K. H. GROUP HOLDINGS LIMITED
劍虹集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1557)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2026

The board (the "Board") of directors (the "Directors") of K. H. Group Holdings Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2026 (the "Year"), together with the comparative figures for the corresponding year ended 31 March 2025 (the "Comparative Year"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Note	**2026**	2025
		HK$'000	*HK$'000*
			(Re-presented)
Continuing operations			
Revenue	*5*	**87,615**	34,157
Cost of sales and services rendered		**(87,385)**	(30,974)
Gross profit		**230**	3,183
Other income	*6*	**167**	133
Gain on bargain purchase on acquisition of subsidiaries		**–**	40,947
Administrative and other operating expenses		**(18,754)**	(9,960)
Impairment loss of property, plant and equipment		**–**	(65)
Gain on disposal of subsidiaries		**1,440**	–
Provision for expected credit loss ("ECL") on trade and bills receivables and contract assets, net of reversal of impairment loss		**(3,097)**	(1,357)
Provision for ECL on deposits and other receivables, net of reversal of impairment loss		**(55)**	–
(Loss)/profit from operations		**(20,069)**	32,881
Finance costs	*7*	**(51)**	(77)
(Loss)/profit before tax		**(20,120)**	32,804
Income tax credit/(expense)	*8*	**465**	(545)
(Loss)/profit for the year from continuing operations		**(19,655)**	32,259
Discontinued operation			
Profit/(loss) for the year from discontinued operation	*9, 15*	**157,644**	(89,851)
Profit/(loss) for the year attributable to the owners of the Company	*9*	**137,989**	(57,592)

	Note	2026	2025
		HK$'000	HK$'000
			(Re-presented)
Profit/(loss) for the year ended attributable to the owners of the Company		**137,989**	(57,592)
Other comprehensive income/(loss) after tax:			
Item that may be reclassified to profit or loss:			
Exchange difference on translating foreign operation		**4,305**	(848)
Total comprehensive income/(loss) for the year attributable to the owners of the Company		**142,294**	(58,440)
Total comprehensive income/(loss) for the year attributable to the owners of the Company			
Continuing operations		**(15,350)**	31,411
Discontinued operation		**157,644**	(89,851)
		142,294	(58,440)
		HK cents	HK cents
Earnings/(loss) per share			
From continuing and discontinued operations			
– Basic and diluted	*11*	**28.7**	(12.0)
From continuing operations			
– Basic and diluted	*11*	**(4.1)**	6.7
From discontinued operation			
– Basic and diluted	*11*	**32.8**	(18.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Non-current assets			
Property, plant and equipment		**138,468**	131,093
Right-of-use assets		**27,243**	26,375
		165,711	157,468
Current assets			
Inventories		**430**	2,974
Trade and bills receivables	12	**17,717**	30,120
Contract assets	13	**8,388**	20,613
Prepayments, deposits and other receivables		**13,512**	14,291
Bank and cash balances		**1,127**	48,481
		41,174	116,479
Current liabilities			
Trade and retention payables	14	**3,427**	183,860
Contract liabilities	13	**212**	162
Accruals and other payables		**72,538**	116,203
Lease liabilities		**–**	943
Bank borrowings, secured		**19,182**	6,436
Amount due to the immediate holding company		**12,804**	–
Tax payables		**13**	507
		108,176	308,111
Net current liabilities		**(67,002)**	(191,632)
Total assets less current liabilities		**98,709**	(34,164)
Non-current liabilities			
Lease liabilities		**–**	828
Bank borrowings, secured		**37,148**	45,854
Deferred tax liabilities		**3,471**	3,358
		40,619	50,040
NET ASSETS/(LIABILITIES)		**58,090**	(84,204)
Capital and reserves			
Share capital		**4,800**	4,800
Reserves		**53,290**	(89,004)
TOTAL EQUITY/(CAPITAL DEFICIENCIES)		**58,090**	(84,204)

NOTES

1. GENERAL INFORMATION

K. H. Group Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability on 23 July 2015 under the Companies Act of the Cayman Islands. The address of its registered office is P.O. Box 1350, Grand Cayman KY1-1108 Cayman Islands. The address of its principal place of business is Unit 01, 86/F., International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 18 March 2016 (the "Listing Date").

At the end of the reporting period, the directors of the Company are of the opinion that, Blessing Well Enterprise Limited, a company incorporated in the British Virgin Islands ("BVI"), is the immediate holding company of the Company; Sendlink Limited, a company incorporated in the BVI, is the ultimate holding company of the Company; and Mr. Chen Rongsheng ("Mr. Chen") is the ultimate controlling party of the Company.

The Company is an investment holding company. The Group is principally engaged in the provision of foundation and construction services in the People's Republic of China ("PRC") and production and sales of chemical products in the PRC.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Material accounting policy information adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred a loss of approximately HK$19,655,000 for the year ended 31 March 2026 from the continuing operations and as at 31 March 2026, the Group had net current liabilities of approximately HK$67,002,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In preparing the consolidated financial statements, the management has given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to achieve positive cash flows from operations in immediate and long terms. The directors of the Company have reviewed the Group's cash flow forecast prepared by management, which cover the period up to 31 March 2027. The directors of the Company are of the opinion that, taking into account of the plans and measures below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within next twelve months. In order to strengthen the Group's capital base and maintain sufficient financing necessary for future business development, the directors of the Company have taken the following measures:

(i) The Company has obtained a letter of financial support from Mr. Chen, the ultimate controlling party of the Company, who has agreed to further provide adequate financial resources as is necessary to enable the Group both to meet its financial obligations as and when they fall due and to carry on its businesses for at least 12 months from 31 March 2026;

(ii) The Group will consider fund raising activities to strengthen the Group's capital base to meet the financial obligations as and when they fall due within next twelve months from 31 March 2026;

(iii) The Group will expand its construction and chemical material business in the PRC to enhance the Group's revenue and improve the Group's financial position;

(iv) the Group shall implement cost-saving measures to maintain adequate cash flows necessary to finance the working capital requirements for the next twelve months from 31 March 2026;

(v) The immediate holding company has agreed not to demand repayment of the amount due to the immediate holding company of approximately HK$12,804,000 as at 31 March 2026, until the Company is in a position to do so. The amount due is interest-free, unsecured and repayable on demand as at 31 March 2026; and

(vi) A related company of the Group, Haosheng (Kunshan) Investment Management Co., Ltd. ("Haosheng Kunshan"), which is 51% owned by Mr. Chen, the ultimate controlling party of the Company, has agreed not to demand repayment of the amount due to a related company of approximately HK$24,303,000, which is included in accruals and other payables as at 31 March 2026, until the Company is in a position to do so. The amount due is interest-free, unsecured and repayable on demand as at 31 March 2026.

Therefore, the directors of the Company are of the view that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Should the Group be unable to continue as a going concern in the foreseeable future, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current year 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.

(b) NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2026 and which have not been early adopted by the Group for the annual reporting period ended 31 March 2026. The new or amended HKFRS Accounting Standards and Interpretations, most relevant to the Group, are set out below:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendment to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company 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 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's statement of loss, the statements of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.

- The Group disclosed certain MPMs (e.g., adjusted operating profits and adjusted EBITDA) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the financial statements.

- The Statement of Cash Flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

4. SEGMENT INFORMATION

OPERATING SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the directors of the Company, in order to allocate resources to the segment and to assess its performance.

The directors consider that the Group manages its businesses by divisions, which are organised into business units based on their services provided, and has identified "Foundation and Construction – Provision of foundation and construction services in Chinese Mainland" and "Chemical materials – Production and sales of chemical products" as the reportable operating segment.

The Group has classified its Hong Kong foundation and construction services business, operated through its wholly-owned subsidiary K.H. Foundation Limited ("KHF") as a discontinued operation. KHF was wound up by order of the Court on 1 July 2025 under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), and the Official Receiver was appointed as provisional liquidator. As a result, the Group has ceased all construction service activities in Hong Kong. The financial performance and cash flows of this segment have been presented separately as discontinued operation in accordance with HKFRS 5.

In addition to the above segment, the Group has other operating segments which mainly include leasing of machinery and trading of electronic devices. These operating segments individually do not meet any of the quantitative thresholds of determining reportable segments. Accordingly, these operating segments are grouped as "Others".

The reportable segments are identified in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment.

	Continuing operations						Discontinued operation			
	Provision of foundation and construction services in Chinese Mainland		Production and sales of chemical products		Others		Provision of foundation and construction services in Hong Kong		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**57,768**	30,462	**29,847**	3,695	**–**	–	**–**	95,423	**87,615**	129,580
Reportable segment results	**(2,141)**	470	**(10,685)**	173	**–**	–	**–**	(89,851)	**(12,826)**	(89,208)
Unallocated gain on bargain purchase									**–**	40,947
Unallocated gain on disposal of subsidiaries									**1,440**	–
Unallocated finance costs									**–**	(77)
Other central administrative expenses and directors' emoluments									**(8,734)**	(8,709)
Loss before tax									**(20,120)**	(57,047)
Reportable segment results include:										
Interest income	**–**	1	**–**	–	**1**	1	**–**	–	**1**	2
Finance costs	**–**	–	**51**	–	**–**	–	**–**	869	**51**	869
Depreciation on property, plant and equipment	**7**	–	**2,627**	46	**–**	–	**–**	1,077	**2,634**	1,123
Depreciation on right-of-use assets	**–**	–	**631**	26	**–**	–	**–**	1,708	**631**	1,734
Additions to property, plant and equipment	**–**	4	**2,472**	131,868	**–**	–	**–**	–	**2,472**	131,872
Additions to right-of-use assets	**–**	2,008	**–**	26,401	**–**	–	**–**	–	**–**	28,409
Provision for ECL on trade and bills receivables and contract assets, net of reversal of impairment loss	**2,947**	1,353	**150**	4	**–**	–	**–**	1,270	**3,097**	2,627
Provision for ECL on deposits and other receivables, net of reversal of impairment loss	**9**	–	**46**	–	**–**	–	**–**	–	**55**	–
Impairment loss of property, plant and equipment	**–**	–	**–**	–	**–**	65	**–**	777	**–**	842
Impairment loss of right-of-use assets	**–**	–	**–**	–	**–**	–	**–**	1,840	**–**	1,840
Compensation for write-off of contract assets from the former ultimate holding company	**–**	–	**–**	–	**–**	–	**–**	5,000	**–**	5,000
Write-off of contract assets	**–**	–	**–**	–	**–**	–	**–**	18,008	**–**	18,008

All of the segment revenue reported above is from external customers.

Segment results represent profit/(loss) attributable to the segment without allocation of corporate income, unallocated finance costs, gain on bargain purchase, central administrative expenses and directors' emoluments.

SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by operating segments:

	2026	2025
	HK$'000	*HK$'000*
SEGMENT ASSETS		
Provision of foundation and construction services	**10,466**	47,323
Production and sales of chemical products	**195,700**	178,169
Others	**–**	42,289
Total segment assets	**206,166**	267,781
Unallocated assets	**719**	6,166
Consolidated assets	**206,885**	273,947
SEGMENT LIABILITIES		
Provision of foundation and construction services	**13,354**	207,059
Production and sales of chemical products	**93,323**	69,358
Total segment liabilities	**106,677**	276,417
Unallocated liabilities	**42,118**	81,734
Consolidated liabilities	**148,795**	358,151

For the purposes of monitoring segment performance and allocating resources to segment:

(i) All assets are allocated to reportable segments other than the unallocated assets including certain deposits and other receivables and certain bank and cash balances; and

(ii) All liabilities are allocated to reportable segments other than those unallocated liabilities which are centrally managed by the Company's management including certain other payables and amount due to the immediate holding company.

SEASONALITY OF OPERATIONS

The Group's operations are not subject to significant seasonal factors.

GEOGRAPHICAL INFORMATION

The geographical information of the Group's revenue from external customers and non-current assets for the years ended 31 March 2026 and 2025, based on locations of customers, are set out below:

	Revenue from external customers		Non-current assets	
	2026	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations:				
– PRC	**87,615**	34,157	**165,711**	157,468
Discontinued operation:				
– Hong Kong	**–**	95,423	**–**	–
Total	**87,615**	129,580	**165,711**	157,468

REVENUE FROM MAJOR CUSTOMERS

The Group's customer base for whom transactions have exceeded 10% of its revenue during the years ended 31 March 2026 and 2025 is set out as below:

	2026	2025
	HK$'000	*HK$'000*
Continuing operations:		
Foundation and construction services in Chinese Mainland		
Customer 1	**53,558**	16,254
Production and sales of chemical product		
Customer 2	**17,206**	N/A*
Discontinued operation:		
Foundation and construction services in Hong Kong		
Customer 3	**N/A***	55,588
Customer 4	**N/A***	39,835

* *The corresponding revenue did not contribute over 10% of the Group's total revenue.*

5. REVENUE

An analysis of the Group's revenue is as follows:

	2026	2025
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Recognised over time within the scope of HKFRS 15		
Provision of foundation and construction services in Chinese Mainland	**57,768**	30,462
Recognised at point in time within the scope of HKFRS 15		
Production and sales of chemical products	**29,847**	3,695
	87,615	34,157
Discontinued operation:		
Recognised over time within the scope of HKFRS 15		
Provision of foundation and construction services in Hong Kong	**–**	95,423

As at 31 March 2026, the aggregated amount of revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date is approximately HK$17,012,000 (2025: HK$18,199,000). The Group will recognise the expected revenue in future when or as the work is completed which is expected to occur over the next 12 months (2025: 12 months).

6. OTHER INCOME

	2026	2025
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Interest income	**1**	2
Sundry income	**166**	131
	167	133
Discontinued operation:		
Compensation for write-off of contract assets from the former ultimate holding company	**–**	5,000
Sundry income	**–**	250
	–	5,250

7. FINANCE COSTS

	2026	2025
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Interest expense on lease liabilities	**–**	77
Interest expense on bank borrowings	**1,405**	–
Interest expenses on discounted Bills (as defined in note 12)	**51**	–
	1,456	77
Less: Amounts capitalised	**(1,405)**	–
	51	77
Discontinued operation:		
Interest expense on bank borrowings	**–**	906
Less: Amounts attributable to contract works	**–**	(37)
	–	869

8. INCOME TAX (CREDIT)/EXPENSE

	2026	2025
	HK$'000	*HK$'000*
Continuing operations:		
PRC – Enterprise Income Tax		
– Provision for current year	**109**	545
– Over provision in prior years	**(496)**	–
	(387)	545
Deferred tax	**(78)**	–
	(465)	545

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2025: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2025: 16.5%). The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2025: 16.5%).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years ended 31 March 2026 and 2025.

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") and the Implementation Rules of the CIT Law in the PRC, the standard tax rate is 25% (2025: 25%) for the Group's subsidiaries and operations in the PRC.

9. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	Note	**2026**	2025
		HK$'000	*HK$'000*
			(Re-presented)
Continuing operations:			
Auditor's remuneration			
Audit services		**750**	880
Non-audit services		**190**	600
Cost of construction materials recognised as cost of service	*(a)*	**56,073**	27,459
Cost of inventories recognised as cost of sales	*(a)*	**31,312**	3,515
Depreciation on property, plant and equipment	*(b)*	**2,634**	46
Depreciation on right-of-use assets	*(b)*	**631**	26
Loss on termination of lease		–	59
Provision for ECL on trade and bills receivables and contract assets, net of reversal of impairment loss		**3,097**	1,357
Provision for ECL on deposits and other receivables, net of reversal of impairment loss		**55**	–
Impairment loss of property, plant and equipment		–	65
Short-term lease payments not included in the measurement of lease liabilities	*(c)*	**234**	373
Discontinued operation:			
Cost of construction materials recognised as cost of service	*(a)*	–	142,344
Depreciation on property, plant and equipment	*(b)*	–	1,077
Depreciation on right-of-use assets	*(b)*	–	1,708
Impairment loss of property, plant and equipment		–	777
Impairment loss of right-of-use assets		–	1,840
Write-off of contract assets		–	18,008
Loss on disposal of property, plant and equipment		–	4,956
Provision for ECL on trade and bills receivables and contract assets, net of reversal of impairment loss		–	1,270
Short-term lease payments not included in the measurement of lease liabilities	*(c)*	–	2,328

Notes:

(a) The amounts are included in cost of sales and services rendered.

(b) The amounts included in cost of sales and services rendered for the years ended 31 March 2026 and 2025 amounting to approximately HK$2,469,000 and HK$847,000 respectively.

(c) The amounts included in cost of sales and services rendered for the years ended 31 March 2026 and 2025 amounting to approximately HK$80,000 and HK$2,200,000 respectively.

10. DIVIDENDS

The Board does not recommend the payment of any dividend to the shareholders for the year ended 31 March 2026 (2025: Nil).

11. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of basic earnings (2025: loss) per share is based on the profit attributable to owners of the Company of approximately HK$137,989,000 (2025: Loss of approximately HK$57,592,000) and on the weighted average number of approximately 480,000,000 (2025: approximately 480,000,000) ordinary shares in issue at the end of reporting period.

From continuing operations

The calculation of basic loss (2025: earnings) per share is based on the loss attributable to owners of the Company of approximately HK$19,655,000 (2025: profit of approximately HK$32,259,000) and on the weighted average number of approximately 480,000,000 (2025: approximately 480,000,000) ordinary shares in issue at the end of reporting period.

From discontinued operation

Basic earnings (2025: loss) per share of the discontinued operation is approximately HK32.8 cents per share (2025: basic loss per share of approximately HK18.7 cents per share) based on the profit for the year from the discontinued operation of approximately HK$157,644,000 (2025: loss of approximately HK$89,851,000) and the denominators detailed above for basic earnings per share from continuing operations.

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share for the years ended 31 March 2026 and 2025 as the Group had no potential ordinary shares in issue.

12. TRADE AND BILLS RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Trade and bills receivables	**23,369**	41,218
Less: Allowance for doubtful debts under ECL	**(5,652)**	(11,098)
	17,717	30,120

Notes:

The general credit terms of trade receivables are 60 days (2025: 14 to 60 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors of the Company.

The ageing analysis of the Group's trade receivables, based on the invoice date, and net of allowance is as follows:

	2026	2025
	HK$'000	*HK$'000*
0 to 30 days	**4,242**	18,188
31 to 60 days	**1,871**	5,181
Over 60 days	**3,765**	6,751
	9,878	30,120

The maturity period of bills receivable are within 12 months from the date the Group received the notes as an extended period to the original credit term. The following is an aged analysis of bills receivables presented based on the maturity date.

	2026	2025
	HK$'000	*HK$'000*
0-30 days	**4,555**	–
31 to 60 days	**304**	–
Over 60 days	**2,980**	–
	7,839	–

As at 31 March 2026, the Group's bills receivables with an aggregate carrying amount of approximately HK$7,839,000 (2025: Nil) have been pledged to secure bank borrowings.

Transferred financial assets that are not derecognised in their entirety

During the year ended 31 March 2026, the Group discounted certain bills receivable (the "Bills"), with a carrying amount of approximately HK$7,839,000 in total (2025: Nil) to the bank on a full resource basis. In the opinion of the directors of the Company, the Group has retained substantial risks and rewards, which include default risks relating to above Bills, and accordingly, it continued to recognise the full carrying amounts of the Bills and has recognised the cash received on the transfer as secured bank borrowings with carrying amount of HK$7,839,000 (2025: Nil).

	Bills receivables discounted to banks with full recourse
	HK$'000
As at 31 March 2026	
Carrying amount of transferred assets included in:	
– trade and bills receivables	7,839
Carrying amount of associated liabilities	(7,839)
Net position	–

Note:

The directors of the Company estimate that the carrying amounts of the Group's bills receivable and the associate bank borrowings approximate their fair values as at 31 March 2026.

Trade and bills receivables are denominated in the following currencies:

	2026	2025
	HK$'000	*HK$'000*
HK$	**–**	13,788
RMB	**17,717**	16,332
	17,717	30,120

13. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets	**2026**	2025
	HK$'000	*HK$'000*
Arising from performance under construction contracts	**10,328**	23,798
Less: Allowance for contract asset under ECL	**(1,940)**	(3,185)
	8,388	20,613
Receivables from contract with customers within the scope of HKFRS 15, which are included in "Trade receivables"	**9,878**	30,120

Contract assets are denominated in the following currencies:

	2026	2025
	HK$'000	*HK$'000*
HK$	**–**	7,355
RMB	**8,388**	13,258
	8,388	20,613

The contract assets primarily related to the Group's rights to consideration for work completed but not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts at the reporting date. The contract assets are transferred to trade and bills receivables where the rights become unconditional. The Group also typically agrees to a defects liability period for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

The decrease in contract assets was the result of the certain construction projects that were completed and finalised during the years ended 31 March 2026 and 2025. In addition, as at 31 March 2025, contract assets of approximately HK$18,008,000 were written off and partially recovered through compensation from the former ultimate holding company of the Company.

As at 31 March 2026, the amount of contract assets that is expected to be recovered after more than one year is approximately HK$4,591,000 (2025: HK$1,451,000).

Contract liabilities

	2026	2025
	HK$'000	*HK$'000*
Billings in advance of performance obligation		
– Construction contracts	**212**	162

All contract liabilities are denominated in RMB.

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

Movement in contract liabilities:

	2026	2025
	HK$'000	*HK$'000*
Balance as at 1 April	**162**	11,961
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	**(87)**	(11,961)
Increase in contract liabilities as a result of billing in advance of construction services	**126**	163
Exchange realignment	**11**	(1)
Balance as at 31 March	**212**	162

The increase (2025: decrease) in contract liabilities in 2026 was mainly due to the increase (2025: decrease) in advances received from customers in relation to the provision of construction services during the year ended 31 March 2026.

None of billings in advance of performance received that is expected to be recognised as income after more than one year (2025: Nil).

14. TRADE AND RETENTION PAYABLES

		2026	2025
	Note	***HK$'000***	*HK$'000*
Trade payables	*(a)*	**3,427**	148,795
Retention payables	*(b)*	**–**	35,065
		3,427	183,860

Notes:

(a) The ageing analysis of the Group's trade payables, based on the date of receipt of goods/services, is as follows:

	2026	2025
	HK$'000	*HK$'000*
0 to 30 days	**3,050**	42,930
31 to 60 days	**19**	4,253
61 to 90 days	**24**	1,506
Over 90 days	**334**	100,106
	3,427	148,795

Trade payables are denominated in the following currencies:

	2026	2025
	HK$'000	*HK$'000*
HK$	–	135,261
RMB	**3,427**	13,534
	3,427	148,795

(b) As at 31 March 2026, the amount of the Group's retention payables expected to be due after more than twelve months was approximately Nil (2025: Nil).

The carrying amounts of the Group's retention payables are denominated in HK$.

15. DECONSOLIDATION OF A SUBSIDIARY

On 16 July 2025, KHF, a wholly-owned subsidiary of the Company, was wound up by order of the Court at the hearing of the Petition pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Official Receiver of Hong Kong has been appointed as the provisional liquidator of KHF on 22 July 2025. The Company was ceased to have control over KHF as from the date of liquidation and appointment of liquidator. Since then, KHF was deconsolidated from the consolidated financial statements of the Group and be classified as a discontinued operation as from 22 July 2025.

The following is the assets and liabilities of KHF being deconsolidated as at 22 July 2025:

	HK$'000
Trade and bills receivables	3,882
Contract assets	4,193
Prepayments, deposits and other receivables	3,106
Bank and cash balances	409
Trade and retention payables	(172,386)
Accruals and other payables	(1,501)
Net liabilities	(162,297)
Gain on deconsolidation of a subsidiary	162,297
Cash flows from discontinued operation:	
Net cash generated from operating activities	596
Net cash outflow from financing activities	(1,005)
Net cash outflow	(409)

KHF was engaged in provision of foundation and construction services in Hong Kong, which represents a separate geographic area of the Group's foundation and construction businesses. As a result of the deconsolidation, the comparative figures of KHF for the year ended 31 March 2025 has been presented as a discontinued operation is set out below:

	Note	**2026** **_HK$'000_**	2025 *HK$'000*
Revenue	*5*	–	95,423
Cost of services		–	(142,344)
Gross loss		–	(46,921)
Other income	*6*	–	5,250
Administrative and other operating expenses		**(4,653)**	(25,416)
Impairment of property, plant and equipment		–	(777)
Impairment of right-of-use assets		–	(1,840)
Provision for ECL on trade and bills receivables and contract assets, net of reversal of impairment loss		–	(1,270)
Write-off of contract assets		–	(18,008)
Loss from operations		**(4,653)**	(88,982)
Finance costs	*7*	–	(869)
Loss before tax		**(4,653)**	(89,851)
Income tax expense	*8*	–	–
Loss for the period/year		**(4,653)**	(89,851)
Gain on deconsolidation of a subsidiary		**162,297**	–
Profit/(loss) for the period/year from discontinued operation	*9*	**157,644**	(89,851)

16. CAPITAL COMMITMENTS

Commitments outstanding at 31 March 2026 and 2025 not provided for in the consolidated financial statements were as follows:

	2026 **_HK$'000_**	2025 *HK$'000*
Contracted for acquisition of property, plant and equipment	**699**	1,057

17. LITIGATIONS

During the course of business, the Group has been involved in litigation initiated by supplier concerned with the contract disputes, quality of goods and repayment of debts. The litigation has been concluded by the court. The Group has already accounted for these payables in the consolidated financial statements, the directors of the Company of the view that the litigation will not have any further significant financial impact to the Group.

BUSINESS REVIEW

During the year ended 31 March 2026, the Group was principally engaged in the provision of foundation and construction services (the "Foundation and Construction") and production and sales of chemical products (the "Chemical Business").

During the Year, K. H. Foundations Limited ("KHF"), a wholly-owned subsidiary of the Company, has been deconsolidated from the consolidated financial statements of the Group, and details of KHF's winding-up information are set out in note 15 to this annual results announcement. From 22 July 2025, the Foundation and Construction business in Hong Kong has been ceased along with KHF's winding-up. The Group focus on the construction service and the Chemical Business in Chinese Mainland during the Year.

FOUNDATION AND CONSTRUCTION SERVICES

As stated above, with the termination of the foundation business in Hong Kong, there was no revenue from foundation projects during the Year.

During the Year, the Group focused on the construction business in Chinese Mainland and recorded a revenue of approximately HK$57,768,000.

For the construction business in Chinese Mainland, there were 4 projects in progress as at 31 March 2025. Three of these projects have been completed, and two new project has been awarded to the Group during the Year. As a result, there were a total of three projects in progress as at 31 March 2026.

PRODUCTION AND SALES OF CHEMICAL PRODUCTS

On 21 March 2025, the Group completed the acquisition of Changzhou Yonghong Group. Changzhou Yonghong Group owns an NMP recycling and integrated utilization facilities with an annual capacity of 60,000 tons. During the Year, its businesses in the fields of hazardous waste neutralisation and recycling of renewable resources are gradually being carried out, and strategic cooperative relationships have been established with multiple important customers. During the Year, the business of the Changzhou Yonghong Group mainly covers the entrusted processing, production and sales of NMP solution, and recorded a revenue of approximately HK$29,847,000.

FINANCIAL REVIEW

REVENUE

The Group's overall revenue increased by 157% from approximately HK$34,157,000 during the year ended 31 March 2025 to approximately HK$87,615,000 during the year ended 31 March 2026. The increase in the Group's overall revenue was mainly attributable to:

1) Revenue derived from construction services in Chinese Mainland increased by 89.6% from approximately HK$30,462,000 to approximately HK$57,768,000 during the Year.

2) Revenue derived from Chemical Business which was new business to the Group contributed approximately HK$29,847,000 (Comparative Year: HK$3,695,000) during the Year.

3) The primary revenue in the Comparative Year was derived from foundation business in Hong Kong amounting to HK$95,423,000 approximately, which has been represented as "discontinued operation" due to the deconsolidation of KHF during the Year.

Gross Profit/Gross Profit Margin

The overall gross profit decreased by 92.8% from approximately HK$3,183,000 during the Comparative Year to approximately HK$230,000 during the Year. The overall gross profit margin decreased from approximately 9.3% during the Comparative Year to approximately 0.3% during the Year. The decrease in gross profit margin is attributable to the fierce competition in the construction market in Chinese Mainland and changes in the macroeconomic environment and and relatively lower gross margins generated by the Chemical Business which is still in its development phase during the Year.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by 88.3% from approximately HK$9,960,000 during the Comparative Year to approximately HK$18,754,000 during the Year. This increase is primarily attributable to the addition of the Chemical Business in Changzhou Yongmai Group during the Year, which has led to a corresponding rise in administrative and other operating expenses.

Net gain on disposal of subsidiaries

During the Year, the Group disposed of three wholly-owned subsidiaries, recording a disposal gain of approximately HK$1,440,000. No such transactions occurred in the Comparative Year.

Profit/(loss) for the Year from discontinued operation

Profit for the Year from discontinued operation amounting to HK$157,644,000 (loss for the Comparative Year: HK$89,851,000) mainly represented the deconsolidation gain from deconsolidation of KHF approximately HK$162,297,000. Details are set out in note 15 to this annual results announcement. No such transactions occurred in the Comparative Year.

Net Profit/Loss

As a result of the abovementioned, the Group reported a net profit of approximately HK$137,989,000 (Comparative Year: net loss of approximately HK$57,592,000) during the Year. Net profit for the Year is primarily attributable to the gain arising from the deconsolidation of its subsidiary KHF.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2026, the total debts of the Group, including bank borrowings, lease liabilities and other borrowings is approximately HK$56,330,000 (31 March 2025: HK$54,061,000).

As at 31 March 2026, the Group's banking facilities were secured by (i) the Group's property, plant and equipment of approximately HK$137,838,000 (31 March 2025: HK$130,342,000), (ii) the Group's right-of-use assets of approximately HK$27,243,000 (31 March 2025: HK$26,375,000 and (iii) The Group's bills receivables of approximately HK$7,839,000 (2025: Nil)).

As at 31 March 2026 and 31 March 2025, Borrowings were denominated in RMB and interests on bank borrowings were mainly charged at floating rates. The Group currently does not have any interest rate hedging policy while the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group normally meets its liquidity and capital requirements primarily through capital contributions from the shareholders and bank and other borrowings.

As at 31 March 2026, the Group had bank and cash balances of HK$1,127,000 (31 March 2025: approximately HK$48,481,000). The gearing ratio (defined as the total borrowings divided by total equity) of the Group as at 31 March 2026 is 97.0% (31 March 2025: not applicable since the Group recorded a deficit attributable to owners of the Company as at 31 March 2025). As at 31 March 2026, the current ratio of the Group was 0.4 (31 March 2025: 0.4).

During the year ended 31 March 2026, the Group did not employ any financial instruments for hedging purpose.

USE OF PROCEEDS

In view of the winding-up petition dated 21 June 2024 filed by The Bank of East Asia, Limited (the "Petitioner") at the High Court of the Hong Kong Special Administrative Region against the Company and K. H. Foundations Limited, a wholly-owned subsidiary of the Company, the Board has decided to prioritise the repayment of debts owed to the Petitioner which were overdue, and as a result, the Company has made adjustments to the use of the Net Proceeds.

After considering the reasons set out above, the Board has resolved on 30 September 2024 to change the use of the unutilised Net Proceeds.

As at 31 March 2026, the Net Proceeds had been fully utilised as follows:

	Balance available as at 1 April 2024	Utilisation from 1 April 2024 to immediately before the reallocation	Unutilised Net Proceeds immediately before the reallocation	Revised allocation of the unutilised Net Proceeds	Utilisation since the reallocation to 31 March 2025	Unutilised Net Proceeds as at 31 March 2025	Utilisation from 1 April 2025 to 31 March 2026	Unutilised Net Proceeds as at 31 March 2026
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Business development opportunities, i.e. to develop and extend the Group's construction business	9.6	–	9.6	–	–	–	–	–
General working capital	14.8	0.8	14.0	11.1	6.8	4.3	4.3	–
Repayment of bank borrowings	–	–	–	12.5	12.5	–	–	–
Total	24.4	0.8	23.6	23.6	19.3	4.3	4.3	–

FOREIGN EXCHANGE EXPOSURE

The Group has minimal exposure to foreign currency risk, as except for Renminbi ("RMB") denominated balances, most of its business transactions, assets and liabilities are principally denominated in HK$, the functional currencies of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

During the year ended 31 March 2026, the Group had the following transactions:

1. deconsolidated of KHF with net liabilities approximately HK$162,297,000 as set out in note 15 to this annual results announcement; and

2. disposed of three indirectly wholly-owned subsidiaries K. H. Civil Engineering Limited ("KHC"), K. H. Piling &Engineering Limited ("KHP") and K. H. Machinery Limited ("KHM") with total net liabilities approximately HK$1,440,000.

Save as above, the Group did not have any other significant investments, material acquisitions or disposals during the year ended 31 March 2026.

There was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals as at 31 March 2026 and up to the date of this annual results announcement.

EVENTS AFTER THE REPORTING PERIOD

No material events occurring after 31 March 2026 and up to the date of this annual results announcement.

DIVIDEND

The Board does not recommend the payment of any dividend to the shareholders for the year ended 31 March 2026 (2025: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2026, the Group had 35 employees (2025: 63 employees). Most of the Group's employees are in the People's Republic of China ("PRC") (2025: PRC). The remuneration policy and package of the Group's employees are periodically reviewed. Apart from the Mandatory Provident Fund and in-house training programmes, salary increments and discretionary bonuses may be awarded to the employees according to the assessment of individual performance. The total staff costs incurred by the Group during the year ended 31 March 2026 were approximately HK$10,424,000 (2025: HK$32,928,000).

PROSPECTS

The Group's overall revenue increased by approximately 157% to approximately HK$87,615,000 during the year ended 31 March 2026 (Comparative Year: HK$34,157,000). The profit and total comprehensive income for the Year attributable to owners of the Company amounted to approximately HK$137,989,000 and HK$142,294,000, respectively (loss and total comprehensive loss for the Comparative Year: HK$57,592,000 and HK$58,440,000, respectively).

Amid a complex operating environment in the Hong Kong construction industry, the foundation segment has long been confronted with fierce market competition and sustained profitability headwinds. The Group has terminated its foundation businesses in Hong Kong during the Year.

With the termination of foundation businesses in Hong Kong which had incurred consecutive years of losses, the Group's performance has turned around, and the Group has shifted all its business focus to the Chinese Mainland market during the Year. Supported by steady infrastructure investment and sustained favourable policy initiatives in the Chinese Mainland, the market boasts ample development potential. The Group's construction business in the Chinese Mainland has achieved substantial growth during the Year. With sustained resource injection and support from all shareholders, the Group's construction businesses are expected to experience new growth.

To pursue diversified industrial development, the Group completed the acquisition of 100% equity interests of Changzhou Yonghong Yifeng New Material Technology Co., Limited together with its subsidiary ("Changzhou Yonghong Group") in the last fiscal year. Changzhou Yonghong Group owns an NMP recycling and integrated utilization facilities with an annual capacity of 60,000 tons, which is an important step for the Group's layout in the chemical and environmental protection sector, as well as a significant initiative to expand its business scope into the new chemical materials sector and promote diversified business development. During the Year, Changzhou Yonghong Group's businesses are gradually being carried out, strategic cooperative relationships have been established with multiple important customers. Revenue from the fields of hazardous waste neutralisation and recycling of renewable resources has delivered new growth drivers to the Group's financial performance for the Year.

In the meantime, beyond its core NMP business, Changzhou Yonghong Group has actively advanced diversified product and business layout, focusing on the research and development of high-end new materials including UV adhesives and antistatic coatings, so as to mitigate operational risks arising from market volatility and industrial cyclical fluctuations.

In the short term, the Group adopts a cautious stance in response to continued macroeconomic uncertainty and sector-specific challenges. Efforts are concentrated on optimising operational efficiency, managing expenditures, and maintaining focus on key business segments to preserve stability and cash flow resilience.

From a longer-term perspective, the Group will continue to deepen its presence in the Chinese Mainland market, where sustained infrastructure development and supportive economic policies are expected to underpin growth. Meanwhile, the Group will press ahead with diversified development of its chemical business segment to reinforce the long-term stability of its overall operations and strengthen its risk resilience. The Group's strategic approach will remain focused on disciplined project evaluation, selective market participation, and operational agility, with the objective of strengthening our market position and delivering sustainable shareholder returns.

On behalf of the Board, I wish to take this opportunity to express my deep gratitude to our shareholders, investors and business partners for their continuous trust and support. I would also like to express our sincere appreciation to the fellow Directors and staff for their contribution and dedication to the continuous business development of the Group.

CORPORATE GOVERNANCE PRACTICES

To create a long term value for the interests of the shareholders of the Company (the "Shareholders") is the Board's main objective. As such, the Board is highly committed to achieving a high standard of corporate governance and striving to maintain the management practices in a transparent and responsible way. The Board reviews and improves the Group's corporate governance practices and business ethics on an ongoing basis.

During the year ended 31 March 2026 and up to the date of this annual report, save as disclosed in the following paragraph, the Company has complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the "CG Code") in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Under the code provision C.2.1 of the CG Code, the roles of the chairman of the board and the chief executive ("CE") should be separate and should not be performed by the same individual.

Mr. Chang Chih-Chia is the Chairman of the Board. There is not a post of the CE in the Company. The responsibilities of the Chairman of the Board and the CE of the Company are currently taken up by the Chairman of the Board and the other members of the Board. The Board will continuously review and improve the corporate governance practices and standards of the Group to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

Pursuant to code provision C.5.1 of the CG Code, the Board of the Directors of the Company should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the Reporting Period, only two regular board meetings were held to review and discuss various matters, including the annual results for the year ended 31 March 2025 and the interim results for the six months ended 30 September 2025. The Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Directors. In addition, other specific matters were dealt with by the Board through ad hoc Board meetings or written resolutions.

NON-COMPLIANCE WITH THE LISTING RULES

Following the resignation of Mr. Wang Bo as the independent non-executive Directors on 21 January 2025, the Company is not able to comply with (i) Rules 3.10(1) of the Listing Rules, the board of a listed issuer should include at least three independent non-executive directors; (ii) Rule 3.21 of the Listing Rules, the Audit Committee should comprise of a minimum of three members; and (iii) Rule 3.27A of the Listing Rules, the Nomination Committee should comprise a majority of independent non-executive directors.

Rule 3.10(1), Rule 3.21 and Rule 3.27A of the Listing Rules has been complied following the appointment of Ms. Situ Danni as the independent non-executive director and as a member of each of the Audit Committee, the Remuneration Committee and Nomination Committee on 17 April 2025.

RISK MANAGEMENT AND INTERNAL CONTROLS

In respect of code provision D.2.5 of the CG Code, the Company should have an internal audit (the "IA Function"). Although the Company did not establish a standalone Internal Audit Department during the year ended 31 March 2026, the Board has put in place adequate measures to perform the IA Function at different aspects of the Group as the Company considers that close and regular supervision by the Executive Directors and senior management, and the maintenance of internal control guidance and procedures on the Group's critical operational cycles could provide sufficient and effective internal control and risk management functions.

The Company has further engaged an external professional firm in view of facilitating the internal audit function. The professional firm is arranged to conduct internal control of the Group annually (who reports to the Audit Committee) with a view to facilitating adequate resources and quality review to satisfy the Group's internal audit function as required by the Stock Exchange and to assist the Board in identifying and assessing the risks through a series of interviews, and perform annual reviews on the effectiveness of the Group's material internal control systems. The Audit Committee and the Board have discussed and reviewed the relevant results of the review. The Group will continuously enhance its risk management and internal control systems according to findings therein and recommendations made to the Group.

The Group's risk management and internal control procedures include a management structure with clearly defined lines of responsibility and limits of authority. It primarily aims to provide a reasonable, but not absolute, assurance that assets are properly safeguarded against misappropriations, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The procedure is designed to identify, evaluate and manage risks effectively rather than to eliminate all risks of failure.

There are also regular meetings held between the Directors and senior management to review and monitor the business and financial performance against the targets, the progress of certification and progress payments from the customers, the efficiency in the use of the Group's resources in comparison to the budgets, and the operational matters to ensure the Group has complied with the regulations that have material impact to the Group's business. The aim is to enhance the communication and accountability of the Directors and senior management so that significant strategic, financial, operational and compliance risks or potential deviations are timely and properly identified and dealt with in a proper manner.

The Board is responsible for maintaining adequate procedures of risk management and internal control for the Group and the Board had conducted an annual review of its effectiveness during the year ended 31 March 2026 through the Audit Committee. Same as last year's practice, the Company has engaged an external independent internal control adviser to conduct a review on the internal control procedures of the Group at both corporate level and business level (as agreed by the Audit Committee). The review covered material controls, including financial, operational and compliance controls and risk management functions during the year ended 31 March 2026. The internal control report has been circulated to the Audit Committee for review and discussion. No significant areas of improvement which are required to be brought to the attention of the Audit Committee have been revealed.

As such, the Board is satisfied that the Group's internal control procedures including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place and considers that the Group's internal control procedures and risk management functions are both effective and adequate.

The Board will review the need for the IA Function on an annual basis.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. All the Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2026.

AUDIT COMMITTEE

The Audit Committee is currently made up of three Independent Non-executive Directors, including Ms. Liu Yixing (chairman of the Audit Committee), Mr. Feng Zhidong and Ms. Situ Danni. All members of the Audit Committee possess the appropriate professional qualifications or accounting or related financial management expertise as required.

The Audit Committee has discussed with the management of the Group and reviewed this annual financial results announcement and the consolidated financial statements for the year ended 31 March 2026, including the accounting policies and standards adopted by the Group, and discussed financial related matters.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "2026 AGM") of the Company for the year ended 31 March 2026 be held on a date to be fixed by the Board, and a notice convening the 2026 AGM will be published and despatched to the Shareholders in due course in accordance with the Listing Rules.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT PREPARED BY THE AUDITOR OF THE COMPANY

The Company would like to provide an extract from the independent auditor's report prepared by McMillan Woods (Hong Kong) CPA Limited on the Group's consolidated financial statements for the year ended 31 March 2026 as set out below:

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which reveals that the Group incurred a loss of approximately HK$19,655,000 for the year ended 31 March 2026 from the continuing operations and as at 31 march 2026, the Group had net current liabilities of approximately HK$67,002,000. The liquidity position of the Group indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2026 as set out in the preliminary announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.kh-holdings.com. The annual report of the Company for the year ended 31 March 2026 will be despatched to the Shareholders and published on the above websites in due course in accordance with the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our Shareholders, customers and suppliers for their continuous support, as well as our management team and staff for their hard work and contributions.

By Order of the Board
K. H. Group Holdings Limited
Chang Chih-Chia
Chairman and Executive Director

Hong Kong, 29 June 2026

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Chang Chih-Chia (Chairman), Dr. Wang Lei and Mr. Yang Xuefeng and three Independent Non-executive Directors, namely, Mr. Feng Zhidong, Ms. Liu Yixing and Ms. Situ Danni.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.