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Huasheng International Holding Limited

華盛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

- Revenue from continuing operation decreased by approximately HK\$175.2 million or 32.0% to approximately HK\$372.6 million.
- Gross profit from continuing operation decreased by approximately HK\$71.1 million or 52.2% to approximately HK\$65.2 million.
- Gross profit margin from continuing operation decreased from approximately 24.9% (restated) to approximately 17.5%.
- Loss for the year attributable to owners of the Company amounted to approximately HK\$92.4 million.
- Basic and diluted loss per share from continuing and discontinued operations amounted to approximately HK12.22 cents.

ANNUAL RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Huasheng International Holding Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2025 with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000 (restated)
Continuing operation			
Revenue	3	372,566	547,762
Cost of sales		<u>(307,367)</u>	<u>(411,449)</u>
Gross profit		65,199	136,313
Other income	4	5,739	9,213
Other gains and losses, net	5	(42,798)	(25,193)
Selling and distribution expenses		(46,129)	(52,756)
Administrative expenses		(44,998)	(51,083)
Finance costs	6	(21,473)	(18,357)
Share of results of associates		<u>(259)</u>	<u>(1,290)</u>
Loss before income tax from continuing operation		(84,719)	(3,153)
Income tax credit (expense)	7	<u>6,055</u>	<u>(3,414)</u>
Loss for the year from continuing operation	8	<u>(78,664)</u>	<u>(6,567)</u>
Discontinued operation			
Loss for the year from discontinued operation	9	<u>(13,716)</u>	<u>(24,874)</u>
Loss for the year attributable to the owners of the Company		<u>(92,380)</u>	<u>(31,441)</u>

	2025	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (restated)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences arising on translation of foreign operations	(8,370)	(13,412)
– Share of other comprehensive loss of associates	<u>(341)</u>	<u>(750)</u>
	(8,711)	(14,162)
Item that will not be reclassified to profit or loss:		
– Fair value changes on equity investment at fair value through other comprehensive income (“FVTOCI”)	<u>38,546</u>	<u>1,072</u>
Other comprehensive income (loss) for the year, net of income tax	<u>29,835</u>	<u>(13,090)</u>
Total comprehensive loss for the year attributable to the owners of the Company	<u>(62,545)</u>	<u>(44,531)</u>
		(restated)
Loss per share attributable to owners of the Company	10	
From continuing and discontinued operations		
Basic and diluted (<i>HK cents</i>)	<u>(12.22)</u>	<u>(6.21)</u>
From continuing operation		
Basic and diluted (<i>HK cents</i>)	(10.40)	(1.30)
From discontinued operation		
Basic and dilutes (<i>HK cents</i>)	<u>(1.82)</u>	<u>(4.91)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	33,662	34,159
Right-of-use assets		3,124	6,747
Other intangible assets	13	21,447	33,702
Goodwill	14	125,821	125,821
Interests in associates		70,112	53,632
Equity investment at fair value through other comprehensive income	16	201,600	118,054
Convertible bonds receivables	18	40,321	–
Retention receivables	17	60,599	83,050
Deferred tax assets		8,819	9,559
		<u>565,505</u>	<u>464,724</u>
CURRENT ASSETS			
Inventories		6,661	8,002
Loan receivables		–	97,418
Trade, retention and other receivables and prepayments	17	796,187	888,725
Promissory note receivables		20,500	13,750
Bank balances and cash		76,556	163,360
		<u>899,904</u>	<u>1,171,255</u>

		2025	2024
	Notes	HK\$'000	HK\$'000
CURRENT LIABILITIES			
Trade and other payables and accruals	19	335,396	331,929
Lease liabilities		3,180	7,338
Borrowings	20	56,844	94,865
Bonds payable	21	25,740	25,918
Tax payable		–	754
		<u>421,160</u>	<u>460,804</u>
NET CURRENT ASSETS		<u>478,744</u>	<u>710,451</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,044,249</u>	<u>1,175,175</u>
NON-CURRENT LIABILITIES			
Lease liabilities		–	2,434
Borrowings	20	36,671	58,252
Bonds payable	21	106,774	149,590
Deferred tax liabilities		2,952	4,502
		<u>146,397</u>	<u>214,778</u>
NET ASSETS		<u><u>897,852</u></u>	<u><u>960,397</u></u>
CAPITAL AND RESERVES			
Share capital		75,565	75,565
Reserves		<u>822,287</u>	<u>884,832</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><u>897,852</u></u>	<u><u>960,397</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note (i))	Exchange reserve HK\$'000	Other reserves HK\$'000 (Note (ii))	Fair value through other comprehensive income reserves HK\$'000	Accumulated losses HK\$'000	
At 1 April 2023	41,981	1,741,887	678	2,709	(6,000)	259	(817,212)	964,302
Loss for the year	-	-	-	-	-	-	(31,441)	(31,441)
Other comprehensive (loss) income, net of income tax:								
– Exchange differences arising on translation of foreign operations	-	-	-	(13,412)	-	-	-	(13,412)
– Share of other comprehensive loss of associates	-	-	-	(750)	-	-	-	(750)
– Fair value changes on equity investment at FVTOCI	-	-	-	-	-	1,072	-	1,072
Total comprehensive (loss) income for the year	-	-	-	(14,162)	-	1,072	(31,441)	(44,531)
Issue shares pursuant to placing agreement	8,396	5,038	-	-	-	-	-	13,434
Issue shares pursuant to rights issue	25,188	3,778	-	-	-	-	-	28,966
Transaction cost attributable to issue of rights issue shares	-	(1,505)	-	-	-	-	-	(1,505)
Transaction cost attributable to issue of placing shares	-	(269)	-	-	-	-	-	(269)
Transactions with owners	33,584	7,042	-	-	-	-	-	40,626
At 31 March 2024	<u>75,565</u>	<u>1,748,929</u>	<u>678</u>	<u>(11,453)</u>	<u>(6,000)</u>	<u>1,331</u>	<u>(848,653)</u>	<u>960,397</u>
Loss for the year	-	-	-	-	-	-	(92,380)	(92,380)
Other comprehensive (loss) income, net of income tax:								
– Exchange differences arising on translation of foreign operations	-	-	-	(8,370)	-	-	-	(8,370)
– Share of other comprehensive loss of associates	-	-	-	(341)	-	-	-	(341)
– Fair value changes on equity investment at FVTOCI	-	-	-	-	-	38,546	-	38,546
Total comprehensive (loss) income for the year	-	-	-	(8,711)	-	38,546	(92,380)	(62,545)
At 31 March 2025	<u>75,565</u>	<u>1,748,929</u>	<u>678</u>	<u>(20,164)</u>	<u>(6,000)</u>	<u>39,877</u>	<u>(941,033)</u>	<u>897,852</u>

Notes:

- (i) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on The Stock Exchange of Hong Kong Limited.
- (ii) The other reserves represent the difference between the fair value of interest-free advance to an ex-shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK\$6,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

Huasheng International Holding Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 January 2011. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is at Suites 2301-03, 23/F., Far East Consortium Building, No. 121 Des Voeux Road Central, Central, Hong Kong.

The principal activity of the Group is production and sales of ready-mixed commercial concrete (“Concrete Business”). The Group was also engaged in provision of money lending services (“Money Lending Business”), which was disposed of and classified as discontinued operation during the year ended 31 March 2025. Further details of which are set out in Notes 9 and 23.

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for equity investment at fair value through other comprehensive income (“FVTOCI”) and convertible bonds receivables which are measured at fair value.

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

2. ADOPTION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

2.1 Amendments to HKFRS Accounting Standards that is effective for annual period beginning or after 1 April 2024

In the current year, the Group has adopted all amendments to HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2024. HKFRS Accounting Standards comprise HKFRS and HKAS and Interpretations. The application of these amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKAS 1	Presentation of Financial Statements: Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
HK Interpretation 5 (Revised)	Presentation of Financial Statements: Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and amendments to HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and amendments to HKFRS Accounting Standards, if applicable, when they become effective.

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referring 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 HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to HKAS 21	Lack of Exchangeability ¹
HKFRS 18	Presentation and Disclosures in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures 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 for annual periods beginning on or after a date to be determined.

Except as described below, the Directors anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”)

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements” (“HKAS 1”). This new HKFRS 18, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standards is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The executive Directors, who are chief operating decision maker (the “CODM”) of the Group, review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive Directors that are used to make strategic decisions.

On 31 March 2025, the Group completed the disposal of 65% equity interests in Chengxin Finance Limited which carried out the whole Group’s Money Lending Business. During the year ended 31 March 2025, the results of the Money Lending Business segment was presented as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. As such, the financial performance of the Money Lending Business segment was no longer presented separately.

As to conform the annual presentation, the Money Lending Business segment has been re-presented and classified as a discontinued operation for the year ended 31 March 2024. Details of which are set out in Note 9.

The CODM regard the Group’s Concrete Business as a single operating segment and review consolidated financial statements accordingly. As the Group has only one operating segment qualified as reporting segment under HKFRS 8 “Operating Segments”, no separate segmental analysis is presented in the consolidated financial statements.

Revenue

Disaggregation of revenue from contracts with customers from continuing operation:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
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Continuing operation

Revenue from contracts with customers:

Sales of goods from Concrete Business	<u>372,566</u>	<u>547,762</u>
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During the years ended 31 March 2025 and 2024, the revenue from contracts with customers is recognised at a point of time and based on the location of operation is generated in the People's Republic of China (the "PRC") – Mainland China.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Information about geographical areas

For the years ended 31 March 2025 and 2024, the Group's revenue from external customers by location of the delivery destination of the goods was solely from the operation in the PRC – Mainland China.

As at 31 March 2025, approximately HK\$233,858,000 (2024: HK\$246,746,000) and HK\$20,308,000 (2024: HK\$7,315,000) of the non-current non-financial assets are located in the Mainland China and Hong Kong, respectively.

Information about major customers

During the years ended 31 March 2025 and 2024, none of the Group's single customer attributed to more than 10% of the total revenue of the Group from continuing operation.

4. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000 (restated)
Continuing operation		
Bank interest income	102	225
Rental income	438	732
Interest income from convertible bonds receivables	956	630
Litigation income (<i>Note 1</i>)	2,150	383
Government grants/subsidies (<i>Note 2</i>)	2,013	2,540
Commission income	–	4,306
Sundry income	80	397
	<u>5,739</u>	<u>9,213</u>

Notes:

1. There were litigation claims initiated by the Group against certain trade debtors to demand for immediate repayment of the unsettled trade and retention receivables. Pursuant to the respective judgements of the courts, approximately HK\$2,150,000 (2024: HK\$383,000) in aggregate amount of interests, penalties and recharges of corresponding legal costs received from those trade debtors during the year ended 31 March 2025.
2. There are no unfulfilled conditions or contingencies relating to the grants/subsidies.

5. OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000 (restated)
Continuing operation		
Exchange differences	(10)	562
Loss on disposals of property, plant and equipment	(13)	(849)
Loss on written off of property, plant and equipment (<i>Note</i>)	(4,420)	–
Loss on written off of inventories (<i>Note</i>)	(2,197)	–
Loss on early redemption of promissory notes	–	(111)
Loss on early redemption of bonds payable	(316)	(823)
Fair value loss on convertible bonds receivables	(635)	(2,489)
Gain on discounting of bonds payable	–	6,054
Impairment loss on trade, retention and other receivables	(21,624)	(13,738)
Impairment loss on promissory note receivable	(13,750)	(13,750)
Written-off of trade receivables	–	(49)
Gain on modification of lease	167	–
	<u>(42,798)</u>	<u>(25,193)</u>

Note:

During the year ended 31 March 2025, a warehouse of the Group located in the Mainland China was damaged by a typhoon, rendering one of the Group's warehouses and a portion of inventories stored therein unusable. As a result, the Group has written off the carrying amount of those property, plant and equipment of approximately HK\$4,420,000 and inventories of approximately HK\$2,197,000.

6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000 (restated)
Continuing operation		
Effective interest on bonds payable	10,565	7,971
Interest on borrowings	10,590	9,998
Interest on promissory notes	–	60
Interest on lease liabilities	318	328
	<u>21,473</u>	<u>18,357</u>

7. INCOME TAX CREDIT (EXPENSE)

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
Continuing operation		
Current tax:		
– Hong Kong Profits Tax	–	(59)
– PRC Enterprise Income Tax (“PRC EIT”)	–	(8,601)
	–	(8,660)
Over provision in respect of prior years:		
– PRC EIT	1,002	1,204
Deferred taxation:		
– Current year	5,053	4,042
Income tax credit (expense)	<u>6,055</u>	<u>(3,414)</u>

(i) Hong Kong

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits arising in Hong Kong for the year. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of qualifying corporation are taxed at 8.25% (2024: 8.25%), and the profits above HK\$2,000,000 (2024: HK\$2,000,000) are taxed at 16.5% (2024: 16.5%).

(ii) Mainland China

PRC EIT is calculated at 25% (2024: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for subsidiaries of the Company which were recognised as a high and new technology enterprise (“HNTE”) and in accordance with relevant laws and regulations in the PRC, the subsidiaries are entitled to the preferential tax rate of 15% (2024: 15%) corporate income tax rate for HNTE during the year.

(iii) Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax.

8. LOSS FOR THE YEAR

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
Continuing operation		
The Group's loss for the year has been arrived at after charging:		
Directors' remuneration	1,883	4,316
Other staff costs	24,485	25,497
Retirement benefit scheme contributions (<i>Note a</i>)	<u>3,425</u>	<u>3,962</u>
Total staff costs	<u>29,793</u>	<u>33,775</u>
Auditor's remuneration		
– Audit services	1,250	1,500
– Non-audit services	15	15
Cost of inventories sold (<i>Note b</i>)	305,881	408,821
Depreciation of property, plant and equipment	7,102	7,494
Depreciation of right-of-use assets	4,246	5,761
Amortisation of other intangible assets	<u>12,255</u>	<u>12,255</u>

Notes:

- (a) No forfeited contributions available for offset against existing contributions during the year (2024: Nil).
- (b) Cost of inventories sold included approximately HK\$16,281,000 (2024: HK\$17,875,000) relating to staff costs and depreciation expenses, in which these amounts are also included in the respective total amounts disclosed separately in this note for each of these expenses.

9. DISCONTINUED OPERATION

On 31 March 2025, the Group through its direct wholly-owned subsidiary, Bright World Group Holdings Limited, entered into a sales and purchase agreement with an independent third party in relation to the disposal of 65% equity interest in Chengxin Finance Limited (“Chengxin Finance”), at a total consideration of HK\$32,500,000 (the “CF Disposal”). Chengxin Finance represents the whole Money Lending Business segment of the Group and upon completion of the CF Disposal, the Group's Money Lending Business would be discontinued. Details of the disposal are set out in the announcement of the Company dated 31 March 2025.

The CF Disposal was completed on 31 March 2025. Upon the completion, Chengxin Finance has ceased to be a subsidiary of the Company and the financial results of Chengxin Finance will no longer be consolidated into the Group. Details of assets and liabilities disposed of, and the calculation of the loss on disposal are disclosed in Note 23.

The financial performance and cash flows of Money Lending Business for the period from 1 April 2024 to the date of disposal and for the year ended 31 March 2024 are classified and included as part of discontinued operation for the years ended 31 March 2025 and 2024 and have been presented separately as a single line item in the consolidated statement of profit or loss and other comprehensive income, details of which are as follows:

	2025 HK\$'000	2024 HK\$'000
Interest revenue	10,718	18,144
Other income	4	1
Other gains and losses, net	(6,644)	(37,821)
Administrative expenses	(2,924)	(3,980)
Finance costs	(50)	(44)
	<hr/>	<hr/>
Profit (Loss) before income tax from discontinued operation	1,104	(23,700)
Income tax expense	–	(1,174)
	<hr/>	<hr/>
Profit (Loss) after income tax from discontinued operation	1,104	(24,874)
Loss on disposal of a subsidiary	(14,820)	–
	<hr/>	<hr/>
Loss from discontinued operation	(13,716)	(24,874)
	<hr/>	<hr/>
Loss from discontinued operation attributable to:		
– Owners of the Company	(13,716)	(24,874)
	<hr/>	<hr/>
Cash flow from discontinued operation		
Net cash generated from operating activities	644	987
Net cash generated from investing activities	4	1
Net cash used in financing activities	(910)	(760)
	<hr/>	<hr/>
Net (decrease) increase in bank balance and cash	(262)	228
	<hr/>	<hr/>

10. LOSS PER SHARE

The calculations of basic loss per share from (i) continuing and discontinued operations; (ii) continuing operation; and (iii) discontinued operation are based on the loss for the year attributable to the owners of the Company and the weighted average number of respective ordinary shares in issue during the year.

As at 31 March 2025 and 2024, the diluted loss per share is the same as the basic loss per share, as the Group has no dilutive potential ordinary shares during the years.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
Loss for the year attributable to owners of the Company		
(i) Continuing and discontinued operations	(92,380)	(31,441)
(ii) Continuing operation	(78,664)	(6,567)
(iii) Discontinued operation	<u>(13,716)</u>	<u>(24,874)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>755,654,743</u>	<u>506,124,429</u>

11. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2025 and 2024.

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At 1 April 2023	28,907	10,828	3,957	2,614	3,187	49,493
Additions	252	681	–	59	5,057	6,049
Disposals	–	(4,002)	–	–	–	(4,002)
Transfer	4,323	–	–	397	(4,720)	–
Exchange realignment	(1,123)	(980)	–	(69)	(108)	(2,280)
At 31 March 2024	32,359	6,527	3,957	3,001	3,416	49,260
Additions	5,714	355	874	145	4,731	11,819
Disposals	–	(354)	–	–	–	(354)
Written off	(3,504)	–	(874)	–	(320)	(4,698)
Disposal of a subsidiary	–	–	(2,021)	(431)	–	(2,452)
Transfer	–	–	–	499	(499)	–
Exchange realignment	(689)	(424)	–	(48)	(62)	(1,223)
At 31 March 2025	<u>33,880</u>	<u>6,104</u>	<u>1,936</u>	<u>3,166</u>	<u>7,266</u>	<u>52,352</u>
ACCUMULATED DEPRECIATION						
At 1 April 2023	5,914	1,926	1,908	1,425	–	11,173
Charge for the year	3,048	3,661	848	462	–	8,019
Elimination on disposals	–	(3,032)	–	–	–	(3,032)
Exchange realignment	(353)	(669)	–	(37)	–	(1,059)
At 31 March 2024	8,609	1,886	2,756	1,850	–	15,101
Charge for the year	4,466	1,016	1,042	578	–	7,102
Elimination on disposals	–	(337)	–	–	–	(337)
Elimination on written off	(84)	–	(194)	–	–	(278)
Elimination on disposal of a subsidiary	–	–	(1,840)	(392)	–	(2,232)
Exchange realignment	(290)	(347)	–	(29)	–	(666)
At 31 March 2025	<u>12,701</u>	<u>2,218</u>	<u>1,764</u>	<u>2,007</u>	<u>–</u>	<u>18,690</u>
NET CARRYING VALUE						
At 31 March 2025	<u>21,179</u>	<u>3,886</u>	<u>172</u>	<u>1,159</u>	<u>7,266</u>	<u>33,662</u>
At 31 March 2024	<u>23,750</u>	<u>4,641</u>	<u>1,201</u>	<u>1,151</u>	<u>3,416</u>	<u>34,159</u>

13. OTHER INTANGIBLE ASSETS

	Customer Network <i>HK\$'000</i>
COST	
At 1 April 2023, 31 March 2024 and 31 March 2025	<u>85,787</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 April 2023	39,830
Charge for the year	<u>12,255</u>
At 31 March 2024	52,085
Charge for the year	<u>12,255</u>
At 31 March 2025	<u>64,340</u>
NET CARRYING VALUE	
At 31 March 2025	<u>21,447</u>
At 31 March 2024	<u>33,702</u>

Customer Network represents a long and close business relationship with customers of Alpha Youth Limited and its subsidiaries (together the “Alpha Youth Group”), which was initially recognised upon the Group’s acquisitions of Alpha Youth Group in prior years, and has been allocated to the Concrete Business cash generating unit (the “CGU”). The Customer Network of Alpha Youth Group is amortised on a straight-line basis over 7 years.

Particulars regarding impairment testing on other intangible assets are set out in Note 15.

14. GOODWILL

	Concrete Business CGU HK\$'000	Money Lending Business CGU HK\$'000	Total HK\$'000
COST			
At 1 April 2023 and 31 March 2024	154,505	21,795	176,300
Disposal of a subsidiary (<i>Note 23</i>)	—	(21,795)	(21,795)
At 31 March 2025	<u>154,505</u>	<u>—</u>	<u>154,505</u>
ACCUMULATED IMPAIRMENT LOSSES			
At 1 April 2023	28,684	2,081	30,765
Impairment loss recognised	—	19,714	19,714
At 31 March 2024	28,684	21,795	50,479
Disposal of a subsidiary (<i>Note 23</i>)	—	(21,795)	(21,795)
At 31 March 2025	<u>28,684</u>	<u>—</u>	<u>28,684</u>
NET CARRYING VALUE			
At 31 March 2025	<u>125,821</u>	<u>—</u>	<u>125,821</u>
At 31 March 2024	<u>125,821</u>	<u>—</u>	<u>125,821</u>

As at 31 March 2025, goodwill arising in prior years related to the acquisition of Alpha Youth Group has been allocated to the Concrete Business CGU.

None of the goodwill of the CGUs recognised is expected to be deductible for income tax purposes.

Particulars regarding impairment testing on goodwill are set out in Note 15.

15. IMPAIRMENT TESTING ON OTHER INTANGIBLE ASSETS AND GOODWILL

For the purpose of impairment testing as at 31 March 2025 and 2024, other intangible assets and goodwill set out in Notes 13 and 14 respectively have been allocated to two individual CGUs. The carrying amounts of other intangible assets and goodwill as at 31 March 2025 and 2024 allocated to these units are as follows:

	Customer Network with finite useful life		Goodwill	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Money Lending Business CGU	–	–	–	–
Concrete Business CGU	21,447	33,702	125,821	125,821
	21,447	33,702	125,821	125,821

During the year ended 31 March 2025 and 2024, the Group determines that there is no impairment of other intangible assets and goodwill in respect of the Concrete Business CGU. There is no impairment of goodwill in respect of the Money Lending Business CGU for the year ended 31 March 2025 (2024: approximately HK\$19,714,000). The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Money Lending Business CGU

The recoverable amount of this CGU as at 31 March 2024 has been determined to be approximately HK\$45,085,000 based on the value-in-use calculation with reference to a professional valuation performed by independent professional valuer. The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period are extrapolated using zero growth rate. The pre-tax rate used to discount the forecast cash flows is 15.31%. As at 31 March 2024, the goodwill under Money Lending Business CGU were fully impaired.

Based on the impairment assessment of Money Lending Business CGU, the goodwill allocated to Money Lending Business CGU was determined to be impaired. An impairment loss of approximately HK\$19,714,000 against goodwill was recognised as other gains and losses, net in consolidated profit or loss for the year ended 31 March 2024. The impairment loss recognised during the year ended 31 March 2024 was mainly attributable to the unfavourable changes towards the expected return of the loan portfolio and increase in operating cost over the five-year forecast period due to the increase in competition among other market participants.

Concrete Business CGU

The recoverable amount of this CGU as at 31 March 2025 have been determined based on a value-in-use calculation (2024: value-in-use calculation) with reference to a professional valuation performed by independent professional valuer. The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2024: five-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (2024: zero growth rate). The pre-tax rate used to discount the forecast cash flows is 15.1% (2024: 18.5%).

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

16. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Unlisted equity investment	<u>201,600</u>	<u>118,054</u>

The unlisted equity investment represents 17.92% (2024: 13.4%) Class A shares equity interest of Wisdom Moon (BVI) Limited ("Wisdom Moon"), a private entity incorporated in the BVI, which is principally engaged in investment holding. On 13 January 2023, a wholly owned subsidiary of the Company acquired 13.4% Class A equity interest of Wisdom Moon at total consideration of United States Dollars ("US\$") 15,000,000 (equivalent to approximately HK\$117,000,000). On 19 November 2024, the Group further acquired 4.52% Class A shares equity interest of Wisdom Moon at consideration of HK\$45,000,000. The Group designated its investments in Wisdom Moon as FVTOCI (non-recycling) upon adoption of HKFRS 9, as the investment is held for long term strategic purposes. No dividends were received on this investment during both years ended 31 March 2025 and 2024.

As at 31 March 2025 and 2024, the Group engages independent professional valuer to perform the valuation of the equity investment. The fair value of the equity investment has been determined by income-based approach valuation technique using discounted cash flow method. Cash flows beyond the projection period are extrapolated using estimated growth rate of 2% (2024: 2%). The pre-tax rate used to discount the forecast cash flow is 18.12% (2024: 22.63%).

Changes in fair value of the above equity investment is recognised in other comprehensive income and accumulated within the FVTOCI reserve within equity. The Group transfers amount from FVTOCI reserve to accumulated losses when the relevant equity investment is derecognised.

Should the discount rate increase or decrease by 1%, the fair value of 17.92% Class A shares equity interest in Wisdom Moon would be decreased by approximately HK\$15,411,000 or increased by approximately HK\$23,296,000. Should the growth rate increase or decrease by 1%, the fair value of 17.92% Class A shares equity interest in Wisdom Moon would be increased by approximately HK\$15,590,000 or decreased by approximately HK\$7,706,000.

17. TRADE, RETENTION AND OTHER RECEIVABLES AND PREPAYMENTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables, gross	443,956	397,500
Less: impairment loss recognised	<u>(46,914)</u>	<u>(30,151)</u>
Trade receivables, net	397,042	367,349
Retention receivables, gross	295,017	359,048
Less: impairment loss recognised	<u>(25,143)</u>	<u>(23,408)</u>
Retention receivables, net	269,874	335,640
Other receivables, gross	106,516	122,656
Less: impairment loss recognised	<u>(2,030)</u>	<u>–</u>
Other receivables, net	<u>104,486</u>	<u>122,656</u>
Bills receivables	1,625	22,038
Prepayments and deposits	81,701	124,092
Tax recoverable	<u>2,058</u>	<u>–</u>
Trade, retention and other receivables and prepayments	<u>856,786</u>	<u>971,775</u>
Analysed for reporting purposes as:		
Current	796,187	888,725
Non-current		
– Retention receivables	<u>60,599</u>	<u>83,050</u>
	<u>856,786</u>	<u>971,775</u>

Note:

- (i) The trade and other receivables are denominated in the functional currencies of the relevant group entities.

Trade receivables

The Group generally allows an average credit period of 30 to 90 days (2024: 30 to 90 days) to its trade customers. However, certain portion of the trade receivables from Concrete Business (i.e. the retention portion) would be allowed to settle until 30 to 90 days after the completion of the construction by its trade customers.

The ageing analysis of the Group's trade receivables (net of retention portion and impairment losses) based on the invoice date at the end of the reporting period is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	37,631	33,029
31 – 60 days	5,209	8,646
61 – 90 days	23,906	29,638
Over 90 days	<u>330,296</u>	<u>296,036</u>
	<u>397,042</u>	<u>367,349</u>

All bills receivables were aged within 180 days as at the years ended 31 March 2025 and 2024.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on historical credit records of these customers.

The Group applies the simplified approach under HKFRS 9 to provide for expected credit loss ("ECL") using the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Current	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2025						
Weighted average expected loss rate	2.92%	2.04%	3.97%	4.61%	12.62%	
Receivable amount	39,031	6,215	25,339	31,117	342,254	443,956
Loss allowance	(1,138)	(127)	(1,006)	(1,434)	(43,209)	(46,914)
At 31 March 2024						
Weighted average expected loss rate	2.95%	2.20%	2.51%	2.79%	9.75%	
Receivable amount	34,246	9,423	30,970	47,817	275,044	397,500
Loss allowance	(1,010)	(207)	(777)	(1,332)	(26,825)	(30,151)

The movement of allowance for doubtful debts in respect of trade receivables is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	30,151	21,233
Impairment loss recognised, net	17,429	9,947
Bad debts written off	–	(328)
Exchange realignment	(666)	(701)
At the end of the year	46,914	30,151

Trade receivables that were neither past due nor impaired related to customers for whom were no recently history of default.

Impaired trade receivables were mainly amounts due from customers with long outstanding balances and the management of the Group considered the recoverability is remote as the related customers were generally in financial difficulties or have prolonged delay in repayment. The Group did not hold any material collateral over those balances.

At 31 March 2025, nil trade receivables which have been impaired previously, were individually determined to be written off (2024: HK\$328,000). These receivables have been long outstanding and management assessed them to be irrecoverable.

Retention receivables

The Group's retention receivables represent certified contract payments in respect of goods delivered, for which 20% to 30% of the contract value are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated as a prescribed percentage of the contract sum. The retention receivables should be released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects, which the Group's goods satisfactorily passing inspection and is consistent with market practice. In the opinion of the management, the retention receivables to be received after 1 year are classified as non-current assets in the consolidated statements of financial position since it is not expected to realise the retention receivables in the Group's normal operating cycle.

As at 31 March 2025, retention receivables amounting to approximately HK\$269,874,000 (2024: HK\$335,640,000), which are entitled by the Group subject to the Group's goods satisfactorily passing inspection as the Group's entitlement to this final payment is conditional on the Group's goods satisfactorily passing inspection.

The Group applies the simplified approach under HKFRS 9 to provide for ECL using the lifetime expected loss provision for all retention receivables. To measure the ECL, retention receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporates forward-looking information.

The following table provides information about the exposure to credit risk for retention receivables which are assessed based on provision matrix as at 31 March 2025 within lifetime ECL (not credit impaired).

	Current <i>HK\$'000</i>	1-30 days past due <i>HK\$'000</i>	31-60 days past due <i>HK\$'000</i>	61-90 days past due <i>HK\$'000</i>	Over 90 days past due <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2025						
Weighted average expected						
loss rate	2.54%	5.00%	5.38%	4.01%	16.21%	
Receivable amount	164,421	1,081	390	274	128,851	295,017
Loss allowance	<u>(4,175)</u>	<u>(54)</u>	<u>(21)</u>	<u>(11)</u>	<u>(20,882)</u>	<u>(25,143)</u>
At 31 March 2024						
Weighted average expected						
loss rate	2.38%	1.77%	1.76%	4.83%	17.30%	
Receivable amount	232,892	14,645	10,530	414	100,567	359,048
Loss allowance	<u>(5,541)</u>	<u>(259)</u>	<u>(185)</u>	<u>(20)</u>	<u>(17,403)</u>	<u>(23,408)</u>

The movement of loss allowance in respect of retention receivables was as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At the beginning of the year	23,408	20,377
Impairment loss recognised	2,165	3,791
Bad debts written off	–	(72)
Exchange realignment	<u>(430)</u>	<u>(688)</u>
At the end of the year	<u>25,143</u>	<u>23,408</u>

18. CONVERTIBLE BONDS RECEIVABLES

8% Convertible Bonds Receivables 2028

On 13 December 2024, a directly wholly-owned subsidiary of the Company, Golden Star Group Holdings Limited (“Golden Star”), entered into a subscription agreement with Saveur Limited, a private company incorporated in Hong Kong, to subscribe an unlisted 8% coupon guaranteed and secured convertible bond (the “8% Convertible Bonds Receivables 2028”) at the principal amount of HK\$40,000,000 maturing on the fourth anniversary of the date of issue (the “Maturity Date 2028”). The subscription of the 8% Convertible Bonds Receivables 2028 was completed on 13 December 2024.

The 8% Convertible Bonds Receivables 2028 are denominated in HK\$ and carry interest of 8% per annum payable semi-annually. Unless previously redeemed or converted or purchased and cancelled, the issuer may early redeem the 8% Convertible Bonds Receivables 2028 which remains outstanding before the Maturity Date 2028 at 100% of principal amount together with all outstanding interest accrued at any time after the date of issue up to the date of redemption.

The 8% Convertible Bonds Receivables 2028 entitle the bond holder to convert the whole or part of the principal amount from date of issuance up to the day immediately prior to and exclusive of the Maturity Date 2028 into shares of Saveur Limited based on the conversion formula under the subscription agreement.

The 8% Convertible Bonds Receivables 2028 are guaranteed by the personal guarantee given by Mr. Yip Chun Tat, the sole shareholder of Saveur Limited and secured with a debenture by way of a floating charge over the inventory, cash, receivables and bank accounts of the Saveur Limited.

As at 31 March 2025, the fair value of the 8% Convertible Bonds Receivables 2028 was assessed with reference to the valuation conducted by an independent qualified professional valuer. Fair value loss amounted approximately HK\$635,000 was recognised as the other gains and losses, net in the consolidated profit or loss for the year ended 31 March 2025.

There had been no early redemption or conversion of the 8% Convertible Bonds Receivables 2028 during the year ended 31 March 2025.

8% Convertible Bonds Receivables 2025

On 28 July 2020, a directly wholly-owned subsidiary of the Company, Golden Star, entered into a subscription agreement with ARTE Investment Group Limited (“ARTE Investment”), a private company incorporated in the BVI, to subscribe an unlisted 8% coupon convertible bonds (the “8% Convertible Bonds Receivables 2025”) issued by ARTE Investment, at the principal amount of US\$2,000,000 maturing on the fifth anniversary of the date of issue (the “Maturity Date”). The subscription of the convertible bonds was completed on 31 July 2020.

The 8% Convertible Bonds Receivables 2025 entitle the holder to convert the whole or part of the principal amount at any time preceding the Maturity date of the Convertible Shares to be issued by the Issuer.

The 8% Convertible Bonds Receivables 2025 carry interest of 8% per annum. The first half of the interest amount (i.e. 4% per annum) shall be payable in arrears every twelve months and the remaining half of the interest amount (i.e. another 4% per annum) shall be accumulated and payable in a lump sum upon (i) the fourth anniversary of the date of issue (the “First Redemption Date”) or (ii) the Maturity Date or (iii) the date of early redemption or conversion, whichever is earlier. No interest will be payable upon the exercise of the Conversion Rights. The outstanding 8% Convertible Bonds Receivables 2025 will be redeemed at 100% of the principal amount and the interest amount accumulated on or before the fifth business day after (i) the First Redemption Date at the discretion of the bondholder; or (ii) the Maturity Date. The 8% Convertible Bonds Receivables 2025 are denominated in US\$.

During the year ended 31 March 2024, there was early redemption in full of the 8% Convertible Bonds Receivables 2025 by the Company in the amount of US\$2,000,000 (equivalent to approximately HK\$15,606,000). As a result, there is a fair value loss on convertible bonds receivables in the amount of approximately HK\$2,489,000 was recognised as the other gains and losses, net in the consolidated profit or loss for the year ended 31 March 2024.

Details of movement is set out below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At the beginning of the year	–	17,465
At date of subscription	40,000	–
Interest income	956	630
Change in fair value recognised in profit of loss	(635)	(2,489)
Early redemption	–	(15,606)
At the end of the year	<u>40,321</u>	<u>–</u>

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables (<i>Note a</i>)	149,176	105,013
Bills payable	112,703	105,105
Contract liabilities (<i>Note b</i>)	9,544	8,321
Other payables and accruals	63,973	113,490
	<u>335,396</u>	<u>331,929</u>

Notes:

- (a) The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	22,863	15,847
31 – 60 days	7,399	5,026
61 – 90 days	45,479	–
Over 90 days	73,435	84,140
	<u>149,176</u>	<u>105,013</u>

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

- (b) At 31 March 2025 and 2024, customer deposits are contract liabilities and the Group does not expect to refund any of the advance payments. Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

The Group receives a deposit from customers when they sign the concrete supply agreement. The deposit is negotiated on a case by case basis with customers. These deposits are recognised as a contract liability until the revenue recognised exceeds the amount of the deposit.

Movements in contract liabilities

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At the beginning of the year	8,321	5,936
Increase in contract liabilities as a result of receipt of customer deposits during the year	5,148	5,377
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(3,768)	(2,831)
Exchange realignment	(157)	(161)
At the end of the year	<u>9,544</u>	<u>8,321</u>

20. BORROWINGS

	2025 Maturity	2025 <i>HK\$'000</i>	2024 Maturity	2024 <i>HK\$'000</i>
Current				
Secured				
– Factoring loans (<i>Note (i)</i>)	2025	32,509	2024	94,865
Unsecured				
– Current portion of Loans (<i>Note (ii)</i>)	2025	<u>24,335</u>		<u>–</u>
		<u>56,844</u>		<u>94,865</u>
Non-current				
Unsecured – Loans (<i>Note (ii)</i>)	2027-2029	<u>36,671</u>	2025-2029	<u>58,252</u>
Total borrowings		<u>93,515</u>		<u>153,117</u>

The repayment of current and non-current borrowings were analysed as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
On demand or within one year	56,844	94,865
In the second year	–	21,183
In the third to fifth year, inclusive	<u>36,671</u>	<u>37,069</u>
	<u>93,515</u>	<u>153,117</u>

The amounts due are based on the scheduled repayment dates set out in the borrowing agreements with no repayment on demand clause contained.

Notes:

- (i) During the year ended 31 March 2025, an indirectly wholly-owned subsidiary of the Company entered into several factoring agreements with independent third parties for recourse factoring loans amounting to approximately RMB30,000,000 equivalent to approximately HK\$32,509,000 (2024: RMB89,100,000 equivalent to approximately HK\$94,865,000). The factoring loans are denominated in RMB and bear interest at rates ranged from 2.47% to 6% per annum (2024: 6% to 15% per annum). As at 31 March 2025, all the outstanding factoring loans were aged within one year and are secured by trade receivables amounted to approximately HK\$52,056,000 (2024: HK\$123,575,000).
- (ii) Alpha Youth Group entered into several loan agreements with the ex-shareholder and companies associated with the ex-shareholder, to convert the amount due to them into unsecured long-term loans (the “Loans”) in previous years.

The Loans are denominated in RMB and are unsecured and mature between 2 to 10 years from the date of the loan agreements. Initially the Loans bear fixed interest rate of 1% per annum and payable annually. During the year ended 31 March 2021, the interest rate of the Loans was modified from 1% per annum to nil. The weighted average effective interest rate of the Loans is 6.96% per annum.

21. BONDS PAYABLE

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	175,508	181,538
Issuance of bonds	–	56,946
Interest expenses incurred	10,565	7,971
Interest paid	(7,801)	(8,141)
Redemption	(46,076)	(63,000)
Loss on early redemption	316	823
Exchange realignment	2	(629)
	<u>132,514</u>	<u>175,508</u>
At the end of the year	<u>132,514</u>	<u>175,508</u>
Analysed for reporting purposes as:		
Current liabilities	25,740	25,918
Non-current liabilities	<u>106,774</u>	<u>149,590</u>
	<u>132,514</u>	<u>175,508</u>

7-year Bond 2028

On 10 March 2021, the Company issued seven-year corporate bonds with a principal amount of US\$20,000,000 (equivalent to approximately HK\$154,752,000) to an independent third party at an issue price equal to the face value of the bonds (the “7-year Bond 2028”). The 7-year Bond 2028 is denominated in US\$. The principal of the 7-year Bond 2028 bears interest at rate of 4.2% per annum and interest is payable semi-annually in arrears. The 7-year Bond 2028 is subject to the covenant that as long as any bond is outstanding, the net asset value of the Group (by reference to the latest published interim report or latest published audited consolidated account of the Company) would not less than HK\$600,000,000, other than approval been provide by bondholders in writings. The covenant is tested half-yearly, at 30 September and 31 March. The Group has no indication that it will have difficulty complying with the covenant.

On 6 May 2022, the Group entered into share charge agreements with the 7-year Bond 2028 holder in which the entire share capital of Alpha Youth Limited and Grace Wisdom Holdings Limited were secured against the 7-year Bond 2028 until its maturity or full redemption.

During the year ended 31 March 2025, the Company early redeemed partial of the 7-year Bond 2028 amounted to US\$5,907,000 (equivalent to approximately HK\$46,076,000) (2024: US\$8,063,000 (equivalent to approximately HK\$63,000,000)). As a result, the Company recognised a loss on early redemption of bonds payable amounted to approximately HK\$316,000 (2024: HK\$823,000).

At the end of the reporting period, the carrying amount of the 7-year Bond 2028 comprised of principal amount and accrued interest amounted to US\$6,029,000 (2024: US\$11,581,000) and US\$116,000 (2024: US\$30,000) respectively.

3-year Bond 2024 (Extend 2027)

On 15 November 2021, a direct wholly-owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “3-year Bond 2024”). The 3-year Bond 2024 is unsecured and is denominated in HK\$. The principal of the 3-year Bond 2024 bears interest and interest is payable semi-annually in arrears. Interest rate are set out as below:

- 8% per annum for the first anniversary of the issue date;
- 9% per annum from the date immediate after the first anniversary of the issue date up to the second anniversary date of the issue date; and
- 10% per annum from the date immediate after the second anniversary of the issue date up to the maturity date.

The Company may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, by serving not less than one-month advance notice to the bond holders.

The bond holder may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, by serving not less than three-month advance notice to the Company.

On 12 November 2024, a deed of amendment is entered into between the bond holder and the issuer in which the maturity date was extended for a further 2.5 years until 2027. Interest rate of 8% per annum is charged under the extended period and is payable semi-annually in arrears. Both bond holders and the Company may at any time after 16 May 2025 and before the extended maturity date to early redeemed the bonds payable, by serving at least one month’s prior written notice to counterparty.

During the years ended 31 March 2025 and 2024, there is no early redemption of the 3-year Bond 2024 (Extend 2027) by the Group.

6-year Bond 2030

On 25 March 2024, the Company issued six-year corporate bond with a principal amount of HK\$63,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “6-year Bond 2030”). The 6-year Bond 2030 is unsecured and is denominated in HK\$. The principal of 6-year Bond 2030 bears interest and interest is payable semi-annually in arrears. Interest rate is set out as below:

- 3.5% per annum for the first and second anniversary of the issue date;
- 7.0% per annum from the date immediate after the second anniversary of the issue date up to the fourth anniversary date of the issue date; and
- 10.5% per annum from the date immediate after the fourth anniversary date of the issue date up to the maturity date.

The 6-year Bond 2030 is subject to the covenant that as long as any bond is outstanding, the shareholder’s equity on the last day of a fiscal year (as stated in the audited consolidated account of the Company) or the last day of a fiscal half-year (as stated in the interim report of the Company) would not less than HK\$300,000,000. The covenant is test half-yearly at 30 September and 31 March by the Group. The Group has no indication that it will have difficulty complying with the covenants.

The Company may at any time after the issue date of the 6-year Bond 2030 and before the maturity date to early redeem the 6-year Bond 2030 payable, by serving not less than one-month advance notice to the bond holders.

On 30 August 2024, the Group entered into share charge agreements with the 6-year Bond 2030 holder in which the entire share capital of Apha Youth Limited and Grace Wisdom Holdings Limited, both are indirectly wholly-owned subsidiary of the Company, were secured against the 6-year Bond 2030 until its maturity or full redemption.

During the years ended 31 March 2025 and 2024, there is no early redemption of the 6-year Bond 2030 by the Company.

22. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year Bond 2028's and 6-year Bond 2030's payable amounted to approximately HK\$106,774,000 issued by the Company (2024: HK\$92,644,000). Besides, assets with the following carrying amounts have been pledged to secure the bills payable and factoring loans of the Group:

	2025 HK\$'000	2024 HK\$'000
Pledged bank balances	56,375	52,533
Trade and retention receivables	52,056	123,575
	<u>108,431</u>	<u>176,108</u>

23. DISPOSAL OF A SUBSIDIARY

Disposal of Chengxin Finance

The disposal of Chengxin Finance was completed on 31 March 2025 at a consideration of HK\$32,500,000. Upon completion, Chengxin Finance ceased to be a subsidiary of the Company and its financial results, assets and liabilities were ceased to be consolidated with those of the Group. The remaining 35% equity interest in Chengxin Finance become the associate of the Group and is accounted for using the equity method in the consolidated financial statement.

Details of the disposal of Chengxin Finance were set out in the announcement of the Company dated 31 March 2025.

The following table summarises the consideration received for the disposal of Chengxin Finance and the net assets for Chengxin Finance as at the date of disposal:

	HK\$'000
Consideration satisfied by:	
Cash	12,000
Promissory notes receivables	<u>20,500</u>
	<u>32,500</u>

Analysis of assets and liabilities disposed of as at the date of disposal:

	<i>HK\$'000</i>
Property, plant and equipment (<i>Note 12</i>)	220
Right-of-use assets	684
Goodwill (<i>Note 14</i>)	–
Deferred tax assets	4,127
Loan receivables	59,692
Prepayment and deposits	967
Bank and cash balance	54
Trade and other payables and accruals	(236)
Lease liabilities	(504)
	<hr/>
Net assets disposed of	65,004
Fair value of the equity interest in Chengxin Finance held by the Group as interest in an associate	(17,684)
Loss on disposal of a subsidiary	(14,820)
	<hr/>
Total consideration received	32,500
	<hr/> <hr/>
Net cash inflow arising on the date of disposal:	
Cash consideration	12,000
Bank balances and cash disposed of	(54)
	<hr/>
	11,946
	<hr/> <hr/>

The loss on disposal of Chengxin Finance was included in the loss from discontinued operation (Note 9) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in production and sales of ready-mixed commercial concrete (“Concrete Business”) during the year ended 31 March 2025 (the “Year”). Besides, the Group was also engaged in provision of money lending services (“Money Lending Business”), which was disposed of and classified as discontinued operation during the Year. Details are disclosed in Note 9 to the consolidated financial statements of this announcement.

The Group recorded a net loss attributable to owners of the Company of approximately HK\$92.4 million for the Year as compared to approximately HK\$31.4 million for the year ended 31 March 2024 (the “Previous Year”).

Continuing Operation

Revenue

During the Year, the Group’s only business segment under continuing operation, namely Concrete Business, continued to experience a weak demand for its ready-mixed commercial concrete. Revenue from the Concrete Business decreased by approximately HK\$175.2 million or 32.0% from approximately HK\$547.8 million for the Previous Year to approximately HK\$372.6 million for the Year which was primarily due to shrinking demand for ready-mixed commercial concrete product and intensified market competition among the Hainan Province. Throughout the year 2024, continuous intense policy adjustments and market recalibration of the real estate market in the People’s Republic of China (the “PRC”), which led to decrease in real estate development and infrastructure investments. Fewer new real estate projects were launched, together with the slowdown in construction progress for the existing projects, all of such negatively affected the production and sale of our concrete products during the Year. Besides, the selling price of concrete products steadily dropped under the intensified market competition, which led to around 9% of drop in the average selling price of concrete products per cubic metric as compared with the Previous Year.

The following table sets out a breakdown of the Group's revenue from continuing operation by geographical region based on the place of incorporation of the customer for the Year, with comparative figures for the Previous Year:

	Year ended 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
By geographical region:		
Mainland China, PRC	<u>372,566</u>	<u>547,762</u>

Gross Profit and Gross Profit Margin

The gross profit from Concrete Business decreases significantly by approximately HK\$71.1 million or 52.2% from approximately HK\$136.3 million in the Previous Year to approximately HK\$65.2 million in the Year, which was primarily driven by the weakened demand of concrete products which in turn caused the drop in sales volume and the average selling price of concrete products; and further narrowed down by the rise in cost of raw materials during the Year.

The Group's gross profit margin was decreased from the Previous Year of approximately 24.9% to approximately 17.5% in the Year. Significant drop in gross profit was primarily due to the decrease in average selling price of concrete products under the intensified market competition while raw materials costs rise during the Year which further reduced the gross profit margin of the Concrete Business for the Year.

Other Income

Other income from continuing operation mainly consists of rental income, interest income from convertible bonds receivables, commission income and litigation income. Other income decreased by approximately HK\$3.5 million from approximately HK\$9.2 million (restated) for the Previous Year to approximately HK\$5.7 million for the Year mainly due to a decrease in commission income by approximately HK\$4.3 million.

Other Gains and Losses, Net

Other gains and losses, net from continuing operation for the Year mainly comprise of impairment loss on trade, retention and other receivables of approximately HK\$21.6 million; impairment loss on promissory note receivable of approximately HK\$13.8 million; and loss on written off of property, plant and equipment of approximately HK\$4.4 million.

The Group resulted in a net other losses amounted to approximately HK\$42.8 million during the Year as compared to approximately HK\$25.2 million (restated) during the Previous Year. The increase in net other losses was primarily due to (i) an increase in trade, retention and other receivables of approximately HK\$7.9 million; (ii) loss on written off of property, plant and equipment and inventories in total of approximately HK\$6.6 million relating to the damage caused by typhoon in Hainan Province during the Year; and (iii) nil gain on discounting of bonds payables recognised in the Year while approximately HK\$6.1 million was recognised in Previous Year.

Selling and Distribution Expenses

Selling and distribution expenses from continuing operation mainly consist of transportation expenses, staff cost for distribution unit and commissions paid to sales agents. Selling and distribution expenses decreased by approximately HK\$6.6 million or 12.6% for the Year as compared with the Previous Year primarily due to decrease in transportation expenses as a result of decrease in sales volume which outweighed by the increase in transportation services fee charged by our transportation services provider.

Administrative Expenses

Administrative expenses from continuing operation mainly consist of staff costs (including directors' remuneration), legal and professional fees, consultancy fees and depreciation charges for owned assets and right-of-use assets. Administrative expenses decreased by approximately 11.9% to approximately HK\$45.0 million for the Year. The decrease in administrative expenses primarily due to decrease in staff cost and headcounts as compared with Previous Year.

Finance Costs

Finance costs from continuing operation mainly represent interest expenses on bonds payable, borrowings and lease liabilities. The finance costs increased by approximately HK\$3.1 million or 17.0% from approximately HK\$18.4 million (restated) for the Previous Year to approximately HK\$21.5 million for the Year due to (i) the corporate bond issued by the Group during March 2024 was recognised for full 12-month period effective interest during the Year; and (ii) an increase in interest on borrowings as a result from increase in average borrowing amount and rise in borrowing rate for Concrete Business during the Year.

Loss before Income Tax

The Group recorded a loss before income tax from continuing operation of approximately HK\$84.7 million for the Year as compared to approximately HK\$3.2 million (restated) for the Previous Year. The increase in loss before income tax during the Year mainly due to (i) a significant decrease in gross profit by approximately HK\$71.1 million; (ii) an increase in impairment loss on trade, retention and other receivables by approximately HK\$7.9 million and an one-off loss of approximately HK\$14.8 million from the disposal of 65% equity interest in Money Lending Business as compared with the Previous Year.

Income Tax Credit/(Expense)

As all of the Group's profit are derived from the Mainland China and Hong Kong, the Group is subject to income tax in the Mainland China and Hong Kong.

The Group recorded income tax credit from continuing operation of approximately HK\$6.1 million during the Year as compared to an income tax expense of approximately HK\$3.4 million (restated) for the Previous Year. There was no significant change in applicable tax rates of the Company's subsidiaries during the Year. The increase in income tax credit was primarily due to increase in provision for impairment loss on trade and retention receivable during the Year.

Discontinued Operation

The results of Money Lending Business was classified as discontinued operation upon the deconsolidation and presented as a single line item in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 March 2025 and 2024. Net loss from discontinued operation for the Year amounted to approximately HK\$13.7 million (2024: approximately HK\$24.9 million). Details of the results of the discontinued operation are set out in Notes 9 and 23 to the consolidated financial statements of this announcement.

Trade and Retention Receivables

As at 31 March 2025, trade and retention receivables, net are derived from the Concrete Business amounted to approximately HK\$666.9 million, representing a slightly decrease by approximately HK\$36.1 million as compared with the Previous Year.

The expected credit loss (the “ECL”) provision of approximately HK\$19.6 million for trade and retention receivables was recognised during the Year. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience, the age of the balances, existence of disputes, the creditworthiness of counterparties and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. As at 31 March 2025, Directors are of the view that adequate expected credit loss provision have been made for the trade and retention receivable after considering that the net amounts of trade and retention receivables are still recoverable as there has not been a significant deterioration in credit quality of these customers and there are continuing subsequent settlements during the Year.

Prepayment, Deposit and Other Receivables

Prepayments and deposits primarily consist of rental and utilities deposits, deposit for potential investments, advance payments to supplier and prepaid rent and other expenses. Prepayments and deposits decreased by approximately 34.2% from approximately HK\$124.1 million as of the Previous Year to approximately HK\$81.7 million as of 31 March 2025, primarily due to decrease in advance payments to suppliers through repayment or utilisation of materials.

Other receivables mainly represent the receivables for referring and reselling of raw materials to customers. The gross amount of other receivables decreased from approximately HK\$122.7 million as at 31 March 2024 to approximately HK\$106.5 million as at 31 March 2025 due to continuous settlement from customer during the Year. Management of the Group has engaged an independent professional valuer to perform ECL valuation in which taking into account forward-looking factors specific to the customer, the economic environment, historical settlement experience, latest negotiations with the customer for repayment schedule and as a result impairment loss on other receivables of approximately HK\$2.0 million was recognised in the consolidated financial statement during the Year. Approximately HK\$18.3 million had been further subsequently settled after the end of the Year up to the date of this announcement.

Impairments

During the Year, the Group had the following impairments:

- (a) Impairment loss on trade, retention and other receivables of approximately HK\$21.6 million in which (i) approximately HK\$19.6 million were related to expected credit loss on trade and retention receivables from Concrete Business. Provision matrix was applied to calculate the expected credit loss. Provision rates were based on the Group's historical settlement experience and historical recoverability rate by groupings of various debtors that have similar loss patterns, taking into account forward-looking information; and (ii) approximately HK\$2.0 million were related to expected credit loss on other receivables which is under the assessment of the independent professional valuer.
- (b) Impairment loss on loan receivables of approximately HK\$6.6 million was recognised for overdue loans with credibility issue. The Group considered that the default risk of those borrowers was relatively high and thus impairment on loan receivables was considered necessary. The Group has adopted various measures in recovering the overdue loans including negotiation for sale of loan portfolio and conducting legal proceedings against the overdue borrowers in accordance with the prescribed internal procedures.
- (c) Impairment loss on promissory note receivable of approximately HK\$13.8 million was recognised for prolonged delay in repayment. The Group considered that the default risk of the debtor was high, even the Group has adopted various measures in recovering the outstanding receivable and further impairment on promissory note receivable was thus considered necessary.

Total Comprehensive Loss for the Year Attributable to Owners of the Company

The total comprehensive loss for the year attributable to owners of the Company was approximately HK\$62.5 million for the Year as compared to approximately HK\$44.5 million for the Previous Year.

Liquidity and Financial Resources

As at 31 March 2025, the Group had indebtedness comprising, bonds payable and borrowings amounted to approximately HK\$226.0 million (2024: approximately HK\$328.6 million).

As at 31 March 2025, the Group had cash and cash equivalents of approximately HK\$76.6 million (2024: approximately HK\$163.4 million) which were denominated in Hong Kong Dollar (“HK\$”), Renminbi (“RMB”) and United States Dollar (“US\$”).

As at 31 March 2025, the Group’s current ratio, calculated based on current assets over current liabilities, was approximately 2.1 (2024: approximately 2.5), reflecting the abundance of financial resources. The Group’s gearing ratio was approximately 29.6% (2024: approximately 34.2%), calculated based on the total debts of approximately HK\$266.0 million (2024: approximately HK\$328.6 million) over shareholders’ equity of approximately HK\$897.9 million (2024: approximately HK\$960.4 million).

Capital Structure

The capital structure of the Group as at 31 March 2025 are summarised as follows:

(A) Share Capital

As at 31 March 2025, the Company has 755,654,743 ordinary shares (2024: 755,654,743 ordinary shares) in issue with total shareholders’ equity of the Group amounted to approximately HK\$897.9 million (2024: approximately HK\$960.4 million). There was no change in the share capital structure of the Company during the Year.

(B) Bonds Payable

On 10 March 2021, the Company issued a seven-year corporate bond with a principal amount of US\$20.0 million (equivalent to approximately HK\$154.8 million) to an independent third party at an issue price equal to the face value of the bond. The corporate bond is denominated in US\$ and is secured by equity interest of certain subsidiaries of the Company. The principal of the corporate bonds payable bears interest at 4.2% per annum and is payable semi-annually in arrears. The bond is secured by equity interest of certain subsidiaries of the Company as at 31 March 2025.

On 15 November 2021, a directly wholly-owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25.0 million to an independent third party at an issue price equal to the face value of the bond. The bond is denominated in HK\$. The principal of the unlisted bond payable bears interest at rates ranged from 8% to 10% per annum and is payable semi-annually in arrears. On 12 November 2024, a deed of amendment is entered into between the bond holder and the issuer in which the maturity date was extended for 2.5 years and interest rate under the extended period is charged at 8% per annum and interest is payable semi-annually in arrears.

On 25 March 2024, the Company issued a six-year corporate bond with a principal amount of HK\$63.0 million to an independent third party at an issue price equal to the face value of the bond. The corporate bond is denominated in HK\$. The principal of the corporate bonds payable bears interest at rates ranged from 3.5% to 10.5% per annum and is payable semi-annually in arrears. The bond is secured by equity interest of certain subsidiaries of the Company as at 31 March 2025.

Further details of the above bonds payable are set out in Note 21 to the consolidated financial statements of this announcement.

Details of other borrowings of the Group are set out in Note 20 to the consolidated financial statements of this announcement.

Currency and Interest Rate Exposure

Most of the transactions of the Group are denominated in HK\$, RMB and US\$. The Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between RMB and US\$ to HK\$. It adopts a conservative treasury policy with most of the bank deposits being kept in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. During the Year, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and the Group's exposure to interest rate risk on bank balances is expected to be minimal.

Charge on Assets

As at 31 March 2025 and 2024, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under two corporate bonds issued by the Company. Certain amount of assets is also pledged to secure the Group's bills payable and factoring loans. Further details are set out in Note 22 to the consolidated financial statements of this announcement.

Contingent Liabilities

As at 31 March 2025, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (2024: Nil).

Capital Commitment

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

Employee Information and Remuneration Policy

As at 31 March 2025, the Group employed a total of 165 (2024: 172 (restated)) employees. During the Year, staff costs, including directors' emoluments under the continuing operation, amounted to approximately HK\$29.8 million (2024: HK\$33.8 million (restated)).

The Group firmly believes that staff is the most important resources and provides its staff with sound working conditions. The salaries and benefits of the Group's employees are maintained at a competitive level and the Group periodically review the performance of the employees for determining the level of salary adjustment and promotion of the employees. Discretionary year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. The Group also provides on-the-job training to its employees in addition to the statutory mandatory provident fund scheme, statutory retirement benefit and medical benefits.

The Company adopted the share option scheme on 26 February 2015 (the "Share Option Scheme"), where share options to subscribe for shares of the Company may be granted to the eligible participants as recognition of their contributions to the Group. The Share Option Scheme has expired on 26 February 2025. No new share scheme was adopted during the Year. No share options were granted, vested, exercised, lapsed or cancelled by the Company under the Share Option Scheme during the Year and there were no outstanding share options under the Share Option Scheme as at 31 March 2025 (2024: Nil).

Fund Raising Activities

The Company had no equity fund-raising activities during the Year.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

(i) Acquisition of the issued share capital of Wisdom Moon (BVI) Limited ("Wisdom Moon")

On 12 November 2024, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with the vendor who is an independent third party to the Group in respect of the acquisition of 0.452 Class A shares of Wisdom Moon, representing 4.52% of issued Class A shares, at a cash consideration of HK\$45.0 million (the "Acquisition").

As the Group has already interested in 13.40% of the issued Class A shares of Wisdom Moon, upon the completion, the Group is indirectly interested in a total of 17.92% of the issued Class A shares of Wisdom Moon. Wisdom Moon is not accounted for as a subsidiary of the Group and but recognised as an equity investment at fair value in the financial statements of the Group. Further details are set out in the Company's announcements dated 12 November 2024 and 11 December 2024. The Acquisition was completed on 19 November 2024.

(ii) Disposal of 65% Share Capital in Chengxin Finance Limited (“Chengxin Finance”)

On 31 March 2025, Bright World Group Holdings Limited (being a direct wholly-owned subsidiary of the Company) as vendor (the “Vendor”), and Gd Easy Finance Limited (the “Purchaser”), an independent third party to the Group, as purchaser, entered into the sale and purchase agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire 65,000 ordinary shares of Chengxin Finance, representing 65% share capital in Chengxin Finance, at a consideration of HK\$32.5 million.

The consideration of the disposal, being HK\$32.5 million, has been satisfied by the Purchaser at completion in the manner of (i) HK\$12 million being paid in cash; and (ii) the remaining balance of HK\$20.5 million being paid by issuing the promissory note I and note II with principal amount of HK\$12.5 million and HK\$8 million respectively.

Upon completion, Chengxin Finance has ceased to be a subsidiary of the Company and its financial results would no longer be consolidated into those of the Company. The net proceeds from the disposal would be used for general working capital of the Group and to finance any future investment opportunities when they arise. Further details are set out in the Company's announcement dated 31 March 2025.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures noted during the Year.

Future Plans for Material Investments or Capital Assets

Save as the acquisition of properties as disclosed in below paragraph headed “Events After the Reporting Period” in this Management Discussion and Analysis section, the Group does not have any firm intention or specific plans for material investments or capital assets as at the date of this announcement.

Events after the Reporting Period

Acquisition of Properties

On 9 April 2025, the Group through several indirect wholly-owned subsidiaries of the Company, entered into purchase agreements with vendors who are independent third parties to the Group, to acquire four industrial building units (the “Property(ies)”) which are located in Hong Kong, at a total consideration of HK\$16,500,000 (the “Properties Acquisitions”). Three of the Properties are subjected to existing lease agreements which will expire on 31 December 2027 and the remaining Property was self-used by vendor and the Group agreed to sign a lease agreement with the vendor for lease of the Property and such lease will expire on 31 December 2027. Initial deposit equivalent to 10% of the consideration in the sum of HK\$1,650,000 was paid upon signing the purchase agreements and the remaining 90% of the consideration shall be paid at completion of the Properties Acquisitions.

The Board believed that the Properties Acquisitions would provide an opportunity for the Group to generate stable rental income and/or capital appreciation over time. The Properties Acquisitions were completed on June 2025. Further details are set out in the Company’s announcements dated 9 April 2025 and 22 April 2025.

Save as disclosed above, the Group did not have any other significant event requiring disclosure that has taken place subsequent to 31 March 2025 and up to the date of this announcement.

Prospects

Looking forward, the Group will still face great challenges. Although national real estate policies continued to be optimized and regulations were progressively loosened in several core cities, the real estate and construction market has yet recovered from the bottom and remained at a relatively gloomy level, the demand for ready-mixed concrete products is expected remain sluggish in the coming years, together with the rising raw material costs and labour costs will continue to challenge the Group’s operations and financial performance in the near term.

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company and the Board are devoted to achieve and promote a high standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing shareholder's value and safeguarding interests of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles with emphasis on effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

Throughout the Year, the Board is of the view that the Company has complied with all the code provisions contained in Corporate Governance Code as set out in the Appendix C1 of the Rules Governing the Listing Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding directors' securities transactions with terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code"). The Company had made specific enquiries to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions throughout the Year.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the Year, but represents an extract from the consolidated financial statements. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, and the final results of the Group for the Year.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year.

The work performed by ZHONGHUI ANDA CPA Limited 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 Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

SUPPLEMENTARY INFORMATION ON CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 28 March 2024, in relation to, among other matters, the appointment of Ms. Zhu Xiaojia as an independent non-executive Director (the "Appointment Announcement"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Appointment Announcement.

The Company would like to supplement the following information to the Appointment Announcement:

Ms. Zhu has confirmed (i) her independence as regards each of the factors referred to in Rule 3.13 (1) to (8) of the Listing Rules; (ii) that she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as defined in the Listing Rules) of the Company; and (iii) that there are no other factors that may affect her independence at the time of her appointment.

Save as disclosed above, all other information set out in the Appointment Announcement remains unchanged. This supplemental information is supplemental to and should be read in conjunction with the Appointment Announcement.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The annual results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.huashengih.com>). The annual report for the Year containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchange's website and Company's website in due course.

By Order of the Board
Huasheng International Holding Limited
Wong Jeffrey
Executive Director

Hong Kong, 30 June 2025

As at the date of this announcement, the executive Directors are Mr. Wong Jeffrey and Mr. Kong Chi Keung; the non-executive Director is Mr. Li Renjie; and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia.