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## **RONGZUN INTERNATIONAL HOLDINGS GROUP LIMITED**

### **榮尊國際控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1780)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024**

### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the year ended 31 March 2024 amounted to approximately HK\$229.9 million (2023: approximately HK\$220.9 million).
- Gross profit margin of the Group for the year ended 31 March 2024 was at approximately 1.9% (2023: approximately 6.3%).
- Loss before tax of the Group for the year ended 31 March 2024 was approximately HK\$9.3 million (2023: Profit before tax of approximately HK\$5.2 million).
- Loss of the Group for the year ended 31 March 2024 amounted to approximately HK\$9.3 million (2023: Profit of the Group of approximately HK\$5.2 million).
- Basic loss per share for the year ended 31 March 2024 amounted to approximately HK 1.50 cents (2023: Basic earnings per share of approximately HK 0.84 cent).
- The Board did not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Rongzun International Holdings Group Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the corresponding year ended 31 March 2023 as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Revenue	3, 4	<b>229,916</b>	220,854
Direct costs		<u><b>(225,494)</b></u>	<u>(207,032)</u>
Gross profit		<b>4,422</b>	13,822
Other income		<b>2,673</b>	2,988
Other gains and losses, net		<b>(37)</b>	(25)
(Allowance for) reversal of impairment losses under expected credit loss model, net		<b>(85)</b>	829
Administrative expenses		<b>(16,287)</b>	(12,406)
Finance cost		<u><b>(10)</b></u>	<u>–</u>
(Loss) profit before tax	6	<b>(9,324)</b>	5,208
Income tax expense	5	<u>–</u>	<u>–</u>
(Loss) profit and total comprehensive (expense) income for the year		<u><b>(9,324)</b></u>	<u>5,208</u>
(Loss) earnings per share	8		
– Basic (HK cents)		<u><b>(1.50)</b></u>	<u>0.84</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		1,571	1,791
Right-of-use asset		119	–
Equity instrument designated at fair value through other comprehensive income (“FVTOCI”)	9	13,000	–
Restricted bank deposits		<u>2,490</u>	<u>24,199</u>
		<u>17,180</u>	<u>25,990</u>
<b>Current assets</b>			
Trade and other receivables, deposits and prepayments	10	30,546	26,433
Contract assets		53,056	50,595
Bank deposits with original maturity more than three months		–	22,175
Restricted bank deposits		24,199	–
Cash and cash equivalents		<u>123,949</u>	<u>142,945</u>
		<u>231,750</u>	<u>242,148</u>
<b>Current liabilities</b>			
Trade, retention and other payables	11	59,665	62,770
Contract liabilities		30	8,876
Amount due to a related company		1,943	–
Lease liability		123	–
Deferred income		<u>73</u>	<u>72</u>
		<u>61,834</u>	<u>71,718</u>
<b>Net current assets</b>		<u>169,916</u>	<u>170,430</u>
<b>Net assets</b>		<u><u>187,096</u></u>	<u><u>196,420</u></u>
<b>Capital and reserves</b>			
Share capital		6,200	6,200
Reserves		<u>180,896</u>	<u>190,220</u>
<b>Total equity</b>		<u><u>187,096</u></u>	<u><u>196,420</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. GENERAL INFORMATION

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

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

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

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

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

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the other new and 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.

***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Groups' financial position and performance but has affected the disclosure of the Groups' accounting policies in the consolidated financial statements.

**Amendments to HKFRSs in issue but not yet effective**

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

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 2024.

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

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

### 3. REVENUE

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract revenue from provision of services on alteration and addition works	128,911	129,260
Contract revenue from provision of services on civil engineering works	<u>101,005</u>	<u>91,594</u>
	<u><b>229,916</b></u>	<u><b>220,854</b></u>

#### (ii) Performance obligations for contracts with customers

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

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

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

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

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

#### 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”), the executive directors of the Company, in order for CODM to allocate resources and assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

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

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

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

##### 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 2024*

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

For the year ended 31 March 2023

	Alteration and addition works <i>HK\$'000</i>	Civil engineering works <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue – external	<u>129,260</u>	<u>91,594</u>	<u>220,854</u>
Segment results	<u>7,506</u>	<u>7,145</u>	14,651
Other income and other gains and losses, net			2,963
Administrative expenses			<u>(12,406)</u>
Profit before tax			<u>5,208</u>

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

## 5. INCOME TAX EXPENSE

No Hong Kong Profits Tax is provided as the Company and its subsidiaries either (i) incurred tax losses for the year ended 31 March 2024; or (ii) generated assessable profits which are wholly absorbed by tax loss brought forward (2023: The assessable profits of the Company and its subsidiaries are wholly absorbed by tax losses brought forward).



## 6. (LOSS) PROFIT BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) profit before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
– Salaries and other benefits	24,351	21,630
– Discretionary bonus	3,311	2,085
– Retirement benefit scheme contributions	798	739
	<u>28,460</u>	<u>24,454</u>
Auditor's remuneration:		
– the Company	663	780
– subsidiaries of the Company	282	232
	<u>945</u>	<u>1,012</u>
Depreciation of property, plant and equipment	582	781
Depreciation of right-of-use asset	119	–
	<u>119</u>	<u>–</u>

## 7. DIVIDENDS

No dividend was paid or proposed during 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

## 8. (LOSS) EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) earnings for the year attributable to the owners of the Company	<u>(9,324)</u>	<u>5,208</u>
	<b>No. of shares '000</b>	<b>No. of shares '000</b>
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	<u>620,000</u>	<u>620,000</u>

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

9. EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Financial assets measured at FVTOCI:		
– Unlisted equity securities	<u>13,000</u>	<u>–</u>

On 31 January 2024, a direct wholly-owned subsidiary of the Company (the “**Purchaser**”) entered into an equity transfer agreement (“**Equity Transfer Agreement**”) with an independent third party (the “**Vendor**”) pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase 5% equity interest in a private company incorporated in BVI where its major asset is an investment in the form of equity capital in a company established in the People’s Republic of China and is principally engaged in research and development of the technologies in acellular cartilage matrix which can be applied to surgeries for tackling the disease of cataract (the “**Research and Development Company**”). The unlisted equity security was acquired at a total consideration of HK\$13,000,000 and completed on 31 January 2024.

The directors of the Company are of the view that the unlisted equity security investment is not held for trading and they do not expect that the Group will realise the unlisted equity investment within 12 months after the end of the reporting period. Accordingly, they are classified under non-current assets.

As at 31 March 2024, the fair value of the Group’s unlisted equity security is based on discounted cash flow model with reference to a professional valuation performed by an independent professional valuer.

The Vendor also guaranteed the Purchaser in the Equity Transfer Agreement the right to put back the instrument to the Vendor at original consideration of HK\$13,000,000 (the “**Put Option**”) if the Research and Development Company cannot obtain the specified license within 10 months from the date of acquisition (the “**Put Option Expiry Date**”). On 20 March 2024, a supplemental agreement was entered into between the Vendor and the Purchaser to further extend the Put Option Expiry Date to 31 December 2025. The Put Option is a separate instrument from the equity instrument designated at FVTOCI and is accounted for a derivative financial instrument measured at fair value through profit or loss. The directors of the Company consider that the fair value of the derivative financial instrument is insignificant at the date of acquisition and 31 March 2024 as it is not expected that the Put Option condition will be triggered.

## 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	26,285	18,827
Less: Allowance of credit losses for trade receivables	<u>(433)</u>	<u>(413)</u>
	25,852	18,414
Other receivables	506	1,490
Less: Allowance of credit losses for other receivables	<u>(6)</u>	<u>(7)</u>
	500	1,483
Advances to sub-contractors and suppliers	987	2,899
Prepayments and deposits	<u>3,207</u>	<u>3,637</u>
	<u><u>30,546</u></u>	<u><u>26,433</u></u>

### Trade receivables

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

The Group allows generally a credit period ranging from 30 to 90 days (2023: from 30 to 90 days) to its customers.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
1 – 30 days	20,032	14,495
31 – 60 days	5,818	–
61 – 90 days	–	3,919
Over 90 days	<u>2</u>	<u>–</u>
	<u><u>25,852</u></u>	<u><u>18,414</u></u>

## 11. TRADE, RETENTION AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	38,527	42,329
Retention payables	14,591	14,001
Staff costs payables	3,996	3,711
Other payables	<u>2,551</u>	<u>2,729</u>
	<u><b>59,665</b></u>	<u><b>62,770</b></u>

### Trade payables

The credit period of trade payables granted by the Group's suppliers are usually within 60 days (2023: 60 days).

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
1 – 30 days	17,487	21,621
31 – 60 days	4,384	18,728
61 – 90 days	55	1,975
Over 90 days	<u>16,601</u>	<u>5</u>
	<u><b>38,527</b></u>	<u><b>42,329</b></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review and Outlook**

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

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

As at 31 March 2024, the Group had 6 contracts on hand (including contracts in progress and contracts which are yet to commence) with a total original contract value of approximately HK\$408.7 million. As at 31 March 2023, we had 10 contracts on hand with a total original contract value of approximately HK\$517.0 million.

In general, our customers primarily include property asset management companies, property developers and contractors in Hong Kong. We engage in projects in both public and private sectors. Public sector projects refer to projects of which the customer is a Government department, a statutory body or a Government controlled entity. During the year ended 31 March 2024, we focused on undertaking projects in the private sector.

As we look to the future, with the gradual easing of pandemic-related restrictions in Hong Kong, the construction market is anticipated to experience a progressive recovery. The Group will focus on expanding our business network and diversifying our customer base, while maintaining a vigilant oversight of market conditions. We remain cautiously optimistic about the prospects of the construction industry in Hong Kong and believe that we will have the opportunity to undertake more sizeable projects, leveraging our effective cost control measures, long-standing relationships with major customers, suppliers and subcontractors, diverse service capabilities, well-established industry presence, and experienced management team.

## **Financial Review**

### ***Revenue***

Our revenue increased from approximately HK\$220.9 million for the year ended 31 March 2023 to approximately HK\$229.9 million for the year ended 31 March 2024, representing an increase of approximately 4.1%.

The increase was primarily because more construction works were performed during the year ended 31 March 2024 than that during the year ended 31 March 2023.

### ***Direct Costs***

Our direct costs increased from approximately HK\$207.0 million for the year ended 31 March 2023 to approximately HK\$225.5 million for the year ended 31 March 2024, representing an increase of approximately 8.9%. The direct costs were generally increased because of an increase in (i) the substantial additional subcontracting costs incurred to handle the unexpected complexity of the project; and (ii) the rework of some construction works arising from the material change in design and construction plans of the projects in the civil engineering works segment.

### ***Gross Profit and Gross Profit Margin***

Our gross profit amounted to approximately HK\$4.4 million for the year ended 31 March 2024 and approximately HK\$13.8 million for the year ended 31 March 2023, representing a decrease of approximately 68.0%. The decrease in our gross profit was primarily because of the increase in direct costs as discussed above.

Accordingly, the gross profit margin decreased from approximately 6.3% for the year ended 31 March 2023 to approximately 1.9% for the year ended 31 March 2024.

### ***Other Income***

Our other income decreased from approximately HK\$3.0 million for the year ended 31 March 2023 to approximately HK\$2.7 million for the year ended 31 March 2024. Such decrease was mainly due to the net effect of (i) decrease in government grants under Anti-Epidemic Fund and Employment Support Scheme of HK\$1.1 million when compared to the year ended 31 March 2023 and (ii) increase in bank interest income from approximately HK\$1.7 million for the year ended 31 March 2023 to HK\$2.7 million for the year ended 31 March 2024.

### ***Administrative Expenses***

Our administrative expenses amounted to approximately HK\$16.3 million for the year ended 31 March 2024 which are comparable to that of approximately HK\$12.4 million for the year ended 31 March 2023.

### ***Loss Before Tax***

Our loss before tax of approximately HK\$9.3 million for the year ended 31 March 2024 was mainly attributable to the decrease in gross profit as discussed above.

Our income tax expenses remained nil for the years ended 31 March 2024 because either (i) incurred tax losses for the year ended 31 March 2024; or (ii) generated assessable profits which are wholly absorbed by tax loss brought forward (2023: The assessable profits of the Company and its subsidiaries are wholly absorbed by tax losses brought forward).

### ***(Loss) Profit and Total Comprehensive (Expense) Income for the Year***

The change from profit and total comprehensive income for the year ended 31 March 2023 of approximately HK\$5.2 million to loss and total comprehensive expense for the year ended 31 March 2024 of approximately HK\$9.3 million was mainly due to the decrease in gross profit as discussed above.

## ***Key Financial Ratio***

	<i>Notes</i>	<b>As at 31 March 2024</b>	As at 31 March 2023
Current ratio	<i>1</i>	<b>3.7 times</b>	3.4 times
Return on total assets	<i>2</i>	<b>-3.7%</b>	1.9%
Return on equity	<i>3</i>	<b>-5.0%</b>	2.7%
Net (loss) profit margin	<i>4</i>	<b>-4.1%</b>	2.4%

### *Notes:*

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

### ***Current Ratio***

Our current ratio increased from approximately 3.4 times as at 31 March 2023 to approximately 3.7 times as at 31 March 2024. The increase was mainly due to the decrease in contract liabilities and hence the current liabilities decreased.

### ***Return on Total Assets***

Our return on total assets decreased from approximately 1.9% for the year ended 31 March 2023 to approximately -3.7% for the year ended 31 March 2024. The decrease was mainly due to the Group incurred loss and total comprehensive expense for the year ended 31 March 2024 as discussed above.

### ***Return on Equity***

Our return on equity decreased from approximately 2.7% for the year ended 31 March 2023 to approximately -5.0% for the year ended 31 March 2024. The decrease was mainly due to the Group incurred loss and total comprehensive expense for the year ended 31 March 2024 as discussed above.



### ***Net (Loss) Profit Margin***

Our Group's net profit margin decreased from approximately 2.4% for the year ended 31 March 2023 to approximately -4.1% for the year ended 31 March 2024. The decrease was primarily due to the Group incurred loss and total comprehensive expense for the year ended 31 March 2024 as discussed above.

### **Liquidity, Financial Resources and Capital Structure**

As at 31 March 2024, the Company's issued capital was HK\$6.2 million and the number of its issued ordinary shares was 620,000,000 shares of HK\$0.01 each.

As at 31 March 2024, the Group had total cash and cash equivalents and restricted bank deposits of approximately HK\$123.9 million, and approximately HK\$26.7 million respectively (31 March 2023: cash and cash equivalents of approximately HK\$142.9 million, bank deposit with original maturity more than three months of approximately HK\$22.2 million and restricted bank deposits of approximately HK\$24.2 million respectively).

The Group has funded the liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities for the year ended 31 March 2024.

### **Foreign Exchange Exposures**

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollars, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange exposure for the year ended 31 March 2024 as well as for the year ended 31 March 2023.

### **Gearing Ratio**

Gearing ratio is calculated as total debt divided by total equity as at the year ended date and expressed as a percentage. The gearing ratio of the Group as at 31 March 2024 remained 1.1% (31 March 2023: Nil).

### **Debts and Charges on Assets**

As at 31 March 2024, the Group had a performance bonds of approximately HK\$26.7 million (2023: a performance bond of approximately HK\$24.2 million) given by a bank, in favour of the Group's customer as security for the due performance and observance of the Group's obligations under the contract entered into between the Group and its customer.

As at 31 March 2024, the performance bonds given by the bank were granted under the bank facilities of the Group which were secured by the restricted bank deposits and personal guarantee given by the directors of the subsidiaries of the Company, Mr. Lo Wing Hang (“**Mr. Lo**”) and Mr. Tang Wing Kwok (“**Mr. Tang**”) amounted to HK\$24.2 million and HK\$2.5 million respectively (2023: secured by restricted bank deposits of HK\$24.2 million and a personal guarantee given by Mr. Lo) in favor of the bank.

### **Capital Commitments and Contingent Liabilities**

As at 31 March 2024 and 2023, the Group had no material capital commitments and contingent liabilities.

### **Significant Investment, Material Acquisitions or Disposals of Subsidiaries and Associated Companies**

During the year ended 31 March 2024, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries and associated companies.

### **Future Plans for Material Investment or Capital Assets**

There was no plans for material investments or capital assets as at 31 March 2024.

### **Employees and Remuneration Policy**

As at 31 March 2024, we employed a total of 49 full-time employees (including two executive directors but excluding one non-executive director and three independent non-executive directors), as compared to a total of 49 full-time employees (including two executive Directors but excluding three independent non-executive Directors) as at 31 March 2023. The remuneration packages that the Group offers to employees include salary, discretionary bonuses, staff benefits, contributions and retirement schemes as well as other cash subsidies. In general, the Group determines employee’s salaries based on each employee’s qualifications, position, experience and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the year ended 31 March 2024 was approximately HK\$28.5 million compared to approximately HK\$24.5 million in the corresponding year ended 31 March 2023.

### **Final Dividends**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

## Share Option Scheme

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

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

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

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

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

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

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

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption (i.e. 4 April 2019) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the shareholders in general meeting. As at 31 March 2024, the remaining life of the Share Option Scheme was more than five years.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between the adoption date of the Share Option Scheme and the date of this announcement, no share option has been granted, exercised, cancelled or lapsed. There was no outstanding share option under the Share Option Scheme as at 31 March 2024 and the date of this announcement. As at 31 March 2024 and the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 62,000,000, representing 10% of the entire issued share capital of the Company.

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

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries for the year ended 31 March 2024 and up to the date of this announcement.

On 31 January 2024, a direct wholly-owned subsidiary of the Company (the “**Purchaser**”) entered into an equity transfer agreement (“**Equity Transfer Agreement**”) with an independent third party (the “**Vendor**”) pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase 5% equity interest in a private company incorporated in BVI where its major asset is an investment in the form of equity capital in a company established in the People’s Republic of China and is principally engaged in research and development of the technologies in acellular cartilage matrix which can be applied to surgeries for tackling the disease of cataract. The unlisted equity security was acquired at a total consideration of HK\$13,000,000 and completed on 31 January 2024.

The Vendor also guaranteed the Purchaser in the Equity Transfer Agreement for putting back the instrument to the Vendor at original consideration of HK\$13,000,000 (the “**Put Option**”) if the research and development company cannot obtain the specified license within 10 months from the date of acquisition (the “**Put Option Expiry Date**”). On 20 March 2024, a supplemental agreement was entered into between the Vendor and the Purchaser further extend the Put Option Expiry Date to 31 December 2025. The Put Option is a separate instrument from the equity instrument designated at FVTOCI and is accounted for a derivative financial instrument measured at fair value through profit or loss. The directors of the Company consider that the fair value of the derivative financial instrument is insignificant as it is not expected to trigger the Put Option feature.

#### **Events after the year ended 31 March 2024**

On 8 April 2024, a direct wholly owned subsidiary of the Company (the “**Buyer**”) has signed a memorandum of understanding (the “**MOU**”) with an independent third party (the “**Seller**”) and a custodian (the “**Custodian**”) pursuant to which the Seller agrees to sell the land use rights for which the Seller has entered into a lease of customary land for the land on 1 October 2023 with the Minister of Natural Resources and Environment of the Independent State of Samoa on behalf of the beneficial customary land owners for a term of 30 years, with an option to renew for additional 30 years. Upon the execution of the MOU, the Buyer shall pay a refundable deposit of HK\$6,500,000 to the Custodian’s designated bank account.

As of the date of this announcement, the refundable deposit of HK\$6,500,000 was paid to the Custodian’s designated bank account and no binding sale and purchase agreement was entered into with the Seller.

#### **Sufficiency of Public Float**

Based on the information that was publicly available and with the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float for its shares as required under the Listing Rules as at the latest practicable date prior to the issue of this announcement.

## CHANGE OF COMPANY NAME AND STOCK SHORT NAME

As disclosed in the announcement of the Company dated 10 May 2024, the name of the Company has been changed from “B & D Strategic Holdings Limited” to “Rongzun International Holdings Group Limited” and “榮尊國際控股集團有限公司” has been adopted as the Company’s new dual foreign name in Chinese (the “**Change of Company Name**”). Following the Change of Company Name, the stock short name for trading in the Shares on the Stock Exchange has been changed from “B & D STRATEGIC” to “RONGZUN INT’L H” in English, and “榮尊國際控股” has been adopted as the stock short name for trading in the shares of the Company on the Stock Exchange in Chinese with effect from 9:00 a.m. on 16 May 2024.

The Change of Company Name would not affect any rights of the shareholders of the Company. For further details, please refer to the announcement of the Company dated 10 May 2024.

## CORPORATE GOVERNANCE PRACTICES

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

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a designated position of Chairman for the periods from 4 December 2023 to 21 December 2023 and from 8 April 2024 onwards. The responsibilities of the chairman and the chief executive officer of the Company are currently vested in Dr. Hiroshi Kaneko (the executive director and the chief executive officer of the Company). As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she had complied with the required standards as set out in the Model Code throughout the year ended 31 March 2024.

## **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 2024 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 for the year as approved by the Board of Directors on 28 June 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **AUDIT COMMITTEE**

The Company established the audit committee in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG code as set out in Appendix C1 of the Listing Rules. The audit committee consists of three independent non-executive Directors, namely, Mr. Yiu To Wa, Mr. Jin Fan and Mr. Sung Ka Woon. Mr. Yiu To Wa currently serves as the Chairman of the audit committee.

The audit committee had reviewed, together with the management and the Company’s auditors, Deloitte Touche Tohmatsu, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 March 2024.

The Group’s audited consolidated financial statements for the year ended 31 March 2024 have been reviewed and approved by the audit committee. The audit committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.bnd-strategic.com.hk](http://www.bnd-strategic.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2024 annual report of the Company for the year ended 31 March 2024 will be despatched to shareholders of the Company and available on the same websites in due course.

## **APPRECIATION**

The Board would like to express its sincere appreciation to our stakeholders for their continued support to the Group. The Board would also wish to thank to our management and all the staff who have contributed their time, efforts and supports to the Group's business operations.

By Order of the Board  
**Rongzun International Holdings Group Limited**  
**Dr. Hiroshi Kaneko**  
*Executive Director and Chief Executive Officer*

Hong Kong, 28 June 2024

*As at the date of this announcement, the Board comprises Dr. Hiroshi Kaneko and Mr. Wang Shuai as executive Directors; and Mr. Jin Fan, Mr. Sung Ka Woon and Mr. Yiu To Wa as independent non-executive Directors.*