0.8% per annum. China Xinhua NNC, the holder of the Convertible Notes B shall not convert or redeem the Convertible Notes B before the maturity date and shall mandatorily convert all of the Convertible Notes B and accrued interest into the conversion shares at the conversion price of HK\$19.6 per conversion share at the maturity date. Upon the date of issuance of Convertible Notes B, the Company assumed the Convertible Notes B have been converted into ordinary shares of the Company and reclassified as the equity of the Company.

Liquidity and Financial Resources

During the year ended 31 March 2025, the Group generally financed its operations through internally generated cash flows, net proceeds from allotment of shares and extension and issuance of certain convertible notes and promissory note.

As at 31 March 2025, the Group had net current liabilities of approximately HK\$17.2 million (31 March 2024: approximately HK\$418.4 million), including cash balance of approximately HK\$56.1 million (31 March 2024: approximately HK\$48.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 0.90 as at 31 March 2025 (31 March 2024: approximately 0.33). The increase of current ratio was mainly due to (i) the entering of the Fifth Supplemental Deed and issuance of the Convertible Notes A and the Convertible Notes B pursuant to which the Existing Convertible Notes, the Convertible Notes A and the Convertible Notes B would be mandatorily converted into shares of the Company at its maturity date and therefore classified as equity of the Company; and (ii) the modification and extension of the promissory note and therefore the promissory note was classified as non-current liabilities.

Gearing Ratio

The gearing ratio, which is based on the total amount of promissory note, convertible notes, lease liabilities and contract liabilities divided by total assets, was approximately 60.5% as at 31 March 2025 (31 March 2024: approximately 176.7%). Upon entering into of the Fifth Supplemental Deed and issuance of the Convertible Notes A and the Convertible Notes B, the Existing Convertible Notes, the Convertible Notes A and the Convertible Notes B were reclassified as equity of the Company. Therefore, the decrease of gearing ratio was mainly due to decrease in total debts.

Foreign Exchange Exposure

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity. During the year ended 31 March 2025 the Group was mainly exposed to foreign currency exchange risk of Renminbi and the management mainly monitored the foreign currency exchange risk with advice from the Group's major banks.

Capital Commitment

As at 31 March 2025, the Group had a total capital commitment of approximately HK\$2.6 million (31 March 2024: HK\$Nil), contracted for but not provided for in the financial statements in respect of acquisition of property, plant and equipment.

Charges on the Group's Assets

As at 31 March 2025, the Group did not have any assets held under finance lease. As at 31 March 2024, the Group's machinery with net book values amounted to approximately HK\$3.6 million were held under finance lease.

Contingent Liabilities

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

Information on Employees

As at 31 March 2025, the Group had 232 full-time staff in Hong Kong and over 90% of them are direct labour. Total staff costs (including Directors' remuneration) for the year ended 31 March 2025 amounted to approximately HK\$116.4 million (2024: approximately HK\$105.2 million), representing an increase of approximately 10.7% over that for the previous year. The increase was mainly due to salary increment according to market situation business for the year.

Significant Investment Held

Except for investment in subsidiaries, during the year ended 31 March 2025 and as at the end of the reporting period, the Group did not hold any significant investment in equity interest in any company.

Future Plans for Material Investments and Capital Assets

As at 31 March 2025, the Group did not have other plans for material investments and capital assets.

Treasury Policy

The Group will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Change of Company Name

In order to provide the Company with a new corporate image and benefit the Company's future business development, the shareholders of the Company approved to change the name of the Company from "CNC Holdings Limited" to "Tsun Yip Holdings Limited" and the change of the dual foreign name in Chinese of the Company from "中國新華電視控股有限公司" to "進業控股有限公司" (the "Change of Company Name") on the extraordinary general meeting of the Company held on 31 May 2024. The Change of Company Name has become effective following the issue of the certificate of incorporation on change of name by the Registrar of Companies in Cayman Islands on 7 June 2024. For further details, please refer to the announcements of the Company dated 26 July 2024.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2025, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 31 March 2025.

EVENTS AFTER THE REPORTING PERIOD

Save for disclosed in this announcement, no significant event has taken place subsequent to 31 March 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance the performance of the Group.

The Company has applied the principles and code provisions in the Code on Corporate Governance Code (the “Code”) as set out in Appendix 15 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the Code throughout the year ended 31 March 2025, except for paragraphs C.1.8, C.1.6 and C.2.7 of the Code. This announcement further illustrates in detail as to how the Code was applied, inclusive of the considered reasons for any deviation throughout the year ended 31 March 2025.

Pursuant to code provision C.1.8 of the Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Such directors’ liability insurance will be reviewed and renewed annually. Upon the expiry of insurance cover on 30 August 2020, the Company did not arrange appropriate insurance cover in respect of legal action against its Directors since then. On 16 September 2024, the Company has rearranged an appropriate insurance coverage in respect of legal action against its Directors and re-complied with code provision C.1.8 of the Code.

Paragraph C.1.6 of the Code requires that independent non-executive directors and non-executive directors shall generally attend general meetings to gain and develop a balanced understanding of the views of shareholders. An executive Director, namely Mr. Kan Chun Ting Max, did not attend the annual general meeting of the Company held on 26 September 2024 due to pre-arranged business engagements. Other Board members and the chairmen of the relevant Board committees also attended the annual general meeting to inter-face with, and answer questions from the Shareholders. The then non-executive Director, namely Ms. Tang Li, did not attend the extraordinary general meeting of the Company held on 8 April 2024 due to pre-arranged business engagements. Other Board members and the chairmen of the relevant Board committees also attended the extraordinary general meeting to inter-face with, and answer questions from the Shareholders.

Paragraph C.2.7 of the Code provides that the chairman should at least annually hold meetings with the independent non-executive Directors without the executive Directors and non-executive Directors present. Although the chairman did not hold a meeting with the independent non-executive Directors, excluding the executive Directors and non-executive Directors during the year ended 31 March 2025, he delegated the company secretary to gather any concerns and/or questions that the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) on 11 August 2010 with terms of reference in compliance with paragraph D.3.3 of the Code.

The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the financial statements and the interim and annual reports of the Group, and reviewing the terms of engagement and scope of audit work of the external auditors.

As at the date of this announcement, the Audit Committee comprises all three independent non-executive Directors, namely, Mr. Chin Chi Ho Stanley, Mr. Wong Chung Yip Kenneth and Mr. Lai Ah Ming Leon with Mr. Chin Chi Ho Stanley, being the chairman of the Audit Committee.

The members of the Audit Committee possess diversified industry experience and the chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters.

The Audit Committee had reviewed the Financial Statements and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

SCOPE OF WORK OF AUDITORS

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 auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tsunyip.hk). The annual report of the Company for the year ended 31 March 2025 containing all the information required by the GEM Listing Rules will be despatched to the Company's shareholders and available on the above websites before 31 July 2025.

CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

The Board hereby announces that Mr. Hui Ka Tsun, an executive Director, ceased to be a member of the nomination committee of the Company (the "Nomination Committee"), and Ms. Lam Shun Kiu Rosita, a non-executive Director, was appointed as a member of the Nomination Committee to replace Mr. Hui Ka Tsun, both with effect from 30 June 2025.

After the above changes, the Nomination Committee will be composed of one executive director, namely Mr. Kan Kwok Cheung (the chairman of the Nomination Committee), one non-executive director, namely Ms. Lam Shun Kiu Rosita and three independent non-executive directors, namely Mr. Chin Chi Ho Stanley, Mr. Wong Chung Yip Kenneth and Mr. Lai Ah Ming Leon.

The above changes were made in response to the amendments to the GEM Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules, which will come into effect on 1 July 2025. The Board is convinced that implementing these changes could strengthen the effectiveness and diversity of the Board, and further enhance the level of corporate governance practices of the Company as a whole.

The Board would like to express its sincere gratitude to Mr. Hui Ka Tsun for his contributions towards the Nomination Committee during his tenure as the member thereof, and to extend a warm welcome to Ms. Lam Shun Kiu Rosita in her new role in the Nomination Committee.

By Order of the Board
Tsun Yip Holdings Limited
Kan Kwok Cheung
Chairman and Executive Director

Hong Kong, 30 June 2025

As at the date of this announcement, the Directors are Mr. Kan Kwok Cheung¹ (Chairman), Mr. Hui Ka Tsun¹, Mr. Kan Chun Ting Max¹, Ms. Lam Shun Kiu Rosita², Mr. Chin Chi Ho Stanley³, Mr. Wong Chung Yip Kenneth³ and Mr. Lai Ah Ming Leon³.

¹ *Executive Director*

² *Non-executive Director*

³ *Independent non-executive Director*

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the day of its posting and the Company’s website at <http://www.tsunyip.hk>.