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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 2026

FINANCIAL HIGHLIGHTS

- Revenue from continuing operation decreased by approximately HK\$91.0 million or 24.4% to approximately HK\$281.6 million.
- Gross profit from continuing operation decreased by approximately HK\$53.9 million or 82.7% to approximately HK\$11.3 million.
- Gross profit margin from continuing operation decreased from approximately 17.5% to approximately 4.0%.
- Loss for the year attributable to owners of the Company amounted to approximately HK\$136.0 million.
- Basic and diluted loss per share from continuing and discontinued operations amounted to approximately HK18.0 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 2026 with the comparative figures for the corresponding period in 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Continuing operation			
Revenue	3	281,551	372,566
Cost of sales		<u>(270,239)</u>	<u>(307,367)</u>
Gross profit		11,312	65,199
Other income	4	9,515	5,739
Other gains and losses, net	5	(44,828)	(42,798)
Selling and distribution expenses		(40,630)	(46,129)
Administrative expenses		(47,109)	(44,998)
Finance costs	6	(12,345)	(21,473)
Share of loss of associates		<u>(8,532)</u>	<u>(259)</u>
Loss before income tax from continuing operation		(132,617)	(84,719)
Income tax (expense) credit	7	<u>(3,379)</u>	<u>6,055</u>
Loss for the year from continuing operation	8	<u>(135,996)</u>	<u>(78,664)</u>
Discontinued operation			
Loss for the year from discontinued operation	9	<u>—</u>	<u>(13,716)</u>
Loss for the year attributable to the owners of the Company		<u>(135,996)</u>	<u>(92,380)</u>

		2026	2025
	Notes	HK\$'000	HK\$'000
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		19,125	(8,370)
– Share of other comprehensive income (loss) of associates		<u>754</u>	<u>(341)</u>
		19,879	(8,711)
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>(31,002)</u>	<u>38,546</u>
Other comprehensive (loss) income for the year, net of income tax		<u>(11,123)</u>	<u>29,835</u>
Total comprehensive loss for the year attributable to the owners of the Company		<u><u>(147,119)</u></u>	<u><u>(62,545)</u></u>
Loss per share attributable to owners of the Company	10		
From continuing and discontinued operations			
Basic and diluted (<i>HK cents</i>)		<u>(18.00)</u>	<u>(12.22)</u>
From continuing operation			
Basic and diluted (<i>HK cents</i>)		(18.00)	(10.40)
From discontinued operation			
Basic and diluted (<i>HK cents</i>)		<u><u>N/A</u></u>	<u><u>(1.82)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026

		2026	2025
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Investment properties	12	15,900	–
Property, plant and equipment	13	31,392	33,662
Right-of-use assets		4,390	3,124
Other intangible assets	14	9,191	21,447
Goodwill	15	93,273	125,821
Interests in associates		63,844	70,112
Equity investment at fair value through profit and loss		20,000	–
Equity investment at fair value through other comprehensive income	17	170,598	201,600
Convertible bonds receivables	19	–	40,321
Retention receivables	18	29,679	60,599
Deferred tax assets		10,526	8,819
		<u>448,793</u>	<u>565,505</u>
CURRENT ASSETS			
Inventories		6,574	6,661
Trade, retention and other receivables and prepayments	18	664,302	796,187
Promissory note receivables		9,868	20,500
Bank balances and cash		59,137	76,556
		<u>739,881</u>	<u>899,904</u>

		2026	2025
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and other payables and accruals	20	266,154	335,396
Lease liabilities		1,453	3,180
Borrowings	21	21,401	56,844
Bonds payable	22	25,740	25,740
		<u>314,748</u>	<u>421,160</u>
NET CURRENT ASSETS		<u>425,133</u>	<u>478,744</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>873,926</u>	<u>1,044,249</u>
NON-CURRENT LIABILITIES			
Lease liabilities		2,644	–
Borrowings	21	41,575	36,671
Bonds payable	22	77,627	106,774
Deferred tax liabilities		1,347	2,952
		<u>123,193</u>	<u>146,397</u>
NET ASSETS		<u><u>750,733</u></u>	<u><u>897,852</u></u>
CAPITAL AND RESERVES			
Share capital		75,565	75,565
Reserves		<u>675,168</u>	<u>822,287</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		<u><u>750,733</u></u>	<u><u>897,852</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

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 1003-1005, 10/F., Shui On Centre, No. 6-8 Harbour Road, Wanchai, 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”), by an indirectly wholly-owned subsidiary, which was later classified as an associate of the Group following the disposal of 65% equity interests on 31 March 2025. Money Lending Business is classified as discontinued operation during the year ended 31 March 2025. Further details of which are set out in Note 9.

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 investment properties and certain financial assets that are measured at fair value, at fair value through other comprehensive income (“FVTOCI”) and fair value through profit and loss (“FVTPL”).

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 2025

In the current year, the Group has adopted, for the first time, the following amendments to HKFRS Accounting Standards issued by HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKAS 21 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.

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.

HKFRS 18	Presentation and Disclosures in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²

^{1.} Effective for annual periods beginning on or after 1 January 2026.

^{2.} Effective for annual periods beginning on or after 1 January 2027.

^{3.} 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 will continue to assess the 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 (“CFL”) 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.

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:

	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operation		
Revenue from contracts with customers:		
Sales of goods from Concrete Business	<u>281,551</u>	<u>372,566</u>

During the years ended 31 March 2026 and 2025, 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 2026 and 2025, 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 2026, approximately HK\$184,647,000 (2025: HK\$233,858,000) and HK\$33,343,000 (2025: HK\$20,308,000) 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 2026 and 2025, 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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Continuing operation		
Bank interest income	43	102
Rental income	1,351	438
Interest income from convertible bonds receivables	3,000	956
Interest income from promissory note receivables	768	–
Litigation income (<i>Note 1</i>)	1,764	2,150
Government grants/subsidies (<i>Note 2</i>)	1,220	2,013
Sundry income	1,369	80
	<u>9,515</u>	<u>5,739</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\$1,764,000 (2025: HK\$2,150,000) in aggregate amount of interests, penalties and recharges of corresponding legal costs received from those trade debtors during the year ended 31 March 2026.
2. There are no unfulfilled conditions or contingencies relating to the grants/subsidies.

5. OTHER GAINS AND LOSSES, NET

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Continuing operation		
Exchange differences	284	(10)
Loss on disposals of property, plant and equipment	(35)	(13)
Loss on written off of property, plant and equipment	–	(4,420)
Loss on written off of inventories	–	(2,197)
Loss on early redemption of bonds payable	(1,325)	(316)
Gain on early redemption of convertible bonds receivables	635	–
Fair value loss on convertible bonds receivables	–	(635)
Fair value loss on investment properties	(600)	–
Loss allowance on trade, retention and other receivables	(11,239)	(21,624)
Loss allowance on promissory note receivables	–	(13,750)
Impairment loss on goodwill	(32,548)	–
Gain on modification of lease	–	167
	<u>–</u>	<u>167</u>
	<u>(44,828)</u>	<u>(42,798)</u>

6. FINANCE COSTS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Continuing operation		
Effective interest on bonds payable	6,552	10,565
Interest on borrowings	5,733	10,590
Interest on lease liabilities	60	318
	<u>12,345</u>	<u>21,473</u>

7. INCOME TAX (EXPENSE) CREDIT

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Continuing operation		
Current tax:		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax (“PRC EIT”)	–	–
	<u>–</u>	<u>–</u>
(Under) over provision in respect of prior years:		
– PRC EIT	(6,119)	1,002
Deferred taxation:		
– Current year	2,740	5,053
	<u>2,740</u>	<u>5,053</u>
Income tax (expense) credit	<u>(3,379)</u>	<u>6,055</u>

(i) Hong Kong

The provision for Hong Kong Profits Tax for 2026 is calculated at 16.5% (2025: 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 (2025: HK\$2,000,000) of assessable profits of qualifying corporation are taxed at 8.25% (2025: 8.25%), and the profits above HK\$2,000,000 (2025: HK\$2,000,000) are taxed at 16.5% (2025: 16.5%).

(ii) Mainland China

PRC EIT is calculated at 25% (2025: 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% (2025: 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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Continuing operation		
The Group’s loss for the year has been arrived at after charging:		
Directors’ remuneration	1,947	1,883
Other staff costs	24,165	24,485
Retirement benefit scheme contributions (<i>Note a</i>)	<u>3,340</u>	<u>3,425</u>
Total staff costs	<u>29,452</u>	<u>29,793</u>
Auditor’s remuneration		
– Audit services	1,230	1,250
– Non-audit services	15	15
Cost of inventories sold (<i>Note b</i>)	269,939	305,881
Depreciation of property, plant and equipment	5,307	7,102
Depreciation of right-of-use assets	2,952	4,246
Amortisation of other intangible assets	<u>12,256</u>	<u>12,255</u>

Notes:

- (a) No forfeited contributions available for offset against existing contributions during the year (2025: Nil).
- (b) Cost of inventories sold included approximately HK\$14,300,000 (2025: HK\$16,240,000) relating to staff costs and depreciation expenses, which these amounts are also included in the respective total amounts disclosed separately above for each of these types of 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 CFL, at a total consideration of HK\$32,500,000 (the “CFL Disposal”). CFL represents the whole Money Lending Business segment of the Group and upon completion of the CFL 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 CFL Disposal was completed on 31 March 2025. Upon the completion, CFL has ceased to be a subsidiary of the Company and the financial results of CFL will no longer be consolidated into the Group.

The financial performance and cash flows of Money Lending Business for the period from 1 April 2024 to the date of disposal (i.e. 31 March 2025) is classified and included as part of discontinued operation for the year ended 31 March 2025 and has 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
Interest revenue	10,718
Other income	4
Other gains and losses, net	(6,644)
Administrative expenses	(2,924)
Finance costs	<u>(50)</u>
Profit before income tax from discontinued operation	1,104
Income tax expense	<u>—</u>
Profit after income tax from discontinued operation	1,104
Loss on disposal of a subsidiary	<u>(14,820)</u>
Loss from discontinued operation	<u><u>(13,716)</u></u>
Loss from discontinued operation attributable to:	
– Owners of the Company	<u><u>(13,716)</u></u>
Cash flow from discontinued operation	
Net cash generated from operating activities	644
Net cash generated from investing activities	4
Net cash used in financing activities	<u>(910)</u>
Net decrease in bank balance and cash	<u><u>(262)</u></u>

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.

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 ended 31 March 2026 and 2025.

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company		
(i) Continuing and discontinued operations	(135,996)	(92,380)
(ii) Continuing operation	(135,996)	(78,664)
(iii) Discontinued operation	<u>–</u>	<u>(13,716)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>755,654,743</u>	<u>755,654,743</u>

11. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2026 and 2025.

12. INVESTMENT PROPERTIES

	2026 <i>HK\$'000</i> (audited)	2025 <i>HK\$'000</i> (audited)
At 1 April	–	–
Additions	16,500	–
Change in fair values	<u>(600)</u>	<u>–</u>
At 31 March	<u>15,900</u>	<u>–</u>

The investment properties are located in Hong Kong under medium term lease. The investment properties held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The Group leases out all its investment properties to tenants under operating leases with rental payable monthly. The lease terms is around 1.5 years. All leases are on a fixed rental basis and do not include variable lease payments. Lease income from operating leases where the Group as lessor is recognised as other income on a straight-line basis over the lease terms.

The Group classifies cash outflows to acquire the investment properties as investing cash flows and rental income as operating cash flows.

The fair value of the Group's investment properties as at 31 March 2026 had been arrived at on the basis of valuation carried out on that date by Asset Appraisal Limited ("AAL"), which are independent firm of qualified valuers having appropriate qualifications and experience in valuation of properties in relevant locations. The valuation, which conforms to the Hong Kong Institute of Surveyors (the "HKIS") Valuation Standards (2024 Edition) published by the HKIS, is arrived at with reference to market evidence of transaction prices of similar properties or calculated on the net income allowing for reversionary potential. In estimating the fair values of the properties, their current use equates to the highest and best use of the properties.

The fair value of the investment properties at 31 March 2026 was classified as Level 2 under fair value hierarchy, which was determined using market comparable approach. Valuation and significant inputs are as follows:

Valuation technique:	Market comparable approach
Significant inputs:	Price per saleable area square feet of comparable properties

There were no transfers between levels of the fair value hierarchy during the year ended 31 March 2026.

13. 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 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	33,880	6,104	1,936	3,166	7,266	52,352
Additions	1,047	–	–	677	–	1,724
Disposals	–	(558)	–	–	–	(558)
Written off	–	–	(1,936)	(22)	–	(1,958)
Transfer	2,386	–	–	–	(2,386)	–
Exchange realignment	1,973	1,051	–	154	101	3,279
At 31 March 2026	<u>39,286</u>	<u>6,597</u>	<u>–</u>	<u>3,975</u>	<u>4,981</u>	<u>54,839</u>
ACCUMULATED DEPRECIATION						
At 1 April 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	12,701	2,218	1,764	2,007	–	18,690
Charge for the year	3,818	590	172	727	–	5,307
Elimination on disposals	–	(464)	–	–	–	(464)
Elimination on written off	–	–	(1,936)	(22)	–	(1,958)
Exchange realignment	875	894	–	103	–	1,872
At 31 March 2026	<u>17,394</u>	<u>3,238</u>	<u>–</u>	<u>2,815</u>	<u>–</u>	<u>23,447</u>
NET CARRYING VALUE						
At 31 March 2026	<u>21,892</u>	<u>3,359</u>	<u>–</u>	<u>1,160</u>	<u>4,981</u>	<u>31,392</u>
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>

14. OTHER INTANGIBLE ASSETS

	Customer Network <i>HK\$'000</i>
COST	
At 1 April 2024, 31 March 2025 and 31 March 2026	85,787
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 April 2024	52,085
Charge for the year	12,255
At 31 March 2025	64,340
Charge for the year	12,256
At 31 March 2026	76,596
NET CARRYING VALUE	
At 31 March 2026	9,191
At 31 March 2025	21,447

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 (“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 16.

15. GOODWILL

	Concrete Business CGU HK\$'000	Money Lending Business CGU HK\$'000	Total HK\$'000
COST			
At 1 April 2024	154,505	21,795	176,300
Disposal of a subsidiary	—	(21,795)	(21,795)
At 31 March 2025 and 31 March 2026	<u>154,505</u>	<u>—</u>	<u>154,505</u>
ACCUMULATED IMPAIRMENT LOSSES			
At 1 April 2024	28,684	21,795	50,479
Disposal of a subsidiary	—	(21,795)	(21,795)
At 31 March 2025	28,684	—	28,684
Impairment loss recognised	<u>32,548</u>	<u>—</u>	<u>32,548</u>
At 31 March 2026	<u>61,232</u>	<u>—</u>	<u>61,232</u>
NET CARRYING VALUE			
At 31 March 2026	<u>93,273</u>	<u>—</u>	<u>93,273</u>
At 31 March 2025	<u>125,821</u>	<u>—</u>	<u>125,821</u>

As at 31 March 2026, goodwill arising in prior years related to the acquisition of Alpha Youth Group has been allocated to the Concrete Business CGU.

Goodwill arising in prior years related to acquisition of CFL has been allocated to the Money Lending Business CGU and was disposed of as at 31 March 2025.

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 16.

16. IMPAIRMENT TESTING ON OTHER INTANGIBLE ASSETS AND GOODWILL

For the purpose of impairment testing as at 31 March 2026 and 2025, other intangible assets and goodwill set out in Notes 14 and 15 respectively have been allocated to an individual CGU, which comprising subsidiaries in the Concrete Business.

During the years ended 31 March 2026 and 2025, the Group determines that there is no impairment of other intangible assets in respect of the Concrete Business CGU. The basis of the recoverable amount of the Concrete Business CGU and the major underlying assumptions are summarised below:

The recoverable amount of the Concrete Business CGU as at 31 March 2026 has been determined to approximately HK\$133,856,000 based on the value-in-use calculation (2025: value-in-use calculation) with reference to a professional valuation performed by AAL, an independent firm of professional qualified valuers. The calculation covers 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 projection based on financial budgets approved by management covering a five-year period (2025: five-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (2025: zero growth rate). The pre-tax rate used to discount the forecast cash flows is 12.9 % (2025: 15.1%).

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 CGU. The discount rate used reflects specific risks relating to industries in relation to the CGU.

Based on the impairment assessment of the Concrete Business CGU, the goodwill allocated to Concrete Business CGU was determined to be impaired. An impairment loss of approximately HK\$32,548,000 (2025: Nil) was recognised in consolidated profit or loss under other gains and losses, net in the current year. The impairment loss recognised during the year ended 31 March 2026 was mainly attributable to a fall in annual growth rate over the five-year forecast period due to the intense competition among market participants and a narrowing in gross profit margin.

17. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Unlisted equity investment	<u>170,598</u>	<u>201,600</u>

The unlisted equity investment represents 17.92% (2025: 17.92%) 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, the 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 at 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 2026 and 2025.

As at 31 March 2026 and 2025, 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% (2025: 2%). The discount rate used to discount the forecast cash flow is 17.59% (2025: 18.12%).

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 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 would be increased by approximately HK\$15,590,000 or decreased by approximately HK\$7,706,000.

18. TRADE, RETENTION AND OTHER RECEIVABLES AND PREPAYMENTS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade receivables, gross	345,039	443,956
<i>Less: loss allowance recognised</i>	<u>(37,464)</u>	<u>(46,914)</u>
Trade receivables, net	307,575	397,042
Retention receivables, gross	233,817	295,017
<i>Less: loss allowance recognised</i>	<u>(42,827)</u>	<u>(25,143)</u>
Retention receivables, net	190,990	269,874
Other receivables, gross	99,705	106,516
<i>Less: loss allowance recognised</i>	<u>(5,726)</u>	<u>(2,030)</u>
Other receivables, net	93,979	104,486
Bills receivables	23,664	1,625
Prepayments and deposits	77,773	81,701
Tax recoverable	<u>–</u>	<u>2,058</u>
Trade, retention and other receivables and prepayments	<u>693,981</u>	<u>856,786</u>
Analysed for reporting purposes as:		
Current	664,302	796,187
Non-current		
– Retention receivables	<u>29,679</u>	<u>60,599</u>
	<u>693,981</u>	<u>856,786</u>

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 (2025: 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 losses allowance) based on the invoice date at the end of the reporting period is as follows:

	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	22,539	37,631
31-60 days	10,918	5,209
61-90 days	16,528	23,906
Over 90 days	257,590	330,296
	<u>307,575</u>	<u>397,042</u>

All bills receivables were aged within 180 days as at the years ended 31 March 2026 and 2025.

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 the expected credit loss (the "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 <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 2026						
Weighted average expected						
loss rate	0.36%	0.36%	0.36%	0.36%	13.51%	
Receivable amount	22,660	10,978	16,597	19,249	275,555	345,039
Loss allowance	<u>(81)</u>	<u>(40)</u>	<u>(60)</u>	<u>(69)</u>	<u>(37,214)</u>	<u>(37,464)</u>
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	<u>(1,138)</u>	<u>(127)</u>	<u>(1,006)</u>	<u>(1,434)</u>	<u>(43,209)</u>	<u>(46,914)</u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
At the beginning of the year	46,914	30,151
(Reversal of loss allowance) loss allowance recognised, net	(8,579)	17,429
Written off	(2,691)	–
Exchange realignment	<u>1,820</u>	<u>(666)</u>
At the end of the year	<u>37,464</u>	<u>46,914</u>

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 2026 and 2025, trade receivables which have been impaired previously, amounting to approximately HK\$2,691,000 (2025: Nil) were individually determined to be written off. 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 2026, retention receivables amounting to approximately HK\$190,990,000 (2025: HK\$269,874,000), 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 2026 within lifetime ECL (not credit impaired).

	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 2026						
Weighted average expected						
loss rate	0.36%	0%	0%	0%	53.69%	
Receivable amount	155,091	-	-	-	78,726	233,817
Loss allowance	(560)	-	-	-	(42,267)	(42,827)
	<u>(560)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,267)</u>	<u>(42,827)</u>
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	(4,175)	(54)	(21)	(11)	(20,882)	(25,143)
	<u>(4,175)</u>	<u>(54)</u>	<u>(21)</u>	<u>(11)</u>	<u>(20,882)</u>	<u>(25,143)</u>

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

	2026 HK\$'000	2025 <i>HK\$'000</i>
At the beginning of the year	25,143	23,408
Loss allowance recognised	16,122	2,165
Exchange realignment	1,562	(430)
At the end of the year	42,827	25,143

19. CONVERTIBLE BONDS RECEIVABLES

	2026 HK\$'000	2025 <i>HK\$'000</i>
At the beginning of the year	40,321	–
Subscription	–	40,000
Interest income	3,000	956
Interest received	(2,100)	–
Change in fair value recognised in profit of loss	–	(635)
Gain on early redemption	635	–
Reclassified to other receivables	(1,856)	–
Redemption	(40,000)	–
At the end of the year	–	40,321

On 13 December 2024, a directly wholly-owned subsidiary of the Company, Golden Star Group Holdings Limited, 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 “CB2028”) 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 CB2028 was completed on 13 December 2024.

The CB2028 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 CB2028 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 CB2028 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 CB2028 are guaranteed by a personal guarantee given by 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 Saveur Limited.

During the year, there was early redemption in full of the CB2028. As a result, a gain on early redemption in amount of approximately HK\$635,000 was recognised as the other gains and loss, net in the consolidated profit or loss for the year ended 31 March 2026. Respective charges and personal guarantee over the CB2028 were released upon redemption.

20. TRADE AND OTHER PAYABLES AND ACCRUALS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade payables (<i>Note a</i>)	112,466	149,176
Bills payable	104,282	112,703
Contract liabilities (<i>Note b</i>)	13,197	9,544
Other payables and accruals	36,209	63,973
	<u>266,154</u>	<u>335,396</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:

	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	10,331	22,863
31-60 days	32,784	7,399
61-90 days	1,126	45,479
Over 90 days	68,225	73,435
	<u>112,466</u>	<u>149,176</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 2026 and 2025, customer deposits are contract liabilities and the Group does not expect to refund any of the advance payments.

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
At the beginning of the year	9,544	8,321
Increase as a result of receipt of customer deposits during the year	8,784	5,148
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(5,645)	(3,768)
Exchange realignment	<u>514</u>	<u>(157)</u>
At the end of the year	<u>13,197</u>	<u>9,544</u>

21. BORROWINGS

	2026 Maturity	2026 <i>HK\$'000</i>	2025 Maturity	2025 <i>HK\$'000</i>
Current				
Secured – Factoring loans (<i>Note (i)</i>)	2026	18,121	2025	32,509
Unsecured – Current portion of Loans (<i>Note (ii)</i>)	2026	<u>3,280</u>	2025	<u>24,335</u>
		<u>21,401</u>		<u>56,844</u>
Non-current				
Unsecured – Loans (<i>Note (ii)</i>)	2027-2029	<u>41,575</u>	2027-2029	<u>36,671</u>
Total borrowings		<u>62,976</u>		<u>93,515</u>

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

	2026	2025
	HK\$'000	HK\$'000
On demand or within one year	21,401	56,844
In the second year	27,589	–
In the third to fifth year, inclusive	13,986	36,671
	<u>62,976</u>	<u>93,515</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 2026, an indirectly wholly-owned subsidiary of the Company entered into several factoring agreements with independent third parties for recourse factoring loans amounting to approximately RMB16,000,000 equivalent to approximately HK\$18,121,000 (2025: RMB30,000,000 equivalent to approximately HK\$32,509,000). The factoring loans are denominated in RMB and bear interest at rates ranged from 2.47% to 6% per annum (2025: 2.47% to 6% per annum). As at 31 March 2026, all the outstanding factoring loans were aged within one year and are secured by trade receivables amounted to approximately HK\$22,874,000 (2025: HK\$52,056,000).
- (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.

22. BONDS PAYABLE

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
At the beginning of the year	132,514	175,508
Interest expenses incurred	6,552	10,565
Interest paid	(5,152)	(7,801)
Redemption	(31,871)	(46,076)
Loss on early redemption	1,325	316
Exchange realignment	(1)	2
	<u>103,367</u>	<u>132,514</u>
At the end of the year	<u>103,367</u>	<u>132,514</u>
Analysed for reporting purposes as:		
Current liabilities	25,740	25,740
Non-current liabilities	<u>77,627</u>	<u>106,774</u>
	<u>103,367</u>	<u>132,514</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 provided 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 2026, there is no early redemption of the 7-year Bond 2028 while 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). As a result, the Company recognised a loss on early redemption of bonds payable amounted to approximately HK\$316,000 for the year ended 31 March 2025.

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 (2025: US\$6,029,000) and US\$14,000 (2025: US\$116,000) 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 holder.

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 2026 and 2025, 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 be 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 early redeem the 6-year Bond 2030 payable, by serving not less than one-month advance notice to the bond holder.

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 subsidiaries of the Company, were secured against the 6-year Bond 2030 until its maturity or full redemption.

During the year ended 31 March 2026, the Company early redeemed partial of the 6-year Bond 2030 amounted to approximately HK\$31,871,000 (2025: Nil). As a result, the Company recognised a loss on early redemption of bonds payable amounted to approximately HK\$1,325,000 (2025: Nil).

At the end of the reporting period, the carrying amount of the 6-year Bond 2030 comprised of principal amount and accrued interest amounted to HK\$31,129,000 (2025: HK\$63,000,000) and approximately HK\$18,000 (2025: approximately HK\$18,000) respectively.

23. 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\$77,627,000 issued by the Company (2025: HK\$106,774,000). Besides, assets with the following carrying amounts have been pledged to secure the bills payable and factoring loans of the Group:

	2026 HK\$'000	2025 HK\$'000
Pledged bank balances	36,310	56,375
Trade and retention receivables	22,874	52,056
	59,184	108,431

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 2026 (the “Year”). 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 (the “Previous 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\$136.0 million for the Year as compared to approximately HK\$92.4 million for the Previous Year.

Continuing Operation

Revenue

The Group derived its revenue from sales of ready-mixed commercial concrete to customer in Mainland China. The Group’s revenue for the Year decreased by approximately HK\$91.0 million or 24.4% from approximately HK\$372.6 million for the Previous Year to approximately HK\$281.6 million for the Year. Such a significant drop in revenue was primarily attributable to the continued weakness in the property development and construction sectors in Hainan Province, which resulted in reduced market demand for ready-mixed concrete. As property development and construction activities in the region continued to decline, the segment experienced a consecutive year of drop in market demand. In response, the Group shifted its strategy to maintain its market share by reducing its average selling price per cubic metre by approximately 9.0% as compared to the Previous Year. This pricing adjustment, together with the decrease in sales volume, exerted ongoing pressure on the Group’s total revenue.

Cost of Sales

The cost of sales for the Year mainly consists of cost of raw materials, direct labour costs and other manufacturing overheads incurred by the Concrete Business. The cost of sales decreased by approximately HK\$37.1 million or 12.1% which was primarily attributable to the decline in demand for ready-mixed concrete products and the rising cost of raw materials.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$53.9 million or 82.7% from approximately HK\$65.2 million for the Previous Year to approximately HK\$11.3 million for the Year. Concurrently, the gross profit margin experienced a significant contraction, dropping from approximately 17.5% for the Previous Year to approximately 4.0% for the Year. This compression in both gross profit and gross profit margin was primarily attributable to a highly challenging operating environment, driven by the combined effects of continuous decline in sales volume, downward pressure on average selling prices of the concrete product and escalating raw materials cost as compared to the Previous Year. To mitigate these ongoing impacts, the Group has proactively implemented stringent cost control measures during the Year and rationalised its procurement strategies, which are expected to stabilise its margins moving forward.

Other Income

Other income mainly consists of rental income, litigation income, interest income from convertible bonds receivables and promissory note receivables. Other income increased by approximately HK\$3.8 million from approximately HK\$5.7 million for the Previous Year to approximately HK\$9.5 million for the Year mainly due to (i) full-year interest income recognised from convertible bonds receivables, as compared to only three months of income recognised in the Previous Year; and (ii) an increase in rental income generated from the investment properties acquired in June 2025, which contributed approximately ten months of rental income during the Year.

Other Gains and Losses, Net

Other gains and losses, net for the Year mainly comprise of loss allowance on trade, retention and other receivables of approximately HK\$11.2 million; impairment loss on goodwill of approximately HK\$32.5 million; and loss on early redemption of bonds payable of approximately HK\$1.3 million.

The Group resulted in a net other losses amounted to approximately HK\$44.8 million during the Year as compared to approximately HK\$42.8 million during the Previous Year. The increase in net other losses was due to the combined effects of (i) an impairment loss on goodwill of approximately HK\$32.5 million recognised during the Year due to the intensify competition in the Concrete Business; and (ii) an increased loss on early redemption of bond payables by approximately HK\$1.0 million. These increases were partially offset by (i) a decrease in loss allowance on trade, retention and other receivables of approximately HK\$10.4 million; (ii) a decrease in loss on written off of property, plant and equipment and inventories totalling approximately HK\$6.6 million; and (iii) a decrease in loss allowance on promissory notes receivables of approximately HK\$13.8 million, as compared with the Previous Year.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of transportation expenses, staff cost for distribution unit and commissions paid to sales agents. Selling and distribution expenses decreased by approximately HK\$5.5 million or 11.9% for the Year as compared with the Previous Year primarily due to decrease in transportation expenses as a result of the drop in sales volume.

Administrative Expenses

Administrative expenses 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 increased by approximately 4.7% to approximately HK\$47.1 million for the Year. The increase in administrative expenses primarily due to payment for tax surcharge by Mainland China tax authority recognised during the Year.

Finance Costs

Finance costs mainly represent interest expenses on bonds payable, borrowings and lease liabilities. The finance costs decreased by approximately HK\$9.1 million or 42.5% from approximately HK\$21.5 million for the Previous Year to approximately HK\$12.3 million for the Year. Such a decrease in finance costs was mainly attributable to (i) the early redemption of corporate bonds during the Year; and (ii) a decrease in borrowings by the Concrete Business.

Loss before Income Tax

The Group recorded a loss before income tax from continuing operation of approximately HK\$132.6 million for the Year as compared to approximately HK\$84.7 million for the Previous Year. The increase in loss before income tax during the Year was mainly due to combine effects of (i) a significant decrease in gross profit by approximately HK\$53.9 million; and (ii) an impairment loss on goodwill of approximately HK\$32.5 million recognised during the Year, which was partially offset by (i) the decrease in finance costs by approximately HK\$9.1 million; (ii) decrease in selling and distribution expenses by approximately HK\$5.5 million; and (iii) the decrease in loss allowance on trade, retention and other receivables by approximately HK\$10.4 million, as compared with the Previous Year.

Income Tax (Expense)/Credit

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 expense of approximately HK\$3.4 million during the Year as compared to an income tax credit of approximately HK\$6.1 million for the Previous Year. There was no significant change in applicable tax rates of the Company's subsidiaries 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 year ended 31 March 2025. Net loss from discontinued operation for the Previous Year amounted to approximately HK\$13.7 million. Details of the results of the discontinued operation are set out in Note 9 to the consolidated financial statements of this announcement.

Trade and Retention Receivables

As at 31 March 2026, trade and retention receivables, net are derived from the Concrete Business amounted to approximately HK\$498.6 million, representing a decrease by approximately HK\$168.4 million as compared with the Previous Year.

The ECL provision of approximately HK\$7.5 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 2026, Directors are of the view that adequate ECL 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 purchase of fixed assets, advance payments to supplier and prepaid rent and other expenses. Prepayments and deposits decreased by approximately 4.8% from approximately HK\$81.7 million as of the Previous Year to approximately HK\$77.8 million as of 31 March 2026, 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\$106.5 million as at 31 March 2025 to approximately HK\$99.7 million as at 31 March 2026 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 and as a result loss allowance on other receivables of approximately HK\$3.7 million was recognised in the consolidated financial statement during the Year. Approximately HK\$9.9 million had been further subsequently settled after the end of the Year up to the date of this announcement.

Impairments and Loss Allowance

During the Year, the Group had the following impairments and loss allowance:

- (a) Loss allowance on trade, retention and other receivables of approximately HK\$11.2 million in which (i) approximately HK\$7.5 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 grouping of various debtors that have similar loss patterns, taking into account forward-looking information; and (ii) approximately HK\$3.7 million were related to expected credit loss on other receivables which is under the assessment of the independent professional valuer.
- (b) An impairment loss on goodwill of approximately HK\$32.5 million was recognised during the Year in respect of the Concrete Business cash-generating unit. Independent professional valuers were engaged to conduct the impairment assessment, which indicated that the recoverable amount of the cash-generating unit was lower than its carrying amount. Accordingly, the impairment on goodwill was considered necessary. The impairment loss on goodwill was primarily driven by intensifying market competition and a decline in sales volume, which subsequently lowered the projected growth rates in the cashflow forecasts.

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\$147.1 million for the Year as compared to approximately HK\$62.5 million for the Previous Year.

Liquidity and Financial Resources

As at 31 March 2026, the Group had indebtedness comprising, bonds payable and borrowings amounted to approximately HK\$166.3 million (2025: approximately HK\$226.0 million).

As at 31 March 2026, the Group had cash and cash equivalents of approximately HK\$59.1 million (2025: approximately HK\$76.6 million) which were denominated in Hong Kong Dollar (“HK\$”), Renminbi (“RMB”) and United States Dollar (“US\$”).

As at 31 March 2026, the Group’s current ratio, calculated based on current assets over current liabilities, was approximately 2.4 (2025: approximately 2.1), reflecting the abundance of financial resources. The Group’s gearing ratio was approximately 22.2% (2025: approximately 25.2%), calculated based on the total debts of approximately HK\$166.3 million (2025: approximately HK\$226.0 million) over shareholders’ equity of approximately HK\$750.7 million (2025: approximately HK\$897.9 million).

Capital Structure

The capital structure of the Group as at 31 March 2026 are summarised as follows:

(A) Share Capital

As at 31 March 2026, the Company has 755,654,743 ordinary shares (2025: 755,654,743 ordinary shares) in issue with total shareholders’ equity of the Group amounted to approximately HK\$750.7 million (2025: approximately HK\$897.9 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 2026.

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 2026.

Further details of the above bonds payable are set out in Note 22 to the consolidated financial statements of this announcement.

Details of other borrowings of the Group are set out in Note 21 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 2026 and 2025, 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 23 to the consolidated financial statements of this announcement.

Contingent Liabilities

As at 31 March 2026, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (2025: Nil).

Capital Commitment

As at 31 March 2026, the Group did not have any significant capital commitment (2025: Nil).

Employee Information and Remuneration Policy

As at 31 March 2026, the Group employed a total of 132 (2025: 165) employees located in Hong Kong and the PRC. During the Year, staff costs, including directors' emoluments under the continuing operation, amounted to approximately HK\$29.5 million (2025: HK\$29.8 million).

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.

Fund Raising Activities

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Acquisition of Properties

On 9 April 2025, the Group, through several of its indirect wholly-owned subsidiaries, acquired four industrial building units located in Hong Kong, at a total consideration of HK\$16.5 million. All of building units are subject to lease agreements which will be expired on 31 December 2027. Further details are set out in the announcements of the Company dated 9 and 22 April 2025 respectively.

Save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the Year.

Significant Investments and Future Plans for Material Investments or Capital Assets

Subscription of Fund

On 10 March 2026, Virtual Garden Investments Limited (the “Subscriber”), a wholly-owned subsidiary of the Company, has entered into the subscription deed with Lockhart Total Return Fund G.P. (the “General Partner”) and the limited partnership agreement with the General Partner and any other limited partners, pursuant to which the Subscriber has committed to subscribing for the Lockhart Total Return Fund with a total capital commitment of HK\$20.0 million, subject to the terms and conditions of the fund documents. Total capital commitment of HK\$20.0 million was fully funded by the Group’s internal resources as at 31 March 2026.

Further details are set out in the announcement of the Company dated 10 March 2026.

Significant Investment

As at 31 March 2026, the Group had investments in financial assets at FVTPL and financial assets at FVTOCI with an aggregate carrying amount of approximately HK\$190.6 million (2025: HK\$201.6 million). The following is the significant investment, which with carrying amount more than 5% of the total assets of the Group as at 31 March 2026:

Name of investee company	Nature of investments	Investee’s principal business	Number and percentage of shares held	Investment costs HK\$’000	Fair value as at 31 March 2026 HK\$’000	Percentage of Group’s total assets as at 31 March 2026
Wisdom Moon (BVI) Limited	Investment in unlisted shares (Classified as financial assets at FVTOCI)	Renewable energy vehicles manufacture	1.792 non-voting Class A shares (17.92%)	161,723	170,598	14.4%

To the best of the Company's knowledge, the investee company disclosed in the "Significant Investments and Future Plans for Material Investments or Capital Assets" section above is not connected persons of the Company. The Group's investment objective is to diversify its business portfolio by investing in the zero emission commercial vehicles market which to enhance returns for its shareholders and to provide potential higher return in a medium to long term horizon.

Looking ahead, the Group will continue to monitor the investment and evaluate its strategic position in light of prevailing market conditions and the investee's operational performance. The Group will also actively explore potential investment opportunities to diversify the portfolio, aiming to enhance long-term value for the shareholders of the Company.

Save as disclosed in this announcement, the Group did not hold any significant investments at any time during the Year and as at the date of this announcement.

Save as those disclosed in this announcement, the Group did not have any concrete plans for significant or material investments or capital assets as at the date of this announcement. Nonetheless, if any acquisition opportunity arises and is identified, the Group will conduct a feasibility study and consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

Events After the Reporting Period

Placing of new shares under general mandate

On 11 June 2026, the Company has entered into a placing agreement with the placing agent, pursuant to which the placing agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees to subscribe for up to 151,120,000 placing shares at the placing price of HK\$0.127 per placing share (the "Placing"). The expected gross proceeds from the Placing to be approximately HK\$19.19 million, and the net proceeds (after deducting the placing commission and other costs and expenses) are approximately HK\$18.49 million. The proceeds from the Placing are intended to be used for a potential capital contribution as a strategic cooperation partner for a ready-mixed commercial concrete mixing plant project in Sanya, Hainan Province. Up to the date of this announcement, the Placing had not yet been completed. Further details are set out in the announcement of the Company dated 11 June 2026.

PROSPECTS

Looking ahead, the Group expects the operating environment for the concrete business to remain challenging in the near term. The slowdown in Hainan's property market, coupled with constrained funding conditions in the private sector, continues to exert pressure on both demand and selling prices for ready-mixed concrete. These headwinds are expected to persist in the short term amid broader softness in China's real estate sector.

Despite these near-term difficulties, the Group maintains a resilient and pragmatic outlook. The Group will continue to adopt a prudent yet proactive strategy, focusing on areas where demand is relatively more stable. In particular, the Group intends to increase its participation in government-backed infrastructure projects, which generally offer more secure payment terms compared with private commercial developments. This strategic shift is expected to help stabilise revenue streams and support cash flow management.

At the same time, the Group will actively capitalise on the ongoing policy-driven consolidation within Hainan's concrete industry. By leveraging its operational scale and efficiency, the Group aims to strengthen its market position as a leading consolidated player in the region while continuing to implement stringent cost controls and optimise resource allocation.

Beyond optimising its core concrete operations, the Group recognises the importance of long-term diversification. Accordingly, the Group will continue to explore new business opportunities in Asia, with a view to broadening its revenue base and reducing reliance on any single market or sector. To support these initiatives, the Group may expand its team with professionals possessing relevant regional expertise and market knowledge. The Group believes that a measured approach to business development in the PRC and Asia, combined with disciplined execution, will contribute to sustainable growth over the medium to long term.

Overall, while the Group remains mindful of the near-term uncertainties in its core market, it is committed to strengthening operational resilience, pursuing diversification, and creating long-term value for its shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company and the Board are devoted to achieve and promote a high standard of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing shareholders' 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 of Securities (the "Listing Rules") on 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 REVIEW OF 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, risk management and internal control systems, and financial reporting matters including the review of 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 profit or loss and 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.

PUBLICATION OF ANNUAL REPORT

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
Kong Chi Keung
Executive Director

Hong Kong, 29 June 2026

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.