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Dragon Rise Group Holdings Limited
龍昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6829)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Review Year amounted to approximately HK\$1,314.1 million (FY2024: approximately HK\$945.9 million).
- Gross profit margin for the Review Year was approximately 3.7% (FY2024: approximately 4.2%).
- Profit attributable to the equity holders of the Company for the Review Year amounted to approximately HK\$9.0 million (FY2024: approximately HK\$4.2 million).
- Basic and diluted earnings per share for the Review Year amounted to approximately HK cents 3.98 (FY2024: approximately HK cents 2.36 (restated)).
- The Board has resolved not to recommend the declaration of a final dividend for the Review Year (FY2024: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Dragon Rise Group Holdings Limited (the “**Company**”) is pleased to present the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2025 (the “**Review Year**”), together with the comparative figures for the corresponding year ended 31 March 2024 (the “**FY2024**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	1,314,136	945,852
Direct costs		<u>(1,265,827)</u>	<u>(906,389)</u>
Gross profit		48,309	39,463
Other gain/(loss), net	5	2,228	(177)
Administrative expenses		(36,834)	(27,759)
Reversal/(provision) of expected credit losses ("ECL") allowance on trade and other receivables and contract assets, net		246	(3,733)
Finance costs	6	<u>(3,448)</u>	<u>(1,000)</u>
Profit before income tax	7	10,501	6,794
Income tax expense	8	<u>(3,351)</u>	<u>(2,626)</u>
Profit for the year		<u>7,150</u>	<u>4,168</u>
Profit for the year attributable to:			
Equity holders of the Company		9,032	4,188
Non-controlling interests		<u>(1,882)</u>	<u>(20)</u>
		<u>7,150</u>	<u>4,168</u>
		<i>HK cents</i>	<i>HK cents</i>
			<i>(Restated)</i>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	10	<u>3.98</u>	<u>2.36</u>

	Notes	2025 HK\$'000	2024 HK\$'000
Profit for the year		7,150	4,168
Other comprehensive gain:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of overseas operations		<u>(231)</u>	<u>27</u>
Total comprehensive income for the year		<u>6,919</u>	<u>4,195</u>
Total comprehensive income for the year attributable to:			
Equity holders of the Company		8,819	4,215
Non-controlling interests		<u>(1,900)</u>	<u>(20)</u>
		<u>6,919</u>	<u>4,195</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		19,808	21,712
Investment property		3,740	3,910
Trade and other receivables	11	902	–
Financial asset at fair value through profit and loss		2,000	1,000
		<u>26,450</u>	<u>26,622</u>
Current assets			
Trade and other receivables	11	123,656	30,377
Contract assets	12	273,125	228,219
Cash, bank balances and pledged deposits		92,730	133,962
		<u>489,511</u>	<u>392,558</u>
Current liabilities			
Trade and other payables	13	(157,670)	(85,673)
Contract liabilities	12	(701)	(464)
Borrowings		(30,481)	(58,505)
Lease liabilities	14	(2,808)	(806)
Current tax liabilities		(706)	(1,585)
		<u>(192,366)</u>	<u>(147,033)</u>
Net current assets		<u>297,145</u>	<u>245,525</u>
Total assets less current liabilities		<u>323,595</u>	<u>272,147</u>
Non-current liabilities			
Borrowings		–	(2,000)
Lease liabilities	14	(4,862)	(521)
Deferred tax liabilities		(955)	(1,791)
		<u>(5,817)</u>	<u>(4,312)</u>
Net assets		<u><u>317,778</u></u>	<u><u>267,835</u></u>
CAPITAL AND RESERVES			
Share capital	15	28,800	12,000
Reserves		290,174	255,497
		<u>318,974</u>	<u>267,497</u>
Equity attributable to equity holders of the Company		(1,196)	338
Non-controlling interests			
TOTAL EQUITY		<u><u>317,778</u></u>	<u><u>267,835</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and principal place of business is Unit 09, 28/F, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company, and its subsidiaries are principally engaged in undertaking foundation works in Hong Kong as a subcontractor.

As at 31 March 2025, the Directors considered the Company's immediate and ultimate holding company is Fame Circle Limited ("**Fame Circle**"), a company incorporated in the British Virgin Islands (the "**BVI**") and is wholly owned by Mr. Yip Yuk Kit ("**Mr. Yip**"), Mr. Yip and Fame Circle each being a "**Controlling Shareholder**").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations ("**HKFRS Accounting Standards**") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented in the consolidated financial statements. The adoption of new or amended HKFRS Accounting Standards and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis except for investment property and financial asset at fair value through profit and loss, which are stated at fair value. The consolidated financial statements are presented in Hong Kong dollars ("**HK\$**"), which is the functional currency of the Group, and all values are rounded to the nearest thousands ("**HK\$'000**"), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

(i) Amended HKFRS Accounting Standards that are effective for annual periods beginning on 1 April 2024

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

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 adoption of the amended HKFRS Accounting Standards had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

(ii) Issued but not yet effective HKFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contacts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date not yet determined

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

4.1 Revenue

The Group's principal activities are disclosed in note 1 of the consolidated financial statements.

Revenue recognised for the years ended 31 March 2025 and 2024 are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Contracting revenue	1,222,588	911,778
Sales of construction materials	<u>91,548</u>	<u>34,074</u>
	<u>1,314,136</u>	<u>945,852</u>
Timing of revenue recognition under HKFRS 15		
Services transferred over time	1,222,588	911,778
Good transferred at a point in time	<u>91,548</u>	<u>34,074</u>
	<u>1,314,136</u>	<u>945,852</u>

Contracting revenue

Revenue from construction contracts are recognised over time as the Group's performance creates and enhances an asset that the customer controls which referred as the designated areas where the construction work services performed. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

Sales of construction materials

Revenue from sales of construction materials are recognised at a point in time when the Group transfers control of the goods to the customer.

4.2 Segment information

The chief operating decision maker (the "CODM") has been identified as the executive directors of the Company. The CODM regard the Group's business as a single operating segment and review the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

Geographical information

The following is an analysis of the Group's revenue by the geographical locations of customers:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	1,222,588	911,778
Mainland China	<u>91,548</u>	<u>34,074</u>
	<u>1,314,136</u>	<u>945,852</u>

Since majority of the Group's non-current assets were located in Hong Kong, no separate analysis of segment information in non-current assets is presented.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A ¹	406,641	333,580
Customer B ¹	367,011	N/A ²
Customer C ¹	304,952	N/A ²
Customer D ¹	<u>N/A²</u>	<u>382,183</u>

¹ The customer represents a collection of companies within a group.

² The corresponding revenue did not individually contribute over 10% of the Group's revenue during the year.

5. OTHER GAIN/(LOSS), NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net losses from changes in fair value on investment property	(170)	(570)
Consultancy fee income	1,375	–
Rental income	156	156
Interest income	955	1,457
Net foreign exchange loss	(353)	(978)
Gain on disposal of property, plant and equipment	250	–
Others	<u>15</u>	<u>(242)</u>
	<u>2,228</u>	<u>(177)</u>

6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interests on borrowings	3,183	921
Finance charges on lease liabilities	<u>265</u>	<u>79</u>
	<u>3,448</u>	<u>1,000</u>

7. PROFIT BEFORE INCOME TAX

	2025 HK\$'000	2024 HK\$'000
Profit before tax is stated after charging:		
(a) Staff costs (including directors' remuneration)		
– Salaries, wages, bonus and other benefits	182,837	136,383
– Retirement scheme contributions (<i>note a</i>)	<u>4,725</u>	<u>3,651</u>
Staff costs (including directors' remuneration) (<i>note b</i>)	<u>187,562</u>	<u>140,034</u>
(b) Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	9,018	17,196
Administrative expenses		
– Owned assets	–	200
– Right-of-use assets	<u>2,615</u>	<u>1,053</u>
	<u>11,633</u>	<u>18,449</u>
Lease charges:		
– Short term lease of office	97	155
– Short term lease of machinery	<u>22,946</u>	<u>24,091</u>
Total lease charges	<u>23,043</u>	<u>24,246</u>
Subcontracting charges (included in direct costs)	209,850	156,750
Cost of sales of construction materials (included in direct costs)	85,569	32,934
Outgoings in respect of investment property	30	18
Auditor's remuneration	1,328	1,204
(Reversal)/provision of expected credit loss ("ECL") allowance		
on trade and other receivables and contract assets, net	(246)	3,733
Donation	<u>–</u>	<u>48</u>

Notes:

- (a) During the years ended 31 March 2025 and 2024, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 31 March 2025 and 2024, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions.
- (b) Staff costs (including directors' remuneration) are as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Direct costs	167,302	125,208
Administrative expenses	<u>20,260</u>	<u>14,826</u>
	<u>187,562</u>	<u>140,034</u>

8. INCOME TAX EXPENSE

	2025 HK\$'000	2024 <i>HK\$'000</i>
Current tax:		
Hong Kong profit tax (<i>note a</i>)	3,998	1,590
Overseas tax (<i>note b</i>)	189	22
Deferred tax	<u>(836)</u>	<u>1,014</u>
Income tax expense for the year	<u>3,351</u>	<u>2,626</u>

Notes:

- (a) Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the years ended 31 March 2024 and 2025, Hong Kong profits tax of a subsidiary of the Company is calculated in accordance with the two-tiered profits tax rate regime.
- (b) Taxation on overseas profit has been calculated on the assessable profit for the year at the rates of taxation prevailing in the country in which the Group operates.

9. DIVIDENDS

No dividend was paid or proposed for the years ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to equity holders of the Company	<u>9,032</u>	<u>4,188</u>
	<i>'000</i>	<i>'000</i> (Restated)
Number of shares		
Weighted average number of ordinary shares (note 15)	<u>226,658</u>	<u>177,662</u>

The weighted average number of ordinary shares for the purpose of earnings per share for the year ended 31 March 2024 has been adjusted and restated for the effect of share consolidation and rights issue. Details as set out in note 15.

There were no dilutive potential ordinary shares during the years ended 31 March 2025 and 2024 and therefore, diluted earnings per share equals to basic earnings per share.

11. TRADE AND OTHER RECEIVABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Trade receivables			
– from third parties	(a)	62,559	28,753
Less: ECL allowance, net		<u>(314)</u>	<u>(27)</u>
		<u>62,245</u>	<u>28,726</u>
Deposit, prepayment and other receivables			
Other receivables		529	480
Performance deposits (<i>note i</i>)		60,000	–
Prepayment (<i>note ii</i>)		1,805	879
Utility and other deposits		1,047	182
Amount due from the ultimate holding company	(b)	<u>110</u>	<u>110</u>
		63,491	1,651
Less: ECL allowance, net		<u>(1,178)</u>	<u>–</u>
		<u>62,313</u>	<u>1,651</u>
		<u>124,558</u>	<u>30,377</u>
Representing:			
Non-current assets		902	–
Current assets		<u>123,656</u>	<u>30,377</u>
		<u>124,558</u>	<u>30,377</u>

Notes:

- (i) The amount was paid to a 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 the customer.
- (ii) Prepayment of HK\$236,000 and HK\$975,000 was made for purchasing materials and property, plant and equipment as at 31 March 2025 (2024: HK\$408,000 and nil).

The directors of the Company consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

(a) Trade receivables

Based on the invoice dates (or date of revenue recognition, if earlier), the ageing analysis of the trade receivables, net of ECL allowance, was as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	40,952	22,868
31 – 60 days	17,206	4,894
61 – 90 days	4,087	964
	<u>62,245</u>	<u>28,726</u>

The movement in the ECL allowance on trade receivables is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Balance as at 1 April	27	262
ECL recognised/(reversal) during the year, net	<u>287</u>	<u>(235)</u>
Balance as at 31 March	<u>314</u>	<u>27</u>

The movement in the ECL allowance on other receivables is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Balance as at 1 April	–	–
ECL recognised during the year, net	<u>1,178</u>	<u>–</u>
Balance as at 31 March	<u>1,178</u>	<u>–</u>

(b) Amounts due from the ultimate holding company

The amounts due are unsecured, interest-free and repayable on demand.

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

12.1 Contract assets

	2025 HK\$'000	2024 HK\$'000
Unbilled revenue	186,030	161,438
Retention receivables	90,885	72,282
Less: ECL allowance, net	<u>(3,790)</u>	<u>(5,501)</u>
	<u>273,125</u>	<u>228,219</u>

Note:

Unbilled revenue represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. Unbilled revenue are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Retention receivables included in contract assets represent certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum.

Changes of contract assets during the year ended 31 March 2025 were mainly due to:

- (i) Changes in retention receivables as a result of changes in number of ongoing and completed contracts during the year; and
- (ii) Changes in number of contract works that the relevant services were completed but yet been certified at the end of each reporting period.

Retention receivables are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. The gross amount of contract assets expected to be recovered/settled over one year is HK\$67,463,000 (2024: HK\$29,751,000), all of the remaining balances were expected to be recovered/settled within one year.

The details of ECL measurement for contract assets are set out in note to the consolidated financial statements. Based on ECL assessment, ECL allowance of HK\$3,790,000 (2024: HK\$5,501,000) has been recognised as at 31 March 2025.

The movement in the ECL allowance on contract assets are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Balance as at 1 April	5,501	1,533
ECL (reversal)/allowance recognised during the year, net	<u>(1,711)</u>	<u>3,968</u>
Balance as at 31 March	<u><u>3,790</u></u>	<u><u>5,501</u></u>

12.2 Contract liabilities

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Contract liabilities arising from construction contracts from billings in advance of performance	<u><u>701</u></u>	<u><u>464</u></u>

All of the contract liabilities are expected to be recovered/settled within one year.

Revenue recognised in relation to contract liabilities

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u><u>464</u></u>	<u><u>99</u></u>

Unsatisfied long-term construction contracts

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligation as at 31 March are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within one year	<u><u>927,038</u></u>	<u><u>985,204</u></u>

The amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

13. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables (<i>note (a)</i>)	151,834	80,159
Accruals and other payables (<i>note (b)</i>)	<u>5,836</u>	<u>5,514</u>
	<u>157,670</u>	<u>85,673</u>

Notes:

- (a) Payment terms granted by suppliers are 0 to 90 days (2024: 0 to 90 days) from the invoice date of the relevant purchases.

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

	2025 HK\$'000	2024 HK\$'000
0 – 30 days	125,527	72,258
31 – 60 days	18,469	6,667
61 – 90 days	7,474	1,234
Over 91 days	<u>364</u>	<u>–</u>
	<u>151,834</u>	<u>80,159</u>

- (b) As at 31 March 2025, accruals and other payables mainly comprised of: (1) accrued professional fee which amounted to HK\$1,608,000 (2024: HK\$1,938,000); (2) accrued employee benefits of approximately HK\$1,830,000 (2024: HK\$1,247,000); and (3) amount due to a director which amounted to HK\$1,509,000 (2024: HK\$1,476,000). The amount due is unsecured, interest-free and repayable on demand.
- (c) All amounts are short-term and hence, the carrying values of the Group's trade payables and accruals and other payables are considered to be a reasonable approximation of fair value.

14. LEASE LIABILITIES

The analysis of the Group's lease liabilities is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Total minimum lease payments:		
Within one year	3,168	856
After one year but within two years	3,472	375
After two years but within five years	<u>1,612</u>	<u>196</u>
	8,252	1,427
Future finance charges	<u>(582)</u>	<u>(100)</u>
Present value of lease liabilities	<u><u>7,670</u></u>	<u><u>1,327</u></u>
Present value of minimum lease payment:		
Within one year	2,808	806
After one year but within two years	3,282	333
After two years but within five years	<u>1,580</u>	<u>188</u>
	7,670	1,327
Less: Portion due within one year included under current liabilities	<u>(2,808)</u>	<u>(806)</u>
Portion due after one year included under non-current liabilities	<u><u>4,862</u></u>	<u><u>521</u></u>

During the year ended 31 March 2025, the total cash outflow for the leases are HK\$2,464,000 (2024: HK\$1,195,000).

15. SHARE CAPITAL

	2025		2024	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
As at 1 April	10,000,000,000	100,000	10,000,000,000	100,000
Share consolidation (<i>note b</i>)	<u>(9,000,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
As at 31 March	<u>1,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:				
As at 1 April	1,200,000,000	12,000	1,200,000,000	12,000
Placing of shares (<i>note a</i>)	240,000,000	2,400	—	—
Share consolidation (<i>note b</i>)	<u>(1,296,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Issuance of Shares under rights issue (<i>note c</i>)	<u>144,000,000</u>	<u>14,400</u>	<u>—</u>	<u>—</u>
As at 31 March	<u>288,000,000</u>	<u>28,800</u>	<u>1,200,000,000</u>	<u>12,000</u>

Notes:

- (a) On 26 July 2024, the Company entered into the placing agreement with a placing agent pursuant to which the placing agent has agreed, as agent of the Company, to procure to not less than six places to subscribe for up to 240,000,000 placing shares with nominal value of HK\$0.1 each at the placing price of HK\$0.064 per placing share. The shares issued rank pari passu with other shares in issue in all aspects. The net proceeds from placing were approximately HK\$15,051,000 after deducting the related expenses. The placing of shares was completed on 9 August 2024.
- (b) On 13 September 2024, the Company implemented the share consolidation on the basis that every ten issued and unissued shares with a par value of HK\$0.01 each in the share capital of the Company be consolidated into one consolidated share (“Consolidated Share”) with a par value of HK\$0.1 each in the share capital of the Company. The share consolidation was duly passed by the shareholders of the Company by way of poll on 12 November 2024. Further details were set out in the Company’s circular dated 18 October 2024.
- (c) Further on 13 September 2024, the Company implemented the rights issue on the basis of one Rights Share for every one Consolidated Share held on 25 November 2024 at the subscription price of HK\$0.2 per right share. The Rights Issue became unconditional on 19 December 2024 and was completed on 23 December 2024. Total 144,000,000 ordinary shares with nominal value of HK\$0.1 each was issued, the gross proceeds from the Rights Issue were approximately HK\$28,800,000 and the net proceeds were approximately HK\$27,607,000 after deducting the related expenses. These Rights Shares issued rank pari passu with the existing shares in all respects.

16. CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group has been involved in a number of claims, litigations and potential claims against the Group in relation to work-related injuries and non-compliances. The potential claims and litigations against the Group, as a subcontractor, are insured by main contractor's insurance policy, the directors are of the opinion that the claims, litigations and non-compliances are not expected to have a material impact on the consolidated financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision has been made to the consolidated financial statements.

17. EVENT AFTER REPORTING DATE

On 13 June 2025, Dragon Rise Auto Services Limited, a non-wholly-owned subsidiary of the Company, entered into a strategic cooperation framework agreement with (i) an automotive trader, (ii) a mobile energy solutions provider, and (iii) a digital energy service provider to jointly promote the development of new energy industry in Hong Kong by constructing energy replenishment infrastructure and promoting electrification in transportation with an aim to establish a comprehensive battery-swapping network. For details, please refer to the Company's announcement dated 17 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Over the past year, the Hong Kong government has introduced various initiatives to stimulate the economy, focusing on enhancing exchanges and trade between Hong Kong, the international community, and mainland China. Key measures included the adjustments made to the “New Capital Investment Entrant Scheme” and the promotion of the “Event Economy”, injecting fresh energy into Hong Kong’s economic recovery. However, the benefits brought about by these measures remained limited in the context of broader economic headwinds.

In a bid to revive the local real estate sector, the government removed several taxes for non-permanent residents buying properties and raised loan-to-value ratios. While these measures initially boosted transaction volumes, the effect on overall property prices was marginal, underscoring weak end-user demand. This environment also led to a decline in the number of new construction sites breaking ground.

As a comprehensive enterprise group offering construction and infrastructure services in Hong Kong, the Group is navigating a competitive landscape. The local construction industry is also grappling with structural issues such as an ageing workforce and elevated labour costs, resulting in extended construction timelines and cost pressures, particularly when benchmarked against regional peers. In response, the Group has sought to build resilience by diversifying its operations while reinforcing its core strengths.

BUSINESS REVIEW AND OUTLOOK

The Group is a comprehensive enterprise group serving Hong Kong’s construction and infrastructure sector, with decades of experience, mainly engaging in construction services (specialising in foundations and Micro-Infrastructure Construction) and trading of construction materials. The Group has established capabilities across a broad spectrum of foundation-related works, including (i) ELS and pile cap construction works; (ii) disposal of excavated materials from piling; and (iii) ancillary services including dismantling of shoring, site formation, steel fixing and site clearance. Kit Kee Engineering Limited (“**Kit Kee Engineering**”), the principal operating subsidiary, is registered with the Construction Industry Council under the Subcontractor Registration Scheme under the sub-register of the structural and civil trade group.

During the Review Year, despite the overall market downturn, the Group, with its strong customer relationships and excellent reputation for construction quality, had been awarded 14 projects with a total original contract sum of approximately HK\$1,227.7 million. The year's overall revenue reached HK\$1,314.1 million, an increase of 38.9% compared to the year ended 31 March 2024. The Group's gross profit amounted to HK\$48.3 million, an increase of approximately 22.3% compared to HK\$39.5 million for the year ended 31 March 2024.

During the Review Year, the Group made initial progress in its newly established new energy segment. New subsidiaries were set up to engage in the trading of commercial electric vehicles and the construction and operation of battery-swapping stations. Although the segment has not yet generated revenue, it marks the Group's first step into the clean energy sector and provides a foundation for future development.

Geopolitical tensions continued to weigh on the macroeconomic environment. Notably, the first half of 2025 witnessed many significant economic events, among which one of the most significant impacts on Hong Kong is the United States' imposition of additional tariffs on China as a trade pressure measure. While this current trade standoff has been gradually de-escalating through multiple rounds of discussions between the involved parties, the outlook for future macroeconomic development remains shrouded in uncertainty.

The Group's core business remains anchored in foundation and construction-related services. The Hong Kong government continues to implement infrastructure plans across the city, especially in the New Territories, to alleviate pressure on the central urban areas. However, projects by private developers are still being affected by the sluggish real estate market, making any near-term improvements unlikely.

Under such circumstances, the Group has begun diversifying into adjacent growth sectors. Observing the escalating trend of electric vehicles becoming increasingly mainstream, alongside the rising market share of domestically produced electric vehicles, the Group has established new subsidiaries dedicated to the trading of commercial electric vehicles and the operation of battery swapping stations. Management believes the battery-swapping model remains underdeveloped in Hong Kong and represents a promising "blue sea" opportunity for early movers.

Looking ahead, the Group remains committed to delivering quality service in its established businesses while proactively identifying new areas for expansion. Continued collaboration with mainland Chinese partners and participation in emerging infrastructure and clean energy projects are expected to support future development.

FINANCIAL REVIEW

Revenue

For the Review Year, the revenue of the Group has increased by approximately HK\$368.2 million, or approximately 38.9% compared to FY2024, from approximately HK\$945.9 million to approximately HK\$1,314.1 million. The increase was primarily attributable to an increase in contract revenue due to an increase in the number of sizable projects during the Review Year.

The Board regards the Group's business as a single operating segment and reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no segment analysis information is presented and no separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are mainly attributable to a single geographical region, which is Hong Kong.

Gross Profit and Gross Profit Margin

Our direct costs increased by approximately HK\$359.4 million or approximately 39.7% from approximately HK\$906.4 million for the FY2024 to approximately HK\$1,265.8 million for the Review Year. The gross profit of the Group has increased by approximately HK\$8.8 million, or approximately 22.3% compared to FY2024, from approximately HK\$39.5 million to approximately HK\$48.3 million. The gross profit margin for the Review Year was approximately 3.7%, compared to that for the FY2024 of approximately 4.2%. The decrease in gross profit margin was mainly due to the relatively low profit margin for certain sizable projects.

Other Gain/(Loss), Net

Other gain/(loss), net mainly included consultancy fee income, interest income, changes in fair value on investment property and exchange differences. For the Review Year, other gains, net amounted to approximately HK\$2.2 million as compared with other loss, net approximately HK\$0.2 million for FY2024. The increase in other gain/(loss), net for the Review Year was mainly due to the consultancy fee income of approximately HK\$1.4 million recognised for the Review Year.

Administrative Expenses

For the Review Year, the administrative expenses increased by approximately HK\$9.0 million or approximately 32.4% compared to FY2024, from approximately HK\$27.8 million to approximately HK\$36.8 million. The increase was primarily due to (1) an increase in staff costs included in administrative expenses of approximately HK\$5.5 million and (2) an increase in consulting fee and marketing fee for new business development of approximately HK\$3.0 million for the Review Year.

Reversal/(provision) of Expected Credit Loss (“ECL”) Allowance on Trade and Other Receivables and Contract Assets, net

For the Review Year, the reversal of ECL allowance on trade and other receivables and contract assets increased by approximately HK\$3.9 million compared to FY2024, from provision of approximately HK\$3.7 million to reversal of approximately HK\$0.2 million. The increase of reversal was mainly due to the financial conditions and repayment abilities of certain customers in the Group’s business have been improved.

Finance Costs

For the Review Year, the finance costs amounted to approximately HK\$3.4 million as compared to FY2024 of approximately HK\$1.0 million. The increase was primarily due to the increase in average balance of bank borrowings during the Review Year.

Income Tax Expense

For the Review Year, the income tax expense increased by approximately HK\$0.8 million or approximately 30.8% compared to the FY2024, from approximately HK\$2.6 million to approximately HK\$3.4 million. Such increase was mainly due to the increase in taxable income for the Review Year.

Net Profit

For the Review Year, the net profit amounted to approximately HK\$7.2 million, as compared to approximately HK\$4.2 million from FY2024. Our net profit margin for the Review Year was approximately 0.5%, as compared with approximately 0.4% for FY2024. The increase in the net profit margin for the Review Year was mainly due to increase in gross profits during the Review Year.

LIQUIDITY AND FINANCIAL RESOURCE

The Group continued to finance its working capital with internally generated cash flows and bank borrowings.

As at 31 March 2025, the Group had total cash, bank balances and pledged deposits of approximately HK\$92.7 million (31 March 2024: approximately HK\$134.0 million).

CAPITAL STRUCTURE

As at 31 March 2025, the Company's issued capital was HK\$28.8 million and the number of its issued ordinary shares was 288,000,000 shares of HK\$0.1 each.

The Placing of New Shares under General Mandate in August 2024

In August 2024, the Company raised net proceeds of approximately HK\$15.0 million (the **"Placing Proceeds"**) from its placing of 240,000,000 Shares to not less than six placees at the placing price of HK\$0.064 each per placing share under general mandate for the general working capital of the Group.

By October 2024, all of the Placing Proceeds were utilised for the general working capital of the Group.

Share consolidation and Rights Issue

On 13 September 2024, the Company announced (i) the proposed consolidation on the basis that every ten (10) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.1 each (the **"Consolidated Share"**) (the **"Share Consolidation"**); and (ii) the proposed issued by way of the rights of up to 144,000,000 rights shares of HK\$0.1 each (the **"Rights Share"**) to the qualifying shareholders on the record date at a subscription price (the **"Subscription Price"**) of HK\$0.2 per Rights Share on the basis of one (1) Rights Share for every one (1) Consolidated Shares (the **"Rights Issue"**).

The Share Consolidation was effective from 14 November 2024. Upon the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$100,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.1 each, of which 144,000,000 Consolidated Shares (which are fully-paid or credited as fully-paid) would be in issue.

Further to the Share Consolidation, the Rights Issue became unconditional on 19 December 2024. The gross proceeds from the Rights Issue (before deducting the necessary expenses) were approximately HK\$28.8 million and the net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$1.2 million) were approximately HK\$27.6 million. As disclosed in the prospectus of the Company dated 28 November 2024 in respect of the Rights Issue, the Company intends to apply the net proceeds from the Rights Issue (a) as to approximately HK\$19.4 million, being 70% of the net proceeds, for upfront costs of the on-going construction projects; (b) as to approximately HK\$4.2 million, being 15% of the net proceeds, for partial repayment of principal amounts of bank loan installments which will be due in January 2025; and (c) the remaining balance of approximately HK\$4.0 million, being 15% of the net proceeds, for general working capital of the Group including but not limited to directors' remuneration and staff costs, audit and other professional fees, administrative and general expenses as well as printing fees and listing fees.

Details of the above are set out in the Company's announcements on 13 September 2024 and 20 December 2024, the Company's circular dated 18 October 2024 and the Company's prospectus dated 28 November 2024 respectively.

By March 2025, all of the net proceeds from the Rights Issue were utilised as intended.

Current Ratio

Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

Our Group's current ratio decreased from approximately 2.7 times as at 31 March 2024 to approximately 2.5 times as at 31 March 2025. The decrease was mainly due to the increase in trade payable as at 31 March 2025.

Gearing Ratio

Gearing ratio is calculated as total borrowings (including lease liabilities) divided by the total equity as at the respective reporting dates.

Our Group's gearing ratio decreased from approximately 23.1% as at 31 March 2024 to approximately 12.0% as at 31 March 2025. The decrease was primarily due to the decrease in bank borrowings as at 31 March 2025.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Pledge of Assets

As at 31 March 2025, the Group had pledged (i) approximately HK\$9.6 million bank deposits (31 March 2024: approximately HK\$19.8 million and RMB13.0 million bank deposits and an investment property situated in Hong Kong of approximately HK\$3.9 million); and (ii) corporate guarantee given by the Company in order to secure bank facilities granted to Kit Kee Engineering.

FOREIGN EXCHANGE EXPOSURE

As the Group mainly operates in Hong Kong and most 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 rate risk for the Review Year.

During the Review Year, the Group placed a portion of its cash reserves in RMB in time deposit for interest return, and the Group incurred an exchange loss of approximately HK\$0.4 million (For FY2024: approximately HK\$1.0 million).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2025, the Group had capital commitments of approximately HK\$2.0 million (For FY2024: nil) for acquiring machine.

As at 31 March 2025 and 2024, the Group had been involved in a number of claims, litigations and potential claims against the Group in relation to work-related injuries and non-compliances. The Directors are of the opinion that the claims, litigations and non-compliances are not expected to have a material impact on the consolidated financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision has been made to the consolidated financial statements.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Review Year, the Group did not have any significant investments held, nor any material acquisitions or disposals of subsidiaries or associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 26 January 2018 (the “**Prospectus**”), the Group did not have any other plans for material investments or capital assets during the Review Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group employed a total of 322 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 338 full-time employees as at 31 March 2024. The remuneration packages that the Group offers to employees includes salary, discretionary bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position 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 Group also adopted a share option scheme whereby qualified participants may be granted options to acquire shares in the Company. The total staff cost incurred by the Group for the Review Year was approximately HK\$187.6 million compared to approximately HK\$140.0 million of FY2024.

The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

DIVIDENDS

The Board has resolved not to recommend the declaration of final dividend for the Review Year (FY2024: nil).

CORPORATE GOVERNANCE CODE/OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the corporate governance code (the “**CG code**”) contained in Appendix C1 to the Listing Rules. Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”) should be separated and should not be performed by the same individual. Mr. Yip was the Chairman and Chief Executive Officer during the Review Year. As Mr. Yip has been assuming day-to-day responsibilities in operating and managing Kit Kee Engineering since August 1993, the Board is of the view that it is in the best interest of the Group to have Mr. Yip taking up both roles for effective management and business development.

Save for the above deviation, the Board considers that during the Review Year, the Company has complied with all the code provisions set out in the CG Code.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of the Directors, all of the Directors have confirmed that they have complied with the requirements of the Model Code during the period from the date of listing of the Company’s shares on the Main Board of the Stock Exchange and up to the date of this announcement.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 18 January 2018. The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to employees (full-time or part-time), Directors, consultants, advisors, substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 18 January 2018, and there was no outstanding share option as at 31 March 2025.

The number of options available for grant under the Share Option Scheme as at 1 April 2024 and 31 March 2025 was 12,000,000 and 12,000,000 respectively, representing approximately 10.00% and 4.17% of the total issued shares of the Company (excluding treasury shares if any).

As at 31 March 2025, the total number of securities of the Company available for issue under the Share Option Scheme was 12,000,000, representing 4.17% of the issued shares as at the date of this annual report. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 18 January 2018, and there is no outstanding share option as at 31 March 2025.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business during the Review Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Review Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

EVENTS AFTER THE REVIEW YEAR

On 13 June 2025, Dragon Rise Auto Services Limited, a non-wholly-owned subsidiary of the Company, entered into a strategic cooperation framework agreement with (i) an automotive trader, (ii) a mobile energy solutions provider, and (iii) a digital energy service provider to jointly promote the development of new energy industry in Hong Kong by constructing energy replenishment infrastructure and promoting electrification in transportation with an aim to establish a comprehensive battery-swapping network. For details, please refer to the Company's announcement dated 17 June 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Review Year and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an Audit Committee on 18 January 2018 with written terms of reference in compliance with the CG code. The primary roles of the Audit Committee include, but are not limited to, (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring the integrity of the financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (c) reviewing the financial controls, internal control and risk management systems.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Chan Wa Shing, Ms. Ding Xin and Mr. Lee Kwok Lun. Mr. Lee Kwok Lun is the chairman of the Audit Committee.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the Review Year 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. The figures in respect of the announcement of the Group's results for the Review Year have been agreed with the Company's auditors, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton on this announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.kitkee.com.hk and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2025 Annual Report will be despatched to shareholders of the Company and made available on the same websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

By order of the Board
Dragon Rise Group Holdings Limited
Yip Yuk Kit
Chairman and Executive Director

Hong Kong, 26 June 2025

As at the date of this announcement, the Board comprises Mr. Yip Yuk Kit and Mr. Cheung Chun Fai as executive Directors; and Mr. Lee Kwok Lun, Mr. Chan Wa Shing and Ms. Ding Xin as independent non-executive Directors.