# RONGZUN INTERNATIONAL HOLDINGS GROUP LIMITED

# 榮尊國際控股集團有限公司

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

**(Stock Code: 1780)**

## ANNUAL REPORT

## 2026

# Contents

# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Dr. Hiroshi Kaneko *(Chief Executive Officer)*

### Non-Executive Directors

Mr. Wang Xueyan *(Chairman)*
Ms. Song Ningning

### Independent non-executive Directors

Mr. Yiu To Wa
Mr. Jin Fan
Mr. Sung Ka Woon

## AUDIT COMMITTEE

Mr. Yiu To Wa *(Chairman)*
Mr. Jin Fan
Mr. Sung Ka Woon

## REMUNERATION COMMITTEE

Mr. Sung Ka Woon *(Chairman)*
Mr. Yiu To Wa
Mr. Jin Fan

## NOMINATION COMMITTEE

Mr. Sung Ka Woon *(Chairman)*
Mr. Yiu To Wa
Dr. Hiroshi Kaneko
Mr. Jin Fan
Ms. Song Ningning

## COMPANY SECRETARY

Mr. Tsang King Sun

## AUTHORISED REPRESENTATIVES

Dr. Hiroshi Kaneko
Mr. Tsang King Sun

## REGISTERED OFFICE IN CAYMAN ISLANDS

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1–1108
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2803–2803A, Asia Trade Centre
No. 79 Lei Muk Road
Kwai Chung
New Territories
Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAW

PATRICK MAK & TSE
Rooms 901-905, 9th Floor,
Wing On Centre,
111 Connaught Road Central,
Hong Kong

# Corporate Information

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1–1108
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

## AUDITORS

CCTH CPA Limited
*Registered Public Interest Entity Auditors*
Unit 1510-1517, 15/F.
Tower 2, Kowloon Commerce Centre
No.51 Kwai Cheong Road, Kwai Chung
New Territories
Hong Kong

## PRINCIPAL BANKER

Shanghai Commercial Bank Limited
Shop G1–2, Ground Floor, Metro City Plaza III
The Metropolis
8 Mau Yip Road, Tseung Kwan O
New Territories
Hong Kong

## COMPANY WEBSITE

www.bnd-strategic.com.hk

## STOCK CODE

1780

# Chairman's Statement

Dear Esteemed Shareholders,

On behalf of the Board of Directors of RONGZUN INTERNATIONAL HOLDINGS GROUP LIMITED (hereinafter referred to as the "**Company**") and its subsidiary entities (collectively designated as the "**Group**"), I am delighted to present the annual report encapsulating the fiscal year concluded on the 31st of March 2026.

The year 2025/2026 presented an exceptionally challenging environment for Hong Kong's property market, marked by persistent price corrections in the residential and commercial sector and elevated vacancy rates across the industry. Against this backdrop, the Group's alterations and additions works (A&A) segment experienced significant headwinds, with reduced private-sector contract volumes and intensified competitive pressures. In contrast, sustained government commitment to public infrastructure projects provided a strong counterbalance, underpinning resilient performance in the Group's civil engineering works. In response, the Group executed a strategic pivot towards public-sector opportunities, while selectively diversifying into niche A&A segments, positioning the Group to navigate cyclical volatility and capture early recovery signals.

Looking ahead, the Group anticipates a gradual improvement in residential market sentiment, supported by enhanced affordability and sustained demand from various talent admission schemes. Concurrently, refurbishment activity in the retail property and shopping mall sectors is expected to gain momentum, while the Government's steadfast infrastructure spending continues to expand, with major initiatives such as the Northern Metropolis and other strategic developments steadily progressing. These converging factors point to a measured recovery in the property development sector, presenting renewed opportunities for both our A&A and civil engineering operations. To harness these dynamics, the Group will continue to broaden its business network and diversify its client base towards public-sector contracts and ESG-aligned projects, thereby reinforcing the Group's competitive positioning.

The Group also recognises that artificial intelligence (AI) and digital technologies are rapidly transitioning from experimental pilots to full scale enterprise deployment, particularly, in spanning AI driven engineering systems, large language models, and multimodal support services. Accordingly, the Group has elevated the accelerated adoption of AI to the Group's foremost strategic priority, with targeted investments reinforcing the Group's established expertise in engineering management, project delivery, and cross functional resource integration. Concurrently, the Group is actively evaluating potential entry points into AI infrastructure and other high technology related businesses. The Group is confident that embedding intelligence into the Group's core workflows will enhance operational performance, reduce costs, and strengthen the Group's competitive differentiation, thereby future proofing our business model and delivering sustained value to the Group's clients and stakeholders in the years ahead.

Lastly, I would like to express my sincere gratitude to the Board, the management team, and the dedicated staff for their unwavering efforts during this challenging year. I also extend my heartfelt appreciation to the Group's valued customers and esteemed shareholders for their steadfast support to the Group.

**Dr. Hiroshi Kaneko**
*Executive Director and Chief Executive Officer*

Hong Kong, 30 June 2026

# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

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

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

During the year under review and into the first half of 2026, the Hong Kong market for alteration and addition works and civil engineering works faced considerable headwinds, driven by sustained downward pressure on property values. The resulting intensification of competition for fewer projects, together with rising construction costs and tighter credit conditions, has further eroded profit margins across the sector. In response, the Group has maintained a disciplined approach to cost management and project selection, while remaining cautiously optimistic about securing select sizeable projects that align with our execution capabilities. Despite these pressures, we remain focused on expanding our business network and diversifying our customer base. We believe our competitive strengths, including effective cost controls, long-standing relationships with customers, suppliers, and subcontractors, a diverse service offering, an established market presence, and an experienced management team will enable us to sustain revenue and maintain our competitive position in this challenging environment.

Looking ahead, the Group recognises that artificial intelligence ("**AI**") and digital technologies are rapidly gaining traction and beginning to redefine how infrastructure and built-environment projects are planned, delivered, and managed. As AI moves beyond initial testing phases and becomes increasingly embedded in large-scale business operations, demand is rising sharply across related sectors, including computing infrastructure, data centres, robotics, semiconductors, intelligent engineering systems, and high-technology support services. The Board believes that these emerging fields present strategic opportunities that could complement and enhance the Group's traditional operations. Leveraging our established expertise in engineering management, project delivery, and cross-functional resource integration, the Group is actively evaluating potential entry points into AI infrastructure and other high-technology-related businesses. This includes assessing potential business models, partnerships, and selective investments that could generate long-term shareholder value, while concurrently monitoring how AI-driven efficiencies can be integrated into our core operations to enhance performance, reduce costs, and strengthen our competitive differentiation.

As of the date of this report, the Group has not finalised any specific transformation strategy or material investment plan in respect of the foregoing areas. Any definitive decisions will be announced in due course as and when required under the Listing Rules.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Our revenue decreased from approximately HK$88.4 million for the year ended 31 March 2025 to approximately HK$82.7 million for the year ended 31 March 2026, representing a decrease of approximately 6.5%. The decrease was primarily because less construction works was performed for the year ended 31 March 2026 than that for the year ended 31 March 2025.

During the year ended 31 March 2026, the Group recognised revenue from alteration and additions works of 13 (2025: 13) projects, while civil engineering works of 4 (2025: 2) projects. The segment revenue of alteration and additions works was approximately HK$33.1 million (2025: approximately 47.4 million), representing approximately 40.1% (2025: approximately 53.6%) of the Group's total revenue of approximately HK$82.7 million (2025: approximately HK$88.4 million), while the segment revenue of engineering works was approximately HK$49.5 million (2025: approximately HK$41.0 million), representing approximately 59.9% (2025: approximately 46.4%) of the total revenue.

The average contract size (revenue per project) for alteration and additions was approximately HK$2.5 million (2025: approximately HK$3.6 million), whereas for civil engineering it was approximately HK$12.4 million (2025: approximately HK$20.5 million, yielding an average of approximately HK$4.9 million (2025: approximately HK$5.9 million) per project across the 17 (2025: 15) projects in total, representing to year-on-year decrease of approximately 16.9%. In addition, the asset revenue ratio, calculated as total revenue divided by total assets (excluding the amount due from a related company and deposit paid), was approximately 0.65 times (2025: approximately 0.49 times), represents an increase of approximately 32.6% for every HK$1.00 of the Group's assets employed.

### Direct Costs

Our direct costs increased from approximately HK$84.2 million for the year ended 31 March 2025 to approximately HK$99.4 million for the year ended 31 March 2026, representing an increase of approximately 18.1%. The average contract cost per project for alteration and addition works was approximately HK$2.8 million (2025: approximately HK$4.6 million), whereas for civil engineering it was approximately HK$15.9 million (2025: approximately HK$12.3 million). Considering all 17 projects undertaken during the year ended 31 March 2026 (2025: 15 projects), the overall average cost per project was approximately HK$5.8 million (2025: approximately HK$5.6 million), representing a year-on-year increase of approximately 3.6%.

This increase was primarily driven by significant, unanticipated additional costs for offsite works, combined with the financial impact of an accelerated timeline and extra work requested compared with year ended 31 March 2025.

Please refer to the following section for the shift from a gross profit margin for the year ended 31 March 2025 to a gross loss margin for the year ended 31 March 2026.

## FINANCIAL REVIEW (continued)

### Gross (Loss)/Profit and Gross (Loss)/Profit Margin

Our gross loss for the year ended 31 March 2026 was approximately HK$16.7 million, compared with a gross profit of approximately HK$4.2 million for the year ended 31 March 2025. The change from a gross profit to a gross loss was primarily attributable to the aforementioned increase in direct costs, as the Group did not charge customers additional fees so as to preserve the business relationships.

Accordingly, the Group recorded a gross loss margin of approximately 20.2% for the year ended 31 March 2026 compared with a gross profit margin of approximately 4.7% for the year ended 31 March 2025. Furthermore, under HKFRS 15, the gross loss/profit margin recognised for the Group's projects across reporting periods is not static. Rather than reflecting the project's overall expected margin, the recognised margin fluctuates period-over-period, contingent upon the revenue certified and costs incurred for specific works completed during that period. Consequently, despite recording a gross profit margin for the year ended 31 March 2025, the Group had a loss of actual gross profit margin for the year ended 31 March 2026.

### Other Income

Our other income decreased from approximately HK$1.8 million for the year ended 31 March 2025 to approximately HK$1.4 million for the year ended 31 March 2026. Such decrease was mainly due to the decrease in bank interest income from approximately HK$1.8 million for the year ended 31 March 2025 to HK$1.0 million for the year ended 31 March 2026.

### Administrative Expenses

Our administrative expenses amounted to approximately HK$19.1 million for the year ended 31 March 2026 which are comparable to that of approximately HK$16.5 million for the year ended 31 March 2025.

### Loss Before Tax

Our loss before tax of approximately HK$34.1 million for the year ended 31 March 2026 which are comparable to that of approximately HK$9.5 million for the year ended 31 March 2025.

Our income tax expenses remained nil for the years ended 31 March 2026 and 2025 because there are no assessable profits for both years.

### Loss and Total Comprehensive Expense for the Year

The increase in loss and total comprehensive expense for the year ended 31 March 2026 to approximately HK$34.1 million compared to loss and total comprehensive expense for the year ended 31 March 2025 of approximately HK$22.5 million was mainly due to the combined effect of the aforesaid increase in loss and no fair value loss on equity instrument at fair value through other comprehensive income was recognised for the year ended 31 March 2026.

## FINANCIAL REVIEW (continued)

### Key Financial Ratio

| | Notes | As at 31 March 2026 | As at 31 March 2025 |
|---|---|---|---|
| Current ratio | 1 | **4.7 times** | 5.5 times |
| Return on total assets | 2 | **-25.4%** | -4.8% |
| Return on equity | 3 | **-32.2%** | -5.8% |
| Net loss margin | 4 | **-41.2%** | -10.8% |

Notes:

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

### Current Ratio

Our current ratio decreased from approximately 5.5 times as at 31 March 2025 to approximately 4.7 times as at 31 March 2026. The decrease was mainly attributable to the net effect of an increase in the aggregate of trade and other receivables, deposits, prepayments, and contract assets, coupled with a net decrease in cash and cash equivalents.

### Return on Total Assets

Our return on total assets decreased from approximately -4.8% for the year ended 31 March 2025 to approximately -25.4% for the year ended 31 March 2026. The decrease was mainly due to the Group increased in loss and total comprehensive expense for the year ended 31 March 2026 as discussed above.

### Return on Equity

Our return on equity decreased from approximately -5.8% for the year ended 31 March 2025 to approximately -32.2% for the year ended 31 March 2026. The decrease was mainly due to the Group increased in loss and total comprehensive expense for the year ended 31 March 2026 as discussed above.

### Net Loss Margin

Our Group's net loss margin increased from approximately -10.8% for the year ended 31 March 2025 to approximately -41.2% for the year ended 31 March 2026. The increase was primarily due to the Group increased in loss and total comprehensive expense for the year ended 31 March 2026 as discussed above.

# Management Discussion and Analysis

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2026, the Company's issued capital was HK$6.2 million and the number of its issued ordinary shares was 620,000,000 shares of HK$0.01 each.

As at 31 March 2026, the Group had total cash and cash equivalents of approximately HK$95.0 million and no restricted bank deposits respectively (31 March 2025: cash and cash equivalents of approximately HK$129.9 million and restricted bank deposits of approximately HK$2.5 million respectively).

The Group has funded the liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities for the year ended 31 March 2026.

## FOREIGN EXCHANGE EXPOSURES

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollars, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange exposure for the year ended 31 March 2026 as well as for the year ended 31 March 2025.

## GEARING RATIO

Gearing ratio is calculated as total debt divided by total equity as at the year ended date and expressed as a percentage. The gearing ratio of the Group as at 31 March 2026 is 0.1% (31 March 2025: 1.2%).

## DEBTS AND CHARGES ON ASSETS

As at 31 March 2026, the Group had no performance bond of approximately (2025: HK$2.5 million) given by a bank, in favour of the Group's customer as security for the due performance and observance of the Group's obligations under the contract entered into between the Group and its customer.

As at 31 March 2026 and 2025, the performance guarantees issued by the bank are granted under the bank facilities of the Group which were secured by the restricted bank deposits and no personal guarantee given by Mr. Tang Wing Kwok ("**Mr. Tang**") (2025: HK$2,490,000), directors of subsidiaries of the Company in favour of the bank.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2026 and 2025, the Group had no material capital commitments and contingent liabilities.

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

During the year ended 31 March 2026, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries and associated companies.

## FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

There was no plans for material investments or capital assets as at 31 March 2026.

# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2026, we employed a total of 23 full-time employees (including one executive director but excluding two non-executive directors and three independent non-executive directors), as compared to a total of 33 full-time employees (including two executive Directors but excluding one non-executive director and three independent non-executive Directors) as at 31 March 2025. The remuneration packages that the Group offers to employees include salary, discretionary bonuses, staff benefits, contributions and retirement schemes as well as other cash subsidies. In general, the Group determines employee's salaries based on each employee's qualifications, position, experience and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the year ended 31 March 2026 was approximately HK$19.2 million compared to approximately HK$25.2 million in the corresponding year ended 31 March 2025.

## FINAL DIVIDENDS

The Board did not recommend to pay a final dividend (2025: pay a final dividends of HK4.0 cents per share).

### Share Option Scheme

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

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

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

## FINAL DIVIDENDS (continued)

### Share Option Scheme (continued)

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

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

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

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

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption (i.e. 4 April 2019) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the shareholders in general meeting. As at 31 March 2026, the remaining life of the Share Option Scheme was more than three years.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between the adoption date of the Share Option Scheme and the date of this announcement, no share option has been granted, exercised, cancelled or lapsed. There was no outstanding share option under the Share Option Scheme as at 31 March 2026 and the date of this announcement. As at 31 March 2026 and the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 62,000,000, representing 10% of the entire issued share capital of the Company.

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

## FINAL DIVIDENDS (continued)

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries for the year ended 31 March 2026 and up to the date of this announcement.

As at 31 March 2026, the Company did not hold any treasury shares.

### Events after the year ended 31 March 2026

***Mandatory conditional Cash Offer***

Reference is made to the joint announcement dated 7 May 2026 (the "**Offer Announcement**") and the composite offer and response document dated 18 June 2026 (the "**Composite Document**") jointly issued by Mr. Yang Jingyao as offeror (the "**Offeror**") and the Company in relation to, among other things, (i) the acquisition of an aggregate of 84,000,000 shares of Ms. Xia Liping by the Offeror, representing approximately 13.55% of the then total issued share capital of the Company, at a total consideration of HK$43,680,000, which is equivalent to HK$0.52 per sale share; and (ii) Lego Securities Limited and Fortune Origin Securities Limited, on behalf of the Offeror, and in compliance with the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"), is making a mandatory conditional cash offer to acquire all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

Further details of the offer and the results of the offer are set out in the joint announcements of the offeror and the Company dated 7 May 2026, 28 May 2026, 18 June 2026 and the Composite Document dated 18 June 2026.

# Biographical Details of Directors and Senior Management

## Executive Director

**Dr. Hiroshi Kaneko** ("**Dr. Kaneko**") (formerly known as Jin Song), aged 61, has been appointed as an executive Director and the chief executive officer of the Company since 4 December 2023.

Dr. Kaneko has extensive research experience in the field of environment, development and economic science in Japan, China and Northern America. He has been engaged in comprehensive utilisation of environmental friendly materials and international trade. He previously served as vice president and chief financial officer of Kyosei-Bank Co* (共生バンク株式会社), where he was mainly responsible for overseeing the financial aspects of new business development, and he resigned from all positions at Kyosei-Bank Co* with effect from January 2025.

Dr. Kaneko has received a Master of Engineering from Dalian University of Technology in 1989 and a doctoral degree in Engineering from the Department of the Advanced Interdisciplinary Studies from University of Tokyo in 1997.

Dr. Kaneko has acted as the executive director and the chief executive officer of Japan Kyosei Group Company Limited (Stock Code: 0627), the shares of which are listed on Main Board of the Stock Exchange, since 26 July 2023 and he had acted as the executive director of Hong Wei (Asia) Holdings Company Limited (stock code: 8191), the shares of which are listed on GEM of the Stock Exchange, from 19 November 2021 to 4 October 2023.

As at 31 March 2026, Dr. Kaneko, the director of Kyosei Technology Inc., was already sold of 465,000,000 shares of the Company during the reporting period.

## Non-executive Directors

**Mr. Wang Xueyan** ("**Mr. Wang**"), aged 39, has been appointed as Chairman and a non-executive Director of the Company since 24 September 2024.

Mr. Wang was a general manager of Guangzhou Yingzheng Culture Communication Company Limited* (廣州瀛正文化傳播有限公司) during the period from 2015-2021 and he has been a general manager of Yingzheng Culture (Guangdong) Company Limited* (瀛正文化(廣東)有限公司) since 2021.

**Miss Song Ningning** ("**Ms. Song**"), aged 38, has been appointed as a non-executive Director of the Company since 19 December 2024.

Ms. Song possesses extensive experience in managing hotels and the public relations service industry. Her leadership skills and strategic insights have significantly contributed to the success and growth of numerous projects within these sectors. She is a highly valued professional in her field. She graduated from Harbin University of Science and Technology with a bachelor's degree in laws in 2010.

* *For identification purpose only*

# Biographical Details of Directors and Senior Management

## Independent non-executive Directors

**Mr. Jin Fan** ("**Mr. Jin**"), aged 38, has been appointed as an Independent Non-Executive Director of the Company since 4 December 2023.

Mr. Jin was the legal representative (法定代表人) of Suzhou Jinjude Information Consulting Co., Ltd.* (蘇州金聚德信息諮詢有限公司) during the period from December 2020 to September 2021, and the materials department specialist of Suzhou Rail Transit Operation Company* (蘇州軌道交通有限公司運營分公司) from July 2012 to July 2015. Mr. Jin graduated from Jilin University in July 2015 with a bachelor's degree in administration.

**Mr. Sung Ka Woon** ("**Mr. Sung**"), (previously known as **Song Li**), aged 54, has been appointed as an Independent Non-Executive Director of the Company since 4 December 2023.

Mr. Sung has extensive experience of social services and corporate management. Mr. Sung is currently an independent non-executive director of Simcere Pharmaceutical Group Limited (stock code: 2096) and China Harmony Auto Holding Limited (stock code: 3836), both of which are companies listed on the Main Board of the Stock Exchange.

Mr. Sung obtained an executive master of business and administration degree from Antai College of Economics & Management, Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the People's Republic of China (the "**PRC**") in December 2011, completed the part-time postgraduate studies majoring in economic management from Party School of the Central Committee of CPC (中共中央黨校) in the PRC in January 1996 and obtained a bachelor's degree of machinery design and automation from Northeastern University (東北大學) (previously known as Northeastern Institute of Technology (東北工學院)) in the PRC in July 1993.

**Mr. Yiu To Wa** ("**Mr. Yiu**"), aged 43, has been appointed as an Independent Non-Executive Director of the Company since 4 December 2023.

Mr. Yiu obtained his bachelor's degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 16 years of experience in financial accounting and auditing of listed companies in Hong Kong. Mr. Yiu is currently an independent non-executive director of China Environmental Energy Investment Limited (stock code: 986) and Yuk Wing Group Holdings Limited (stock code: 1536), both of which are listed on the Main Board of the Stock Exchange. He was an executive director of DeTai New Energy Group Limited (stock code: 559), which is listed on the Main Board of the Stock Exchange, from May 2021 to July 2021.

* *For identification purpose only*

# Biographical Details of Directors and Senior Management

## Senior management

**Mr. Tang Wing Kwok (鄧永國)**, aged 57, is our former chairman and former executive Director. Mr. Tang is responsible for giving strategic advice and guidance on the construction business, including the operations, project planning, budgeting, execution of daily management and administration of our construction business and operations.

Mr. Tang has accumulated over 30 years of experience in the civil engineering industry in Hong Kong. He has been an authorised signatory of Ka Shun Civil Engineering since Ka Shun Civil Engineering has been registered in the register of the general building contractors maintained by the Buildings Department. Mr. Tang obtained a bachelor degree of Science in Quantity Surveying from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in November 1991. Mr. Tang has been a Professional Associate of The Royal Institution of Chartered Surveyors since January 1995, an Associate of The Hong Kong Institute of Surveyors since June 1998, a member of the Association for Project Management since March 1999 and a Registered Professional Surveyor in the Quantity Surveying Division of the Surveyors Registration Board since October 2001.

**Mr. Lo Wing Hang (勞永亨)**, aged 70, is our former vice-chairman of our Board, the former chief executive officer and former executive Director. Mr. Lo is responsible for overall business development, project planning, budgeting, contract administration, overseeing execution of projects and managing quality management system on our construction business.

Mr. Lo has accumulated over 46 years of experience in the construction industry in Hong Kong. He has been an authorised signatory of Ka Shun Contractors since Ka Shun Contractors has been registered in the register of the general building contractors maintained by the Buildings Department in July 2011. Mr. Lo obtained a degree of Bachelor of Applied Science (Construction management and economics) from the Curtin University of Technology, Australia in February 2010. Mr. Lo was admitted a member of the Hong Kong Institute of Construction Managers in May 2012, a Registered Construction Manager of the Hong Kong Institute of Construction Managers in September 2014, a Chartered Building Engineer and a member of the Chartered Association of Building Engineers in December 2014 and became a fellow member in March 2018, and a member of the National Council of The Australian Institute of Building in March 2015.

Mr. Lo is the father of Mr. Lo Wai Man, a member of our senior management.

**Mr. Lo Wai Man (勞瑋文)**, aged 40, is a project manager of our Group. Mr. Lo Wai Man joined our Group as an assistant project engineer in June 2010 and was promoted to the present position in February 2012. He is responsible for overall project supervision and management. He has accumulated over 11 years of experience in supervising and managing our projects. Mr. Lo Wai Man is the son of Mr. Lo Wing Hang. He has been appointed as a director of Joy Goal, Ka Shun Civil Engineering and Ka Shun Contractor since January 2018, January 2018 and April 2015, respectively.

# Directors' Report

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2026 (the "**Financial Statements**").

## CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 24 April 2018.

The Company is domiciled in Hong Kong and has a principal place of business at Units 2803–2803A, Asia Trade Centre, No. 79 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the year ended 31 March 2026 are set out in Note 31 to the Financial Statements.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 31 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 March 2026.

## SEGMENT INFORMATION

Details of segment reporting are set out in Note 6 to the Financial Statement.

## BUSINESS REVIEW

The business review and outlook of the Group for the year ended 31 March 2026 are set out in the section headed "Management Discussion and Analysis" on pages 5 to 12 of this annual report.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2026 are set out in the consolidated statement of profit or loss and other comprehensive income on page 95 of this annual report.

## FINAL DIVIDENDS

The Board did not recommended to pay a final dividend (2025: pay a final dividends of HK4.0 cents per share)

## ANNUAL GENERAL MEETING

The annual general meeting will be held on Tuesday, 8 September 2026. A notice convening the meeting will be published in the Company's website of www.bnd-strategic.com.hk and despatched to the Shareholders in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in due course.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 8 September 2026, the register of members of the Company will be closed from Thursday, 3 September 2026 to Tuesday, 8 September 2026, both days inclusive, during which period no transfer of the shares can be registered. Shareholders whose names appear on the register of members of the Company on Tuesday, 8 September 2026 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 September 2026.

## KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risk and uncertainties identified by the Group relating to our business:

### We had a concentration of customers

During the years ended 31 March 2026 and 2025, a significant portion of the Group's revenue was derived from a limited number of customers. For each of the years ended 31 March 2026 and 2025, our largest customer accounted for approximately 49.1% and 43.2% of the Group's revenue, respectively, while our five largest customers in aggregate accounted to approximately 95.6% and 97.9% of the Group's revenue, respectively.

There is no assurance that we will be able to maintain or improve the relationship with our major customers. There is also no assurance that we will be able to diversify the composition of our customer base. If any of our major customers materially reduces, delays or terminates its projects with us, we may not be able to secure projects on similar terms in a timely manner from other customers. As a result, there may be a material and adverse effect on our business, financial condition, results of operations as well as prospect.

### Our revenue was mostly derived from contracts which are non-recurring in nature and there is no guarantee that our customers will award new contracts to us in the future

For the years ended 31 March 2026 and 2025, we generally derived our revenue from contracts which are non-recurring in nature and we did not enter into long-term agreement with our customers. As the contracts awarded are on a project-by-project basis, our customers are under no obligation to award contracts to us. As such, there is no assurance that our existing customers will continue to engage us in their upcoming projects after the completion of the current contracts. The number and scale of projects and the amount of revenue we are able to derive therefrom may therefore vary significantly from period to period. If we cannot continue to maintain the amounts of contracts at a similar level or obtain new projects of similar or even larger contract sum, our business, financial conditions, results of operation as well as business prospects may be materially and adversely affected.

### We may not be able to maintain or increase our tender success rate

During the years ended 31 March 2026 and 2025, our projects were generally obtained through tendering process. For each of the years ended 31 March 2026 and 2025, our tender success rate was approximately 7.4% and 3.8% respectively. There is no guarantee that we will receive tender invitation from our customers or our tenders will be selected by our customers. As such, there is no assurance that we will be able to maintain or increase our tender success rate in the future. In that case, we may have to adjust our pricing strategy or offer more favourable terms to our customers to increase the competitiveness of our tenders. Failure to maintain our success rate on project tendering and to adjust our costs accordingly may materially or adversely affect our profitability and results of operations.

## KEY RISKS AND UNCERTAINTIES (continued)

**We determine the tender price based on our estimated construction time and costs which may deviate from the actual time and costs and any inaccurate costs estimation and cost overrun may adversely affect our financial results**

When preparing our tenders, we determine our tender price on a case-by-case basis by adopting a costs-plus pricing model. To estimate our costs of undertaking a project, we consider factors including (i) the nature, scope and complexity of the work involved; (ii) the project schedule; (iii) the availability of our manpower and resources; and (iv) the estimated material and subcontracting costs. There is no assurance that the actual time and costs would not exceed our estimation during the performance of our projects. The actual time and costs to complete our construction projects may vary substantially from our original estimates due to factors such as (i) shortage or costs escalation of materials or labour during the project period; (ii) unexpected technical problems or adverse weather condition; and (iii) failure of performance by our subcontractors that in turn forces us to incur additional costs in replacing the defaulting subcontractor or carrying out rectification works.

During the years ended 31 March 2026 and 2025, our revenue was generally derived from certified value of works under the contracts which were determined on a fixed-price basis upon the signing of the contract. If we cannot maintain our costs within our original estimations throughout the course of carrying out the contract, or pass on our customers any increases in costs, our business, financial condition and result of operation may be materially and adversely affected.

## FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years, as set out on page 154 of this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2026 are set out in Note 15 to the Financial Statements.

## SHARE CAPITAL

The Company's total issued share capital as at 31 March 2026 was 620,000,000 ordinary shares of HK$0.01 per share. As at the date of this annual report, the share capital of the Company was 620,000,000 ordinary shares of HK$0.01 per share.

Details of movements during the year ended 31 March 2026 in the share capital of the Company are set out in Note 25 to the Financial Statements.

# Directors' Report

## DEBENTURES

The Company did not issue any debenture during the year ended 31 March 2026.

## RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2026 are set out in the consolidated statement of changes in equity on page 97 of this annual report.

As at 31 March 2026, the Company has reserves amounted to approximately HK$58.2 million available for distribution (2025: approximately HK$103.1 million).

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2026, the Company's reserves available for distribution to the Shareholders are approximately HK$58.2 million (2025: approximately HK$103.1 million) as calculated in accordance with statutory provisions applicable in the Cayman Islands.

## DONATION

No donation for charitable and other donations was made by the Group during the years ended 31 March 2026 and 2025.

## DIRECTORS

The Directors who held office for the year ended 31 March 2026 and up to the date of this annual report are:

### Executive Director

Dr. Hiroshi Kaneko *(Chief Executive Officer)*

### Non-Executive Directors

Mr. Wang Xueyan *(Chairman)*
Ms. Song Ningning

### Independent non-executive Directors

Mr. Yiu To Wa
Mr. Jin Fan
Mr. Sung Ka Woon

As for Dr. Hiroshi Kaneko, Mr. Yiu To Wa, Mr Jin Fan and Mr. Sung Ka Woon, each of the Directors has entered into a contract for appointment with the Company for an initial term of two years on 4 December 2023, which may also be terminated by either party by written notice of one month.

Mr. Wang Xueyan has entered into a contract for appointment with the Company for an initial term of three years on 24 September 2024, which may also be terminated by either party by written notice of one month.

Ms. Song Ningning has entered into a contract for appointment with the Company for an initial term of three years on 19 December 2024, which may also be terminated by either party by written notice of one month.

# Directors' Report

## CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to the Listing Rules. The Company considers the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

## CHANGE IN INFORMATION OF DIRECTORS

Subsequent to the publication of the biographical details of the Directors in the latest published 2024 Annual Report of the Company and up to the date of this annual report, the following changes in Director's information took place which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## MANAGEMENT CONTRACTS

No contracts, other than the appointment contracts and employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2026.

# Directors' Report

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

### Substantial shareholders' interests and short positions in shares and underlying shares

As at 31 March 2026, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the Section 336 of the SFO, or which would be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

| Name | Capacity | Total (Note 1) | Approximate percentage of the Company's issued share capital |
|---|---|---|---|
| Ms. Xia Liping (Note 3) | Interest in controlled corporation | 85,000,000 (L) | 13.71% (Note 2) |
| Mr. Yang Jingyao (Note 4) | Interest in controlled corporation | 123,000,000 (L) | 19.84% (Note 2) |

Notes:

1. (L) represents long position in shares/underlying shares.

2. The total number of 620,000,000 shares in issue as at 31 March 2026 has been used for the calculation of the approximate percentage.

3. 85,000,000 shares are beneficially owned by Ms. Xia Liping.

4. 123,000,000 shares are beneficially owned by Mr. Yang Jingyao.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO as at 31 March 2026.

## ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and chief executive's interest in securities" above and the paragraph headed "Share Option Scheme" below, at no time during the year ended to 31 March 2026 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the company, its holdings company, or/and any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights by means of the acquisition of shares in or debentures of the Company of any other body corporate.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business by the Group are set out in Notes 22 and 30 to the Financial Statements, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the year ended 31 March 2026, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

Save as disclosed under the "Related Party Transactions" in Notes 22 and 30 to the Financial Statements, there were no transaction, arrangement or contract of significance, to which the company any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director of any entity connected with a Director had a material interest, whether directly and indirectly, subsisted as at 31 March 2026 or any time during the year ended 31 March 2026, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a Controlling Shareholder or any of its subsidiaries.

## FINANCIAL ASSISTANCE FROM A FORMER CONTROLLING SHAREHOLDER

During the year ended 31 March 2026, the Group had the following financial assistance from a former controlling shareholder which was fully exempted from independent Shareholders' approval, annual review and all disclosure requirements of Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the bank is a bank as defined under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), an independent third party (as defined under the Listing Rules) and not connected with the Company and its connected persons (as defined under the Listing Rules) as at the date of this report. Save for Mr. Tang Wing Kwok, none of the connected persons have any interest, whether directly or indirectly, in the performance bond.

Mr. Tang Wing Kwok has not and will not receive any form of consideration from the Group for the provision of the personal guarantee.

As Mr. Tang Wing Kwok is a former executive Director and a former controlling shareholder, the provision of the personal guarantee constituted a connected transaction in the form of financial assistance in favour of the Group. However, as the personal guarantee is not secured by any assets of the Group, and as the Directors consider that the personal guarantee is on normal commercial terms or better, the personal guarantee is fully-exempt from the shareholders' approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Listing Rules.

## FINANCIAL ASSISTANCE FROM A FORMER CONTROLLING SHAREHOLDER (continued)

The independent non-executive Directors have reviewed the above financial assistance received by the Group and confirmed that the transaction has been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

## PERMITTED INDEMNITY PROVISIONS

Pursuant to the third amended and restated articles of association of the Company adopted on 26 January 2024, every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate directors' and officers' liability insurance in respect of legal actions against them arising out of corporate activities and such permitted indemnity provision for the benefit of the Directors currently in force.

## MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 March 2026, the aggregate purchase attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 42.8% and 78.0% (2025: approximately 13.6% and 52.5%) respectively of the Group's total purchases for the year ended 31 March 2026. Revenue attributable to the Group's largest customers and the five largest customers in aggregate accounted for approximately 49.1% and 95.6% (2025: approximately 43.2% and 97.9%) respectively of the Group's total revenue for the year ended 31 March 2026.

To the best of the Directors' knowledge, none of the Directors, their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares capital of the Company) had an interest in the Group's five largest suppliers or customers.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

### Employees

The Group considers its employees the key to sustainable business growth and also recognises its employees as its valuable assets. Further, in light of the shortage of skilled labour in the local construction industry, it is crucial to maintain a competitive remuneration package and fringe benefits for our potential and existing employees. In this regard, the Group provides comprehensive remuneration package which includes salary, discretionary bonuses and other cash subsidies to attract, motivate and retain appropriate and suitable employees to serve the Group. In general, our Group determines employee salaries based on each employee's qualifications, position and seniority. Our Group has designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. The Group also provides on-the-job training and development opportunities to enhance its employees' career development and learning.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS (continued)

### Customers

The Group are aware of the risk of customer concentration, and sought to reduce the reliance on major customer by undertaking more sizable projects for other customers. A summary of the customer concentration of the Group and the list of the Group's major customers were set out in the section headed "Business – Customer concentration" and "Business – Our major customers" of the Prospectus, respectively.

The Group believes that we have maintained a close relationship with our major customers and it is also our priority to work with reputable customers, which in turn tend to undertake sizeable projects. Working with these customers can allow us to secure future business opportunities with them and bolster our job reference.

Besides that, the Group has no intention to limit ourselves to serve our major customers and, with our presence in the industry, the Group believes that we are able to extend our services to other customers.

As such, the Group is of the view that, despite the customer concentration, our business model is sustainable.

### Suppliers and subcontractors

The Group has developed stable and strong working relationships with suppliers and subcontractors to meet the Group's customers' needs in an effective and efficient manner. The Group works closely with the suppliers and subcontractors to make sure the tendering, procurement and subcontracting are conducted in an open, fair and just manner. The Group's requirements and standards are also well communicated to them before the commencement of projects.

## ENVIRONMENTAL POLICIES

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws of Hong Kong. The laws and regulations which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Waste Disposal (Charges for Disposal of Construction Waste) Regulation.

In order to comply with the applicable environmental protection laws, we had implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001:2015 since November 2003 (for Ka Shun Civil Engineering) and since September 2012 (for Ka Shun Contractors), respectively. Apart from following the environmental protection policies formulated and required by our customers, we have also established our environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both our employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal. During the year ended 31 March 2026, we did not incur any material costs on environmental compliance.

# Directors' Report

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 March 2026, as far as the Board and the management are aware, there was no material breach of the applicable laws and regulations by the Group that has material impact on the business and operation of the Group.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available and with the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed minimum public float under the Listing Rules as at the date of this annual report.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries for the year ended 31 March 2026 and up to the date of this annual report.

## NON-COMPETITION UNDERTAKING

In order to avoid any possible competition between our Group and our former controlling shareholders, each of Mr. Tang Wing Kwok, Mr. Lo Wing Hang and Sky Winner Holdings Limited as former controlling shareholders entered into a deed of non-competition with our Company (for itself and as trustee for subsidiaries of our Group) on 4 April 2019. Pursuant to the deed of non-competition, each of the former controlling shareholders has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, as long as the deed on non-competition remains effective, he/it shall not, and shall procure his or its close associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether on its own account or with each other or in conjunction with or on behalf of any person or company or otherwise, the development, participation, management and operation of any existing business which in competition with or likely to be in competition, whether directly or indirectly, with the existing business activity of any member of our Group or such other business activity our Group may engage from time to time in future.

The former controlling shareholders have confirmed to the Company of their compliance with the deed of non-competition dated 4 April 2019 for disclosure in this annual report for the year ended 31 March 2026 and up to the date of this annual report.

All the independent non-executive Directors are delegated with the authority to review the deed of non-competition given by the former controlling shareholders. The independent non-executive Directors were not aware of any non-compliance of the deed of non-competition for the year ended 31 March 2026 and up to the date of this annual report.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors confirm that neither the Controlling Shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business for the year ended 31 March 2026 and up to the date of this annual report, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

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

During the year ended 31 March 2026, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries and associated companies.

## SHARE OPTION SCHEME

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

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

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

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

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

## SHARE OPTION SCHEME (continued)

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

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

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption (i.e. 4 April 2019) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the shareholders in general meeting. As at 31 March 2026, the remaining life of the Share Option Scheme was more than five years.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between the adoption date of the Share Option Scheme and the date of this annual report, no share option has been granted, exercised, cancelled or lapsed. There was no outstanding share option under the Share Option Scheme as at 31 March 2026 and the date of this annual report. As at 31 March 2026 and the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 62,000,000, representing 10% of the entire issued share capital of the Company.

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

## EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements were entered into for the year ended 31 March 2026.

## BORROWINGS

There are no borrowings of the Group as at 31 March 2026 and 31 March 2025.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the third amended and restated memorandum and articles of association of the Company and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Share on a pro-rata basis to the existing shareholders of the Company.

# Directors' Report

## RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in Note 27 to the Financial Statements.

## REMUNERATIONS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals are set out in the Notes 12 and 13, respectively, to the Financial Statements.

The emoluments of the Directors and senior management of the Group are determined by the remuneration committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments for the year ended 31 March 2026 and up to the date of this annual report.

## EMOLUMENT POLICY

Remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

The Company has adopted Share Option Scheme as incentive to eligible employees, details of the schemes are set out in the section headed "Share Option Scheme".

Details of the emoluments of the Directors and five highest paid individuals are set out in Notes 12 and 13, respectively, to the Financial Statements respectively. Details of the retirement benefit scheme are set out in Note 27 to the Financial Statements.

## CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 30 to 44 of this annual report.

## DISCLOSURES UNDER RULES 13.20 TO 13.22 OF THE LISTING RULES

As at 31 March 2026, the Group had no circumstances which would give rise to a disclosure obligation under Rule 13.20 to 13.22 of the Listing Rules.

# Directors' Report

## AUDIT COMMITTEE

The Company established the audit committee on 4 April 2019 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the Corporate Governance Code (the "**CG code**") as set out in Appendix C1 of the Listing Rules. The audit committee consists of three independent non-executive Directors, namely, Mr. Yiu To Wa, Mr. Jin Fan and Mr. Sung Ka Woon. Mr. Yiu To Wa currently serves as the chairman of the audit committee.

The audit committee had reviewed, together with the management and the Company's auditors CCTH CPA Limited, the accounting principles and policies adopted by the Group and the Financial Statements for the year ended 31 March 2026.

The Group's audited consolidated financial statements for the year ended 31 March 2026 have been reviewed and approved by the audit committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## AUDITORS

On 20 January 2026, Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditor of the Company and CCTH CPA Limited was appointed as the auditor of the Company to fill the casual vacancy following the resignation of Deloitte. Details of the change of auditor were set out in the announcements of the Company dated 21 January 2026.

The financial statements of the Company for the year ended 31 March 2026 were audited by CCTH CPA Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint CCTH CPA Limited as auditor of the Company.

By order of the Board

**Dr. Hiroshi Kaneko**
*Executive Director and Chief Executive Officer*

Hong Kong, 30 June 2026

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICE

Save as disclosed below, the Group has applied the Principles of Good Corporate Governance and complied with the code provisions set out in Appendix C1 (the "**CG Code**") to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited throughout the Year and, where appropriate, the applicable recommended best practices of the CG Code.

Code provision D.1.2 requires management to provide all members of the board with monthly updates on the issuer's business. The management of the Company currently reports to the Board on a half-yearly basis on the Group's performance, position and prospects and will promptly escalate to the Board if any material issues are noted. The Board believes that, with the Executive Directors overseeing the daily operations of the Group and the effective communication between the Executive Directors, management, and the Non-executive Directors – (including the Independent non-executive Directors) on the Group's affairs, the current practice is sufficient for the Board members to discharge their duties.

Code provision C.5.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, the Board only held two regular Board meetings. The significant matters concerning the business activities and operation of the Group had been either duly reported, discussed and resolved at the two regular Board meetings or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes. The Company will make appropriate arrangement for holding at least four Board meetings in the forthcoming year at approximately quarterly intervals.

Pursuant to Code Provision B.3.5 of the Corporate Governance Code, every listed issuer is required to appoint at least one director of a different gender to its nomination committee. Following the appointment of Ms. Song Ningning, a non-executive director, as a member of the Nomination Committee on 18 July 2025, the Company has fully complied with the requirements of Code Provision B.3.5.

Pursuant to Code provision C.6.1 of Part 2 of the CG Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. Mr. Tsang does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Tsang as the Company Secretary of the Company. In this respect, the Company has nominated Dr. Hiroshi Kaneko as its contact point with Mr. Tsang. While the Company is well aware of the importance of the company secretary in supporting the Board on governance matters, after having considered Mr. Tsang's prior experience in acting as the company secretary of other companies listed on the Stock Exchange, both the Company and Mr. Tsang are of the view that there will be sufficient experience as well as time, resources and support for fulfilment of the company secretary requirements of the Company. In view of Mr. Tsang's experience in company secretarial functions, the directors believe that Mr. Tsang has the appropriate company secretarial expertise for the purposes of Rule 3.28 of the Listing Rules.

# Corporate Governance Report

## CORPORATE CULTURE AND STRATEGY

The Group aims to build up a long-term sustainable business where Shareholders and other stakeholders can benefit in the shared value of corporate success. The Board aligns the purpose, values and strategic direction of the Group by establishing an organizational culture to maintain and develop an effective corporate governance framework with stringent corporate governance practices, including but not limited to employee retention and training, whistleblowing and anti-corruption policies, across all levels of the Group's operations, policies and procedures.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 own code of conduct regarding directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he or she had complied with the required standards as set out in the Model Code throughout the year ended 31 March 2026.

## BOARD OF DIRECTORS

### Board Composition

As at the date of this Annual Report, the Board comprises one Executive Director, namely Dr. Hiroshi Kaneko (Chief Executive Officer), two Non-executive Directors, namely Mr. Wang Xueyan (Chairman) and Ms. Song Ningning, and three Independent non-executive Directors, namely Mr. Yiu To Wa, Mr. Sung Ka Woon and Mr. Jin Fan.

The biographies of the current Directors and their relationship, if any, are set out in "Biographical Details of Directors and Senior Management" on pages 13 to 15 of this Annual Report.

The Board meets regularly to discuss and formulate the overall strategy as well as operation and financial performance of the Group. The company secretary of the Company (the "**Company Secretary**") assists the CEO in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly, and regular board meetings should be held at least four times per year at approximately quarter intervals. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications.

During the year, the Board only held two regular Board meetings. The significant matters concerning the business activities and operation of the Group had been either duly reported, discussed and resolved at the two regular Board meetings or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes. The Company will make appropriate arrangement for holding at least four Board meetings in the forthcoming year at approximately quarterly intervals.

## BOARD OF DIRECTORS (continued)

### Board Composition (continued)

The attendance record of each Director at the Board and the committee meetings held and resolutions resolved for the year ended 31 March 2026 is set out in the table below:

| | Attendance/Number of Meetings Annual | | | | |
|---|---|---|---|---|---|
| Name of Director | Board | Annual General Meeting | Audit Committee | Nomination Committee | Remuneration Committee |
| Dr. Hiroshi Kaneko | 2/2 | 1/1 | – | 2/2 | – |
| Mr. Wang Xueyan | 2/2 | 1/1 | – | – | – |
| Ms. Song Ningning | 2/2 | 1/1 | – | 2/2 | – |
| Mr. Yiu To Wa | 2/2 | 1/1 | 4/4 | 2/2 | 2/2 |
| Mr. Jin Fan | 2/2 | 1/1 | 4/4 | 2/2 | 2/2 |
| Mr. Sung Ka Woon | 2/2 | 1/1 | 4/4 | 2/2 | 2/2 |

During the year, Mr. Wang Xueyan served as the Chairman of the Board, while Dr. Hiroshi Kaneko served as the Chief Executive Officer of the Company. The Chairman provides leadership to the Board and discharges those duties set out in code provision C.2.1 of the CG Code.

During the year ended 31 March 2026, the Board has at all times met the requirements of rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three Independent non-executive Directors with at least one Independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Company has three Independent non-executive Directors and one of the three Independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise.

The three Independent non-executive Directors represent half of the Board, the proportion of which is higher than what is required by Rule 3.10A of the Listing Rules whereby Independent non-executive directors of a listed issuer must represent at least one third of the board.

Each of the executive, non-executive and Independent non-executive Directors has signed an appointment contract with the Company which is subject to termination provisions therein and provisions on retirement by rotation and re-election of Directors as set out in the third amended and restated memorandum and articles of association of the Company (the "**Restated Articles**").

The Company has received written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all Independent non-executive Directors are independent. The Board reviews annually the implementation and effectiveness of the above independent mechanism and believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

# Corporate Governance Report

## BOARD OF DIRECTORS (continued)

### Board Composition (continued)

During the year ended 31 March 2026, one meeting was held between the Chairman and the Independent non-executive Directors without the presence of other Directors.

All of the Non-executive Director and the Independent non-executive Directors of the Company are appointed for a specific term of three and two years respectively, subject to renewal after the expiry of the current term.

| Name of director | Position | Date of initial appointment |
|---|---|---|
| Mr. Wang Xueyan | Non-executive Director & Chairman | 24 September 2024 |
| Ms. Song Ningning | Non-executive Director | 19 December 2024 |
| Mr. Yiu To Wa | Independent non-executive Director | 4 December 2023 |
| Mr. Jin Fan | Independent non-executive Director | 4 December 2023 |
| Mr. Sung Ka Woon | Independent non-executive Director | 4 December 2023 |

### Responsibilities of the Directors

The Board takes the responsibility collectively to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") (together, the "**Board Committees**").

All Directors, including Independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge, and professionalism to the Board for its efficient and effective functioning.

The Independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations, and are invited to serve on the Audit Committee, the Nomination Committee and the Remuneration Committee.

The Board has delegated to the management, consisting of Executive Directors along with other senior executives, with the responsibilities for implementing the strategy and direction adopted by the Board from time to time and conducting the day-to-day management and operations of the Group.

The Board has delegated to the Board Committees responsibilities as set out in their respective terms of references. Further details of the Board Committees are set out in the sections headed "Audit Committee", "Nomination Committee" and "Remuneration Committee" below.

## BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to the talent, skill, regional and industry experience, background, gender and other qualities.

When identifying potential candidates to the Board of Directors, the Nomination Committee and the Board of Directors will, among others, (i) consider the current level of representation of women on the Board and the senior management when making recommendations for nominees as well as succession planning to the Board of Directors and senior management; (ii) consider the criteria that promotes diversity by references to the code of practices on employment published by the Equal Opportunities Commission from time to time; (iii) communicate the Board Diversity Policy to the Nomination Committee and encourage a cooperative approach to ensure diversity on the Board.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board has reviewed the Board Diversity Policy for the year ended 31 March 2026. Having reviewed the Board composition, the Board recognises the importance and benefits of gender diversity at the Board level and will continue to identify female candidate(s) to enhance the gender diversity among the Board members.

The Company's diversity philosophy including the gender diversity was generally followed in the workforce throughout the Group for the year ended 31 March 2026. As of the date of this report, approximately 76.9% of total workforce were male. During the year, the Board has maintained gender diversity and does not have any single-gender concerns. The Company will promote diversity at workforce levels by timely review the gender diversity of the workforce with the business development of the Group. The Nomination Committee review the Board Diversity Policy annually to ensure its continued effectiveness.

# Corporate Governance Report

## NOMINATION POLICY

The Board has adopted a nomination policy (the "**Nomination Policy**") which sets out the criteria and process in the nomination and appointment of directors of the Company, aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and to ensure the Board's continuity and appropriate leadership. The Nomination Committee shall identify candidates who are qualified or suitable to become a member of the Board and to make recommendations to the Board on the selection of candidates nominated for directorships. The selection of candidates will be based on a range of selection criteria as set out in the Nomination Policy, including but not limited to, character and integrity, qualification, potential contributions each candidate can bring to the Board in terms of qualifications, skill, experience, independence and gender diversity, the candidate's willingness and ability to devote adequate time to discharge duties as a member of the Board.

For the appointment of Directors, the Nomination Committee will first identify individual(s) suitably qualified to become Board members and assesses the independence of the proposed Independent non-executive Director(s). Then, the Nomination Committee will make recommendation to the Board for consideration, having regard to the Board Diversity Policy and the Nomination Policy. The Board will confirm the appointment of the suitable candidate or recommend the candidate to stand for election at a general meeting of the Company. The candidate(s) who is/are appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by the Shareholders at the next annual general meeting after initial appointment in accordance with the Restated Articles.

For the re-appointment of Directors, the Nomination Committee will also consider the retiring Directors based on the Board Diversity Policy and the Nomination Policy, and assess their independence before the Nomination Committee makes recommendation to the Board to consider. After the Board considers each retiring Director, the Board will recommend the suitable retiring Director(s) to stand for re-election at the annual general meeting in accordance with the Restated Articles. The Shareholders will approve the re-election of Directors at the annual general meeting.

The Nomination Committee shall review the structure, size, composition (including skills, knowledge, experience and length of service) of the Board on a regular basis at least annually and diversity of the Board to ensure that it has a balance of expertise, skills and experience and diversity of perspective appropriate to the requirements for the business of the Company.

Pursuant to Code Provision B.3.5 of the Corporate Governance Code, every listed issuer is required to appoint at least one director of a different gender to its nomination committee. Following the appointment of Ms. Song Ningning, a non-executive director, as a member of the Nomination Committee on 18 July 2025, the Company has fully complied with the requirements of Code Provision B.3.5.

## DIVIDEND POLICY

The Company has set up a dividend policy (the "**Dividend Policy**") with an aim to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors:

(a) the Company's operating results, actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(f) the Group's liquidity position;

(g) general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board may deem appropriate and relevant.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Companies Laws of the Cayman Islands, any applicable laws, rules and regulations and the Restated Articles. The declaration and payment of future dividend under the Dividend Policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Group acknowledges the importance of continuing professional development for the Directors for a sound and effective corporate governance and internal control system. In this regard, the Group has always encourages our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules.

All Directors have confirmed that they had complied with CG Code provision C.1.4 during the year ended 31 March 2026 by attending seminars and briefings and reading relevant materials. During the year ended 31 March 2026, the Directors participated in the continuous professional developments in relation to regulatory update, the duties and/or responsibility of the directors and the business of the Group, including reading relevant Listing Rules, the general business or responsibilities of the directors and other relevant training materials; and/or attended seminars and/or lectures.

| Name of Director | Type of Training (Note) |
|---|---|
| **Executive Director** | |
| Dr. Hiroshi Kaneko | A |
| **Non-executive Directors** | |
| Mr. Wang Xueyan | A |
| Ms. Song Ningning | A |
| **Independent non-executive Directors** | |
| Mr. Jin Fan | A |
| Mr. Sung Ka Woon | A |
| Mr. Yiu To Wa | A |

Note:

Types of Training:

A: Attending training sessions, including but not limited to, expert briefings, seminars, conferences and workshops

## BOARD COMMITTEES

### Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to, among other things, (i) make recommendations to the Board on the appointment, reappointment and removal of external auditors; (ii) review and monitor the external auditors' independence and objectively; (iii) review the effectiveness of the Company's internal audit activities, internal controls and risk management systems; (iv) develop and implement policy on engaging external auditor to supply non-audit services, and to review and monitor the extent of the non-audit works undertaken by external auditors; and (v) monitor the integrity of the financial statements and the annual report and accounts and half-year report and to review significant financial reporting judgments contained in them.

The Audit Committee consists of three Independent non-executive Directors, namely Mr. Yiu To Wa, Mr. Sung Ka Woon and Mr. Jin Fan. Mr. Yiu To Wa currently serves as the chairman of the Audit Committee.

The Audit Committee convened four meetings during the year ended 31 March 2026.

The Audit Committee performed the following works during the year ended 31 March 2026:

(a) reviewed the Group's annual audited financial statements for the year ended 31 March 2025 and unaudited interim financial statements for the six months ended 30 September 2025;

(b) reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;

(c) reviewed the Group's risk management, internal control system and related matters; and

(d) considered and made recommendations on the re-appointment of the external auditors of the Group, and the terms of engagement.

The Company's annual results for the year ended 31 March 2026 have been reviewed by the Audit Committee. There had been no disagreement between the Board and the Audit Committee.

## BOARD COMMITTEES (continued)

### Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to, among other things, (i) make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) make recommendation to the Board on the remuneration of independent non-executive Directors; (iii) review and make recommendations to our Board on other remuneration-related matters, including benefits-in-kinds and their compensation payable to our Directors and senior management; (iv) review performance based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration; and (v) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries.

The Remuneration Committee consists of three members, namely Mr. Sung Ka Woon, Mr. Yiu To Wa and Mr. Jin Fan. Mr. Sung Ka Woon currently serves as the chairman of the Remuneration Committee.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his/her own remuneration.

The Remuneration Committee convened two meetings during the year ended 31 March 2026 for reviewing the remuneration packages of the executive Directors and independent non-executive Directors and the performance of them.

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended 31 March 2026 are as follows:

| | Number of employee(s) |
|---|---|
| Not exceeding HKD1,000,000 | 2* |
| HKD1,000,001 to HKD2,000,000 | 2 |
| HKD2,000,001 to HKD3,000,000 | – |

* This banding include the remuneration of two senior management who were also two former Directors of the Company excluding the remuneration as the capacities of former Directors.

Further details of the remuneration of the Directors and the five highest paid employees are set out in Notes 12 and 13, respectively, to the consolidated financial statements.

## BOARD COMMITTEES (continued)

### Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to, among other things, (i) review the structure, size, composition and diversity of our Board on a regular basis; (ii) identify individual suitably qualified to become Board members; (iii) assess the independence of Independent non-executive Directors; (iv) make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors; and (v) make recommendations to our Board regarding candidates to fill vacancies on our Board and/or senior management.

The Nomination Committee consists of five members, namely Mr. Sung Ka Woon, Mr. Yiu To Wa, Ms. Song Ningning, Mr. Jin Fan and Dr. Hiroshi Kaneko. Mr. Sung Ka Woon currently serves as the chairman of the Nomination Committee.

The Nomination Committee convened two meetings during the year ended 31 March 2026 for reviewing the independence of the independent non-executive Directors, considering the qualifications of the retiring directors standing for election at the forthcoming annual general meeting of the Company, reviewing the structure, size, and composition of the Board and reviewing the Board Diversity Policy and the Nomination Policy.

The Nomination Committee considered that the Independent non-executive Directors are independent and the aforesaid policies have been maintained up to 31 March 2026.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

As at 31 March 2026, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

## DIRECTORS' AND AUDITORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 March 2026 in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainty that may cost significant doubt upon the Group's ability to continue as a going concern.

The statements of the independent auditor of the Group about their reporting responsibilities on the consolidated financial statements of the Group are set out "Independent Auditor's Report" of this annual report.

## EXTERNAL AUDITOR'S REMUNERATION

For the year ended 31 March 2026, the remunerations paid or payable to the external auditors, CCTH CPA Limited in respect of its audit and non-audit services for the Company are approximately HK$600,000 and HK$30,000 respectively.

An analysis of the remuneration paid to CCTH CPA Limited, the external auditor of the Company, in respect of audit services for the Reporting Period is set out below:

| Service Category | Fee Paid/Payable |
|---|---|
| Audit service | HK$600,000 |
| Non-audit service | HK$30,000 |

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 92 to 94.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain effective risk management and internal control systems in order to safeguard the Group's assets and investments and the Shareholders' interest and conducts a review on an ongoing basis. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board conducted review of the effectiveness of the risk management and internal control systems of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions through the effort of the Audit Committee.

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage it risks across business operations.

The Company has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, risks that would adversely affect the achievement of the Group's objectives are identified, and the identified risks are assessed and prioritized according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

The Board has the responsibility to maintain effective risk management and internal control systems in order to safeguard the Group's assets and investments and the Shareholders' interest and conducts a review on an ongoing basis. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board conducted review of the effectiveness of the risk management and internal control systems of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions through the effort of the Audit Committee.

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage it risks across business operations.

## RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The Company has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, risks that would adversely affect the achievement of the Group's objectives are identified, and the identified risks are assessed and prioritized according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

The Group currently has no internal audit function and the Board reviewed that it is more cost effective to engage an external independent consultant instead of recruiting a team of internal audit staff to perform such annual review function. An external advisory firm (the "**Consultant**") was engaged to conduct an independent internal control review to identify weaknesses and provide recommendations for improvement. Any significant internal control deficiencies are reported to the Audit Committee and the Board of Directors on a timely basis to ensure prompt remediation actions are taken.

The Board has the overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting functions as well as those relating to the issuer's ESG performance and reporting. The Board had reached the conclusion that the Group's risk managements and internal control systems were adequate and effective.

During the year, the Board of Directors had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the following:

- The Group's ability to cope with its business transformation and changing external environment;
- The scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems;
- The work of internal control review performed by the Consultant;
- The extent and frequency of communication to the Board of Directors and/or its Committees which enables it to assess control of the issuer and the effectiveness of risk management;
- Significant control failures or weaknesses that have been identified during the Reporting Period (including the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition);
- The effectiveness of the Company's processes for financial reporting and compliance with the Listing Rules.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's environmental, social and governance risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. Detailed information on the environmental, social and governance practices adopted by the Group is set out in the headed "Environmental, Social and Governance Report" ("**ESG Report**") of this annual report.

## COMPANY SECRETARY

Pursuant to code provision C.6.1 of Part 2 of the CG Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. Mr. Tsang does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Tsang as the Company Secretary of the Company. In this respect, the Company has nominated Dr. Hiroshi Kaneko as its contact point with Mr. Tsang. While the Company is well aware of the importance of the company secretary in supporting the Board on governance matters, after having considered Mr. Tsang's prior experience in acting as the company secretary of other companies listed on the Stock Exchange, both the Company and Mr. Tsang are of the view that there will be sufficient experience as well as time, resources and support for fulfilment of the company secretary requirements of the Company. In view of Mr. Tsang's experience in company secretarial functions, the Directors believe that Mr. Tsang has the appropriate company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

## INSIDE INFORMATION POLICY

The Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information. Such policy provides, among others, notification of regular blackout period, securities dealing restrictions to Directors and employees, dissemination of information to specified persons on a need-to-know basis and use for identified projects.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and potential investors is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company has adopted the Shareholders' communication policy with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including the financial performance, strategic goals and plans, material development, governance and risk profile). The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and potential investors to make the informed investment decisions.

To promote effective communication, the Company maintains the website of www.bnd-strategic.com.hk; where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information of the Group including annual and interim reports, announcements and other corporate communications which will be sent to Shareholders and/or published are updated on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website in a timely fashion. The Company has reviewed the shareholder communication policy for the year ended 31 March 2026 and will review it annually to ensure its continued effectiveness. By reasons as set out in the paragraphs of "Shareholders' Rights" and "Enquiries to the Board" below, the Company considers that the Shareholders' communication policy is implemented effectively during the year ended 31 March 2026.

The forthcoming annual general meeting of the Company will be held on Tuesday, 8 September 2026. The notice of the annual general meeting, setting out details of each proposed resolutions, voting procedures and other relevant information, will be sent to Shareholders at least 21 days before the annual general meeting.

## SHAREHOLDERS' RIGHTS

Pursuant to article 64 of the Restated Articles, an extraordinary general meeting shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions in the Restated Articles or the Cayman Islands Company Law for Shareholders to move new resolution at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a Director, please refer to the "Procedure for Shareholders to Propose a Person for Election as a Director" of the Company which is posted on the Company's website.

## ENQUIRIES TO THE BOARD

Shareholders may send their enquiries or requests to the Board through the Company's principal place of business in Hong Kong at Units 2803–2803A, Asia Trade Centre, No. 79 Lei Muk Road, Kwai Chung, New Territories (email: info@bnd-strategic.com.hk).

## CONSTITUTIONAL DOCUMENTS

An up-to-date version of the third amended and restated memorandum and articles of association of the Company is available on the websites of the Stock Exchange and the Company.

During the year ended 31 March 2026, there had not been any change in the Company's constitutional documents. The Directors, Company Secretary or other appropriate members of senior management respond to enquiries from shareholders promptly. The Company had reviewed the implementation and effectiveness of its shareholders' communication policy during the year ended 31 March 2026 and concluded that the shareholders' communication policy has been properly in place during the year and is effective.

# Environmental, Social and Governance Report

## INTRODUCTION

Rongzun International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") are construction contractors principally engaged in providing (i) alteration and addition works; and (ii) civil engineering works, solely in Hong Kong.

The Group is committed to conducting its business operations in a sustainable manner, placing a strong emphasis on minimising its environmental footprint resulting from construction activities, while simultaneously generating value for the community, its employees, and other stakeholders. With the above objective in mind, the Group has implemented comprehensive policies spanning several areas, including but not limited to, environmental sustainability, human resources, occupational health and safety, and quality control. These policies serve as a framework for establishing and maintaining the necessary operational standards, ensuring compliance with all relevant laws, regulations, and best practices. The Group recognises the dynamic nature of the business landscape and acknowledges the evolving nature of technology, legislation and regulations. Consequently, the policies will be reviewed and updated annually to adapt to any emerging changes. By regularly assessing and refining its policies, the Group strives to continuously improve its sustainability practices and remain at the forefront of responsible and ethical business conduct.

This is the seventh Environmental, Social and Governance Report (the "**ESG Report**" or "**Report**") of the Group, which demonstrates to both internal and external stakeholders its efforts on sustainability developments. The ESG Report has been prepared in compliance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix C2 and Part D to the Rules Governing the Listing of Securities of the Stock Exchange. The ESG Report discloses the Group's performance and initiatives implemented regarding environmental, social and governance ("**ESG**") issues and relevant key performance indicators ("**KPIs**") for the period from 1 April 2025 to 31 March 2026 (the "**Reporting Period**"). The reporting scope covers its business operation of Ka Construction Company Limited, Ka Shun Civil Engineering Company Limited and Ka Shun Contractors Limited which are located in Hong Kong.

### Governance Structure

We believe that a high standard of corporate governance is fundamental to the success of our ESG and sustainability strategy, as well as fostering effective communication channels between the Board, management, and operational levels. The group has adopted a comprehensive top-down approach in addressing sustainability matter, with the Board of Directors (The "**Board**") taking ultimate responsibility for the Group's ESG strategy and reporting. It ensures that we integrate ESG considerations in our business decision-making process and provides oversight to the sustainability performance of the group.

The Board is also responsible for evaluating and determining the Group's ESG and climate-related risks and ensuring that appropriate and effective ESG and climate risk management and internal control systems are in place. The Board is also responsible for formulating ESG and climate management approach, policies, strategies, priorities and goals, regularly reviewing performance, and approving disclosures in the ESG and climate reports.

To effectively discharge these responsibilities, the Board and senior management participate in climate-related training to enhance competencies in overseeing climate risks. The Board is informed of ESG and climate-related risks and opportunities through regular meetings, with management's ESG reporting as a standing agenda item. In strategy formulation and major transaction decisions, the Board assesses the potential impact of climate-related risks and opportunities and associated trade-offs. The Board also oversees the Group's overall climate risk management and the rollout of low-carbon operational initiatives. However, the Group has not yet established climate-related targets linked to remuneration.

While the Board retains ultimate responsibility, the senior management team is delegated with implementing Board-approved ESG and climate strategies and monitoring operational-level climate risks through control measures including risk registers and compliance audits, which are integrated with internal functions such as project management and finance. The Group has not established a dedicated ESG committee. Accordingly, ESG matters are overseen directly by the Board.

## Reporting Principles

The ESG Report has been prepared based on four reporting principles which as set out in the HKEX ESG Reporting Guide to define the report content and to ensure the quality of information presented in this Report, including:

**Materiality:** All information deemed ESG important is covered in this Report. The Group has also conducted an annual stakeholder engagement and identified the material ESG issues during the Reporting Period. The result of the materiality assessment has been confirmed by the management and the Board. For more information, please refer to the section headed "Materiality Assessment" of this Report.

**Quantitative:** KPIs are recorded and disclosed in quantitative terms with narrative and comparative figures, whenever possible. Information on the standards, methodologies, assumptions and source of conversion factors used for the calculation of environmental data are also disclosed in this Report. For all standards and methods adopted for calculating the KPI (if applicable), please refer to the relevant sections in the Report.

**Balance:** The ESG Report is prepared in an unbiased manner, with clear explanations of positive and negative impacts, enabling stakeholders to make a reasonable assessment of the Group's overall performance.

**Consistency:** Unless otherwise specified, The ESG Report presents information on a consistent basis. The Group will provide necessary information and/or explanation to enhance disclosure when there are any changes to the methodologies, calculations, or any other factors that affect meaningful comparison.

## Stakeholder Engagement

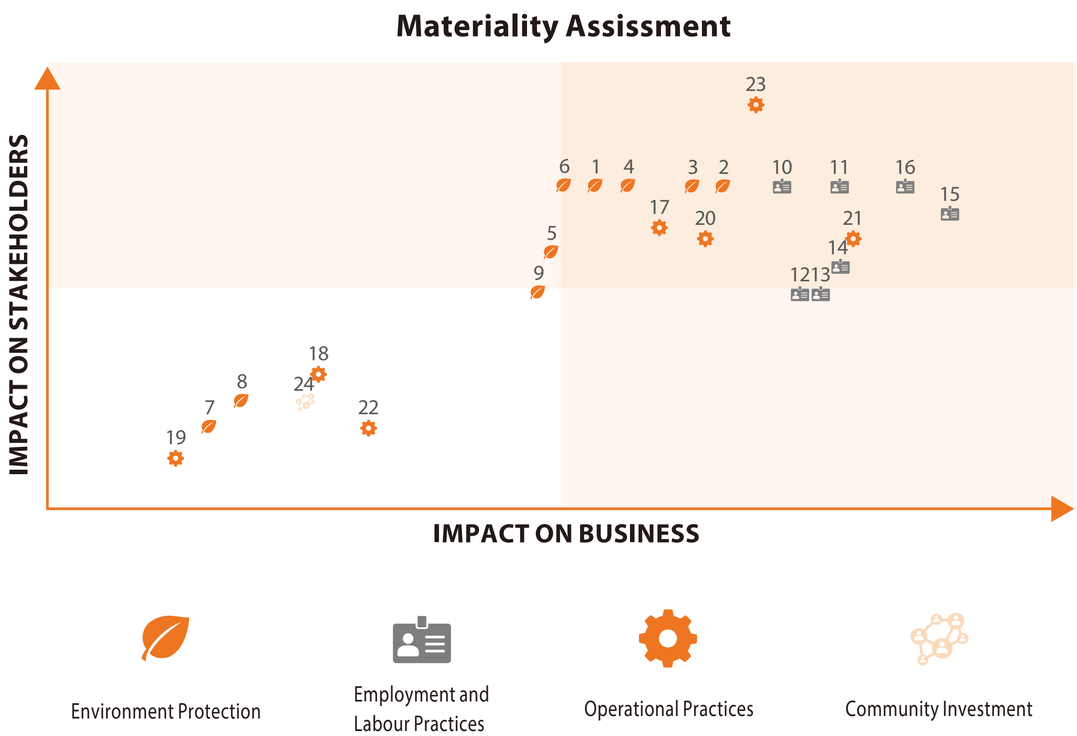
Engaging with stakeholders to understand their needs serves as a crucial foundation for the Group's capacity to generate long-term value to its stakeholders. Therefore, the Group regularly communicates to stakeholders to understand stakeholders' expectations, interest and information needs, in assessing the materiality on each aspect of the ESG issues as listed out in the Guide. The table below sets forth the channels used for communication with respective stakeholders.

| Group | Key Stakeholders | Engagement Channels |
|---|---|---|
| Funding and capital | • Investors<br>• Shareholders<br>• Lenders | • Annual general meetings<br>• Annual and interim reports<br>• Announcements and circulars<br>• Corporate website |
| License for operation | • Government departments<br>• Regulators | • Application procedures<br>• Working meetings<br>• Written responses |
| Our Services | • Employers<br>• Main contractors | • Customer satisfaction surveys<br>• Project meetings and engagements |
| Building materials, services, equipment | • Suppliers<br>• Subcontractors | • Project meetings and engagements<br>• Supplier performance evaluations<br>• Site inspection |
| Operate our business | • Employees | • Annual appraisal<br>• Employee feedback channels<br>• Management meeting |

## Materiality Assessment

The Group has maintained close communication with its stakeholders to identify and understand its stakeholders' main concerns and material interests for the ESG Report. Stakeholders with high level of influence and dependence on the Group were selected and invited to express their views and concerns on a list of sustainability issues. Through multiple discussions and direct communications, the Group understands the core issues that matter most to its stakeholders. By understanding the critical issues from both internal and external perspectives through stakeholders, the Group developed its corporate strategies, goals, targets and programs to advance business sustainability. The assessment started from identifying corporate social responsibility issues from four different aspects, including environmental protection, employment and labour practices, operation practices and community investment. Based on the 24 issues identified, interviews and questionnaires were conducted to collect opinions from internal and external stakeholders.

A materiality matrix was developed based on the replies from stakeholders, which 16 critical issues were identified.



Details of the 24 issues identified for materiality assessment are listed below:

| | | |
|---|---|---|
| 1 | **Environment protection**<br>*Air emission* | |
| 2 | **Environment protection**<br>*Noise pollution* | |
| 3 | **Environment protection**<br>*Wastes management* | |
| 4 | **Environment protection**<br>*Dust pollution* | |
| 5 | **Environment protection**<br>*Water use and efficiency* | |
| 6 | **Environment protection**<br>*Energy use and efficiency* | |
| 7 | **Environment protection**<br>*Packaging materials* | |
| 8 | **Environment protection**<br>*Natural resource management* | |
| 9 | **Environment protection**<br>*Climate change* | |
| 10 | **Employment and labour practices**<br>*Employment management* | |
| 11 | **Employment and labour practices**<br>*Discrimination and equal opportunity* | |
| 12 | **Employment and labour practices**<br>*Promotion and compensation system* | |
| 13 | **Employment and labour practices**<br>*Other benefits and welfare* | |
| 14 | **Employment and labour practices**<br>*Prevention of child labour and forced labour* | |
| 15 | **Employment and labour practices**<br>*Safety working environment and occupational hazards* | |
| 16 | **Employment and labour practices**<br>*Development and training* | |
| 17 | **Operational practices**<br>*Quality assurance* | |
| 18 | **Operational practices**<br>*Protection of intellectual property rights* | |
| 19 | **Operational practices**<br>*Customer data protection* | |

| | | |
|---|---|---|
| 20 | **Operational practices**<br>*Anti-corruption* | |
| 21 | **Operational practices**<br>*Whistle-blowing policy* | |
| 22 | **Operational practices**<br>*Supply chain management* | |
| 23 | **Operational practices**<br>*Sub-contractor management* | |
| 24 | **Community investment**<br>*Community investment* | |

**Feedback**

The Group values your opinion and feedback on our ESG Report, and we would like to hear from you on how we could further improve our performance. Readers are welcome to share valuable views and opinions with the Group at info@bnd-strategic.com.hk.

## ENVIRONMENTAL PROTECTION

The Group dedicates itself to the ongoing enhancement of its environmental performance, with the ultimate aim of reducing and eliminating any adverse environmental effects arising from its operations, activities, products, and services. It systematically identifies materials, processes, products, and waste streams that contribute to or risk contributing to pollution, and puts in place measures to prevent, mitigate, or manage such pollution wherever feasible from both technical and economic standpoints.

To realise this commitment effectively, the Group has put in place a comprehensive management framework encompassing a range of measures and operational procedures that set the environmental performance expectations for its workforce and subcontractors. This structured methodology ensures that environmental factors are embedded across every facet of the Group's activities. Through the establishment of well-defined directives and standard practices, the management framework cultivates an organisational culture grounded in environmental accountability. The environmental management systems of two subsidiary entities have held certification meeting the ISO 14001 standards since 2003 and 2012 respectively.

The Group's construction activities are governed by specific environmental obligations under Hong Kong legislation. Among the key legal instruments materially affecting the Group are the Air Pollution Control Ordinance (Chapter 311R of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), and Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong). Throughout the Reporting Period, no instances of non-compliance leading to prosecution, conviction, or penalty were recorded against the Group in respect of environmental matters. The potential implications for the Group and the measures adopted to maintain adherence to these legal requirements are addressed in the sections that follow.

## Emissions

The Air Pollution Control Ordinance serves as Hong Kong's primary legislative framework for regulating the discharge of air pollutants. Under this Ordinance, any person with ownership or control of premises, including contractors holding possession of a construction site, is obligated to employ the best practicable means available to prevent the release of harmful or objectionable emissions from such premises.

The principal combustion sources producing air pollutants from the Group's routine transportation, waste handling cycles, and construction activities are private motor vehicles, lorry cranes, and non-road mobile machinery (encompassing hydraulic excavators and breakers). The Group acknowledges the critical importance of maintaining peak operational performance across these vehicles and machineries to ensure efficient operations, safeguard workplace safety, and protect the environment. Accordingly, the Group engages external specialist firms on a recurring basis to perform inspections, repairs, and maintenance activities, thereby preserving its fleet and equipment in optimal working order.

Effective 1 June 2015, a subsidiary regulation, the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation ("**NRMM Regulation**"), was enacted to establish regulatory oversight of emissions from non-road mobile machinery ("**NRMMs**"). NRMMs are mandated to meet the stipulated emission standards. Additionally, from 1 December 2015 onwards, all regulated machines deployed for designated activities at specified locations in Hong Kong must obtain either approval or exemption, accompanied by an appropriate label in the prescribed format issued by the Environmental Protection Department ("**EPD**"). These regulatory requirements carry substantial implications for the Group given its reliance on owned machinery for executing diverse civil engineering operations. As of 31 March 2026, all 10 of the Group's owned regulated machines had secured either exemption or approval with labels in the EPD's prescribed format.

The Group's emissions predominantly originate from exhaust gases produced through fuel combustion in mobile machinery and vehicles engaged in contract works. Recognising the indispensable role of machinery and vehicles in project execution and logistics, the Group is committed to implementing pragmatic measures to reduce dark smoke and exhaust gas emissions, keeping them within acceptable parameters. For example, project teams give precedence to cleaner, higher-grade fuels for all fuel-powered machinery and vehicles. Equipment selection also favours low-emission engine configurations for excavators, generators, and comparable assets. Scheduled maintenance and repair of powered mechanical equipment are systematically carried out to sustain optimal fuel efficiency and ensure conformity with local emission standards. Moreover, where feasible, the Group gives priority to electric vehicle and environment-friendly vehicles options over diesel alternatives when procuring new vehicles. Through the proactive evaluation and adoption of these sustainable transport solutions, the Group seeks to further diminish its carbon footprint and advance environmental sustainability.

Beyond the foregoing, the Group produces indirect emissions through its consumption of resources, including energy, water, and paper. The guiding principle for mitigating these emissions centres on optimising resource utilisation, which is examined in the section entitled "Use of Resources" within this ESG Report. The Group does not utilise any gaseous fuel in its business operations.

The Group has begun mapping relevant Scope 3 GHG emissions amongst the 15 Scope 3 categories. This includes:

- Category 4: Waste Generated in Operations

The other categories are not included as they are either irrelevant to our business, incomplete and unavailable datasets, or unreliable for quantification. We recognise that there are room for improvement regarding reporting of Scope 3 and aim to expand our data disclosure in the future.

The table below presents the key performance indicators for air emissions and Greenhouse Gas ("**GHG**") emissions expressed in $CO_2e$.

| Air Emission Data | Notes | Unit | 2026 | 2025 | Trend |
|---|---|---|---|---|---|
| NOx Emissions | 1 | g | **86,708.56** | 191,754.95 | N/A |
| SOx Emissions | 1 | g | **203.05** | 233.93 | N/A |
| PM Emissions | 1 | g | **7,050.00** | 18,344.97 | N/A |

| GHG Emission Data | Notes | Unit | 2026 | 2025 | Trend |
|---|---|---|---|---|---|
| **Scope 1 – Direct Emission** | | | | | |
| Mobile combustion sources | 1 | tonnes | **34.77** | 42.31 | N/A |
| **Scope 2 – Energy Indirect Emissions** | | | | | |
| Electricity purchased | 2 | tonnes | **29.62** | 57.32 | –48% |
| **Scope 3 – Other Indirect Emissions** | | | | | |
| Category 4: Waste Generated in Operations | | | | | |
| Paper waste disposed at landfills | | tonnes | **2.52** | 4.75 | –47% |
| Electricity used for processing fresh water and sewage by government department | 3 | tonnes | **0.46** | 0.84 | –45% |

Notes:

1. During the Reporting Period, The Group achieved enhanced data granularity for fuel and mileage data, substantially improving the accuracy of Air and Scope 1 emissions inventory. As this methodological advancement represents a structural shift from prior years, historical trends are not directly comparable. This year's refined data will serve as a more robust baseline moving forward.

2. For electricity purchased from China Light Power ("**CLP**") and Hong Kong Electric ("**HKE**"), the emission factor (0.3400 kg/kWh) and (0.5900 kg/kwh) is available from CLP's ESG Databook 2025 and HKE's Sustainability Report 2025 respectively.

3. For water supplied from Water Supplies Department and Sewage process by the Drainage Service Department ("**DSD**"), the emission factor of the GHG emissions incurred from electricity used for fresh water processing by the WSD (0.245 $kgCO_2/m^3$) and total GHG emission per unit volume of sewage treated from DSD (218.60 $tCO_2e$/million $m^3$) is available from Water Supplies Department's Annual Report 2024/25 and DSD Sustainability Report 2024/2025 respectively.

The fluctuations in “energy indirect” emissions and other indirect emissions of the Group were mainly affected by projects where the Group acts as the main contractor, which the Group is generally responsible to manage the supply of electricity and water in construction sites. The consumption of electricity and water are primarily used for machines and equipment, lighting and cleaning that are necessary to carry out the alteration and addition works and civil engineering works by us and our sub-contractors. Please see section headed “Use of Resources” for details of the consumption level of electricity and water.

### Waste

The Waste Disposal Ordinance stands as Hong Kong’s primary legislative instrument governing the generation, storage, collection, treatment, reprocessing, recycling, and disposal of waste materials. No individual may utilise any land or premises for waste disposal purposes without first obtaining a licence from the Director of the EPD. The Group recognises that indiscriminate waste disposal constitutes an offence and may create inconvenience and hazards for the wider community. The Group is dedicated to ensuring that all waste is lawfully directed to appropriate reception facilities or landfill sites. Consequently, when acting in the capacity of main contractor, the Group consistently secures waste disposal permits from the EPD following contract award.

Concrete, mud, rebar, and wood represent the predominant waste categories arising from its site formation, demolition, foundation, and superstructure works (“**Construction Works**”). Whilst such waste generation is an inherent aspect of Construction Works, the Group remains committed to waste minimisation, maintaining volumes at reasonable levels through maximised recycling and the incorporation of recycled and reused materials across all new projects where suitable. To curtail waste generation, the Group endeavours to recycle waste produced from its Construction Works wherever viable. For instance, excavated sea mud is repurposed for backfilling purposes; any surplus is either deployed across construction sites or conveyed to public fill reception facilities. To support effective disposal management, on-site waste sorting is practised to segregate reusable and recyclable materials from hazardous and non-hazardous waste streams. External disposal contractors subsequently collect the waste on a periodic basis and transport it to the relevant reception facilities or landfill. During the Reporting Period, approximately 297.00 (2025: 500.50) tonnes of non-hazardous waste were generated from its Construction Works. Although the Group’s project portfolio grew in number this year, total waste generation declined. This reduction is directly attributed to the smaller scale and scope of these projects. Consequently, despite the increase in project count, the smaller average project size resulted in lower material consumption. The Group does not produce hazardous waste from its Construction Works.

| Non-Hazardous Waste | Unit | 2026 | 2025 | Trend |
|---|---|---|---|---|
| **Facility** | | | | |
| Landfill | tonnes | **180.20** | 342.10 | −48% |
| Public fill reception facilities | tonnes | **–** | 33.80 | −100% |
| Sorting facilities | tonnes | **116.80** | 124.60 | −6% |
| **Segment** | | | | |
| Alteration and addition works | tonnes | **248.10** | 421.80 | −41% |
| Civil Engineering works | tonnes | **48.90** | 78.70 | −38% |
| **Intensity** | | | | |
| Alteration and addition works | tonnes/project | **15.51** | 35.15 | −56% |
| Civil Engineering works | tonnes/project | **3.06** | 6.56 | −53% |

### Use of Resources

The Group recognises the challenges Hong Kong confronts in addressing climate change and appreciates that resource conservation represents a crucial mechanism for reducing carbon footprint. The primary energy consumption sources arising from Construction Works encompass the operation of electrical equipment and lighting installations. The Group aims to curtail energy consumption, maintaining it at reasonable levels through on-site monitoring of energy usage and reminding employees and/or subcontractors to deactivate unnecessary electrical appliances when idle. Furthermore, the Group is committed to advancing resource efficiency across its construction practices. The design and development team rigorously examines client requirements, ensuring thorough comprehension of project specifications. Through precise measurement and estimation of inputs and designs, the Group can pinpoint opportunities for resource savings and synergistic efficiencies. By pursuing ongoing process redesign and enhancement, the Group strives to optimise resource efficiency wherever practicable.

The Group acknowledges that its operations necessitate considerable water usage to satisfy applicable laws and regulations, recognising water as a finite and scarce global resource. It understands that the business community bears significant responsibility for safeguarding water resource sustainability and has accordingly prioritised the minimisation of water consumption alongside diligent water quality management. For example, wastewater generated at construction sites, following sedimentation treatment, is reused for dust suppression spraying or wheel washing where feasible. The Group also seeks to investigate additional measures to improve water consumption efficiency. For instance, it will deploy high-pressure, low-volume sprayers for site and machinery cleaning and conduct regular inspections for water leakage to prevent unnecessary water loss.

Throughout the Reporting Period, the Group experienced no difficulties in securing water supplies suitable for its purposes. Regarding effluent discharge, the Group has secured licences from the EPD for the discharge of industrial trade effluent from construction sites, as mandated under the Water Pollution Control Ordinance.

Additionally, the Group promotes various resource-saving initiatives across its daily operations and construction sites, as outlined below:

- Utilisation of energy-efficient electrical appliances and equipment
- Promotion of double-sided printing
- Encouragement of electronic documentation and communication
- Maintenance of air-conditioning at an average temperature of 25 degrees Celsius
- Deactivation of lights, air-conditioners, and computers when not in use

The use of packaging materials is not applicable to the Group's business operations. The table below presents the key performance indicators for energy and water consumption.

| Energy Consumption | Unit | 2026 | 2025 | Trend |
|---|---|---|---|---|
| Office and warehouse | kWh | **16,671.00** | 16,028.00 | +4% |
| Projects | kWh | **63,908.00** | 123,566.92 | −48% |
| **Intensity** | kWh/project | **5,036.19** | 11,632.91 | −57% |

| Water Consumption | Unit | 2026 | 2025 | Trend |
|---|---|---|---|---|
| Office and warehouse | $m^3$ | **12.00** | 12.00 | Stable |
| Projects | $m^3$ | **988.00** | 1,254.00 | −21% |
| **Intensity** | $m^3$/project | **62.50** | 107.08 | −42% |

The reduction in energy and water consumption during the Reporting Period is directly attributed to the smaller scale and scope of projects. Consequently, despite the increase in project count, the smaller average project size resulted in lower resource consumption.

## The Environment and Natural Resources

Beyond the foregoing sections, the Group's business activities, encompassing dredging, breaking, and piling, also exert considerable environmental impact in respect of dust pollution and noise pollution. In addressing these pollution categories, the Group implements a range of measures to mitigate such effects, including though not restricted to the following:

- Application of enclosed dust screens or sheeting to structures undergoing demolition
- Installation of hoarding to acceptable heights
- Installation of supplementary acoustic enclosures for construction processes characterised by high noise intensity
- Application of water spraying on working surfaces
- Pre-spraying of water onto dusty materials prior to any loading, unloading, or transfer operations, with complete covering by impervious sheeting
- Washing of vehicles to remove dusty materials prior to departure from construction sites

Furthermore, to ensure compliance with applicable regulations, the Group has submitted notices to the public officer regarding Construction Works proposed to be undertaken pursuant to the Air Pollution Control (Construction Dust) Regulation. The Group has also secured construction noise permits in advance from the EPD for construction activities scheduled during restricted hours, as well as for percussive piling conducted during daytime hours on days other than general holidays.

## Climate Change

### *Strategy*

The Group's commitment to sustainability is evident at all levels, including the Board, management, and functional units. The Board assumes responsibility for overseeing the Group's strategic approach to sustainability and climate-related matters. This includes evaluating the materiality of climate-related issues, proposing and implementing strategies to mitigate associated risks, and ensuring accurate and transparent reporting of the Group's sustainability objectives and performance. The Board plays a crucial role in driving the Group's sustainability initiatives and ensuring their effective implementation. To ensure systematic action, the Company will develop a climate-related transition plan to address risks across its operations.

Climate-related risks are identified, assessed, and prioritised within the Group's Enterprise Risk Management framework. Material risks are evaluated based on likelihood and impact, and mitigation measures are monitored by management. Construction site, machinery and supply chain-related climate exposures are assessed where material.

| Type of Risk | Description | Potential Impacts | Timeframe | Mitigation Plan |
|---|---|---|---|---|
| **Physical Risk:** | | | | |
| Extreme Weather Events | Increased severity and frequency of typhoons, flood and torrential rain under climate change | • Temporary suspension of on-site construction works and delayed project progress<br>• Damage to temporary site structures, construction machinery, fuel-powered vehicles and stored building materials<br>• Higher probability of site safety accidents and occupational hazards for frontline staff<br>• Contractual liquidated damages arising from schedule delays and reduction of project gross profit | Mid-term | • Formulate standardised site contingency plans to tackle adverse impacts brought by acute extreme weather events<br>• Closely monitor real-time weather forecasts, implement early warning, site suspension and staff evacuation procedures in advance<br>• Conduct pre-typhoon site inspections to reinforce temporary hoardings, secure machinery and stack construction materials properly<br>• Purchase construction all-risk insurance to cover asset losses and operational losses caused by extreme weather |

| Type of Risk | Description | Potential Impacts | Timeframe | Mitigation Plan |
|---|---|---|---|---|
| **Physical Risk:** Chronic Long-Term Climate Shifts | Sustained high temperatures, altered annual rainfall patterns and gradual sea level rise bring persistent long-term climate pressures to construction operations in subtropical regions | • Persistent high temperature reduces labour efficiency and raises site power consumption for cooling facilities<br>• Long-term climate volatility increases uncertainties in multi-year civil project planning and site layout design<br>• Recurring tide and rainfall fluctuations raise long-term flood risks for coastal construction sites | Long-term | • Identify and evaluate forward-looking chronic climate risks and integrate relevant adaptation considerations into all construction works planning and tender design<br>• Set up long-term regular monitoring of temperature and rainfall data at project sites<br>• Roll out comprehensive high-temperature heatstroke prevention measures to safeguard the health and safety of on-site staff |
| **Physical Risk:** Coastal Flooding Risks | Gradual sea level rise coupled with storm surges expose low-lying and reclamation construction sites to repeated inundation risks | • Floodwater damages foundation works, temporary site facilities, machinery and construction raw materials, resulting in asset write-downs<br>• Frequent site shutdowns lead to continuous project delays and extra idle labour & machinery costs<br>• Flood infiltration may compromise the quality of ongoing civil and structural works | Long-term | • Carry out annual flood risk assessment for all coastal and reclamation project sites<br>• Upgrade site drainage systems and deploy temporary flood barriers and water pumping equipment at high-risk zones<br>• Embed flood-resilience design criteria into temporary site construction and pre-project layout planning |

| Type of Risk | Description | Potential Impacts | Timeframe | Mitigation Plan |
|---|---|---|---|---|
| **Transitional Risk:** | | | | |
| Regulatory & Mandatory Sustainability Disclosure Requirements | Gradually tightened statutory requirements on energy conservation and emission reduction, as well as more stringent mandatory climate and sustainability data disclosure standards | • Penalties arising from non-compliance with environmental standards<br>• Higher capital expenditure required for site emission reduction and energy efficiency upgrading works<br>• Additional manpower and administrative costs incurred for climate data sorting and sustainability reporting | Short to Mid-term | • Regularly monitor updates to relevant regulatory and disclosure requirements, and align site environmental upgrade plans with evolving industry standards<br>• Track the latest adjustments to relevant regulatory and listing disclosure requirements on an ongoing basis, and update internal management systems and operational documents in a timely manner<br>• Establish standardised greenhouse gas data collation procedures and optimise internal reporting workflows to meet all prevailing disclosure obligations |

| Type of Risk | Description | Potential Impacts | Timeframe | Mitigation Plan |
|---|---|---|---|---|
| **Transitional Risk:** Low-Carbon Technology Transformation | Ongoing industrial shift towards low-emission green construction technology and new energy construction equipment supported by government policies | • Lagged adoption of green technology reduces competitiveness in government green project tenders<br>• Short-term extra capital and training costs for upgrading machinery and upskilling site teams<br>• Traditional construction workflows become incompatible with new low-carbon industry standards | Mid-term | • Track emerging low-emission construction technologies and relevant government supporting policies continuously<br>• Gradually increase investment in green construction equipment and low-carbon construction techniques to realise operational transformation |
| **Transitional Risk:** Market Client Green Demand Shift | Growing preference of public and private project clients for green, low-carbon construction services, with higher ESG evaluation thresholds included in tender assessment | • Failure to deliver verified low-carbon performance will lower tender win rates and shrink market share<br>• Slow progress on green transformation triggers reputational risks and weakens long-term client cooperation relationships<br>• Insufficient green construction capacity restricts access to high-value sustainable infrastructure projects | Mid-term | • Progressively boost R&D and practical application of green construction solutions<br>• Fully advance corporate low-carbon transformation to satisfy the sustainable development requirements of clients and the market |

Climate change also brings substantial sustainable development opportunities to the Group. The Group actively monitors local green construction policies and industry low-carbon transformation trends. As a Hong Kong-based construction contractor specialised in alteration, addition and civil engineering works, the Group captures green development opportunities by upgrading low-carbon construction methods, optimising site operational management and improving overall climate resilience.

| Type of Opportunities | Description | Potential Impacts | Timeframe |
|---|---|---|---|
| Energy Saving & Operational Efficiency Enhancement | Optimise energy consumption management, low-carbon equipment deployment and site operational arrangements across all construction sites and offices | • Reduced long-term site energy and fuel consumption costs<br>• Steady reduction of Scope 1 and Scope 2 carbon emissions<br>• Enhanced compliance with industrial energy-saving and low-carbon operational standards | Mid-term |
| Low-Carbon Construction & Technology Upgrade | Adopt advanced low-emission construction machinery, energy-saving temporary site facilities and green building techniques in ongoing and new projects | • Lower on-site carbon intensity and improve overall green construction performance<br>• Strengthen technical competitiveness in green project tendering<br>• Support long-term corporate carbon reduction targets delivery | Mid-term |
| Sustainable Supply Chain & Subcontractor Management | Promote low-carbon operational standards among suppliers and subcontractors, optimise machinery fleets and material delivery arrangements to reduce construction-related indirect emissions | • Effectively control and reduce Group's Scope 3 emissions<br>• Improve overall supply chain ESG and climate risk management level<br>• Establish stable and green cooperative partnerships with industry partners | Mid-term |
| Green Project & Market Opportunity Expansion | Capture growing market demand for green infrastructure and sustainable construction works, and incorporate low-carbon solutions into project tendering and construction delivery | • Increase access to government and private green construction projects<br>• Enhance corporate market reputation and client trust in sustainability performance<br>• Expand long-term sustainable business revenue sources | Mid-term |

### *Business model and value chain*

The Group's business model and value chain are exposed to a wide range of climate-related risks and opportunities. The Group manages such risks and captures relevant opportunities via its enterprise risk management framework and corporate sustainability strategy. A structured analysis of associated impacts is set out below:

### *Climate-related Risks: Effects on Business Model and Value Chain*

Climate-related risks identified by the Group are expected to impact the business model and value chain as follows:

| Types of Risks | Climate-Related Risks | Effects on Business Model | Effects on Value Chain |
|---|---|---|---|
| Physical risks (Acute) | Increased severity and frequency of typhoons, flooding and torrential rain driven by climate change | • Temporary halt of on-site construction activities, resulting in project timeline delays<br>• Damage to temporary site structures, construction machinery, fuel-driven vehicles and stockpiled building materials<br>• Elevated risks of site safety incidents and potential contractual liquidated damages<br>• Deteriorated operational efficiency and reduced project gross margins | • Delayed construction progress disturbs overall project delivery schedules and client handover plans<br>• Higher insurance premiums for construction assets and all-risk project coverage<br>• Disruptions to building material transportation and on-site material storage management<br>• Extra idle labour and machinery expenses caused by weather-triggered site suspensions |
| Physical risks (Chronic) | Persistent high temperatures, shifting rainfall patterns and gradual sea-level rise | • Higher running costs for site cooling equipment and long-term heat prevention management<br>• Increased maintenance spending on temporary facilities at coastal and low-lying sites<br>• Greater uncertainties in planning long-cycle civil engineering projects and site layout design | • Recurring flood hazards bring extra expenditure on site reinforcement and drainage upgrades throughout project lifecycles<br>• Sustained hot weather lowers general labour productivity and construction output on site<br>• Long-term climate volatility creates operational uncertainties for multi-year infrastructure works |

| Types of Risks | Climate-Related Risks | Effects on Business Model | Effects on Value Chain |
|---|---|---|---|
| Transition risks (Policy & legal) | Evolving energy conservation and emission control regulations, alongside stricter industrial environmental compliance standards | • Mounting compliance expenses for on-site environmental governance and emission management<br>• Mandatory capital outlay for phased replacement of high-emission machinery and energy-efficient site facility upgrades | • Standardised internal environmental management systems and on-site operational workflows to match updated industry requirements<br>• Climate compliance assessments embedded into tender reviews and daily site supervision routines<br>• Continuous refinement of environmental evaluation criteria for suppliers and subcontractors |
| Transition risks (Market) | Clients' rising focus on green construction performance and growing market appetite for low-carbon engineering solutions | • Ongoing investment required to deploy green construction technologies and roll out site low-carbon transformation<br>• Higher ESG scoring benchmarks in tender assessments for public and private projects | • Market competition centres increasingly on proven low-carbon construction capabilities<br>• The Group gains stronger market credibility and stable client partnerships through sustainable project delivery<br>• Broader access to high-value green infrastructure projects with sustainable value advantages |

### *Climate-related Opportunities: Effects on Business Model and Value Chain*

Climate change also brings notable sustainable development opportunities to upgrade the Group's business model and optimise its full value chain:

| Types of Opportunities | Climate-Related opportunities | Effects on Business Model | Effects on Value Chain |
|---|---|---|---|
| Resource efficiency | Optimise energy and water consumption management across all construction sites and offices; adopt energy-saving temporary facilities and low-waste construction techniques | • Generate long-term cost savings by cutting site fuel, electricity and water consumption<br>• Boost overall on-site construction efficiency and daily operational performance<br>• Reduce the Group's overall operating expenditure year on year | • Standardise resource-saving operational rules for all project sites<br>• Cut construction waste generation and lower raw material consumption<br>• Keep the Group fully aligned with industrial resource conservation standards |
| Low-Carbon Energy & Equipment Transition | Phase out high-emission construction machinery, deploy energy-saving equipment and low-carbon power solutions for temporary site use | • Achieve cost-effective carbon emission reduction via equipment upgrading<br>• Qualify for green financing schemes targeting sustainable construction contractors<br>• Form a differentiated low-carbon operational advantage in tender bidding | • Steadily lower the Group's Scope 1 and Scope 2 carbon emissions<br>• Build a sustainable corporate image recognised by institutional and private clients<br>• Lay a solid foundation for participating in green low-carbon engineering projects |
| Green Market & Sustainable Supply Chain | Expand cooperation with green-focused clients and implement unified low-carbon assessment standards for suppliers and subcontractors | • Expand market share by securing more green infrastructure and low-carbon renovation projects<br>• Lift the Group's overall market competitiveness and sustainability brand reputation | • Build a stable, eco-friendly long-term cooperation network with upstream partners<br>• Improve the ESG performance of the whole construction supply chain<br>• Strengthen long-term client cooperation through consistent sustainable project delivery |

| Types of Opportunities | Climate-Related opportunities | Effects on Business Model | Effects on Value Chain |
|---|---|---|---|
| Climate Resilience Enhancement | Roll out standardised site business continuity plans, diversify construction material suppliers, and deploy weather-resilient temporary site designs | • Reinforce climate risk resilience for all construction projects and office operations<br>• Effectively mitigate asset losses and revenue losses caused by extreme weather disruptions<br>• Stabilise project delivery schedules amid volatile climate conditions | • Guarantee stable supply of construction materials even under adverse weather conditions<br>• Improve the anti-risk capacity of the entire construction value chain<br>• Secure uninterrupted construction progress and reliable project handover to clients |

### *Climate resilience*

The Group assesses its climate resilience by evaluating climate-related risks and opportunities across all construction sites and office operations. Key risks include extreme weather events, fluctuating site utility supply, tightening environmental regulatory standards and rising green construction tender requirements, while opportunities cover site energy efficiency upgrades, low-emission machinery transformation and sustainable subcontractor management.

This assessment carries material implications for the Group's overall strategy and business model. Physical climate hazards may suspend construction works and damage on-site assets, whereas transitional risks will push up environmental compliance and equipment renewal expenses. The Group will embed climate factors into medium and long-term strategic planning and annual capital investment arrangements.

Major uncertainties include the rollout speed of updated industrial climate regulations, the frequency and intensity of future typhoons and flooding, shifts in market demand for green engineering projects, as well as price volatility of low-carbon construction machinery and energy-saving site facilities. The Group will formulate a dedicated climate transition roadmap to mitigate risks throughout its construction value chain.

The Group holds clear capacity to adjust its strategy and business model across short, medium and long-time horizons. In the short term, the Group will optimise site resource utilisation and climate risk data tracking. In the medium term, it will expand the deployment of low-carbon construction equipment. In the long run, climate resilience will be fully embedded into corporate development layout to achieve sustained low-carbon operation.

The Group plans to conduct formal climate scenario analysis (referencing IPCC/Paris-aligned pathways) in future Reporting Periods. For the current year, only qualitative resilience assessment based on existing risk control measures is provided. The Group will keep strengthening climate adaptability to deliver long-term sustainable value to stakeholders.

### *Current financial effects*

Climate-related risks and opportunities have generated observable impacts on the Group's financial position, operating results and cash flows during the Reporting Period. On the risk side, spending on flood prevention supplies, typhoon protective measures and maintenance of temporary site facilities lifted site operating expenses. Capital outlays were incurred for low-emission construction machinery and energy-saving site upgrades to meet industrial emission control standards. On the opportunity side, the Group secured multiple green construction projects, generating steady project revenue and improving overall project profitability.

No climate-related risks are identified that would trigger material adjustments to asset or liability carrying amounts in the next Reporting Period. Construction machinery, temporary site installations and project-related assets have stable recoverable amounts under current climate risk control measures, with no foreseeable material impairment or liability provision changes arising from climate factors over the short term.

### *Anticipated financial effects*

Over the short, medium and long term, the Group's financial position will be shaped by targeted climate-related improvement initiatives. As a contractor undertaking alteration, addition and civil engineering works, the Group's climate transformation capital spending mainly covers phased renewal of construction machinery and energy-saving temporary site facilities, without heavy long-term infrastructure investment. The Group's core climate priorities centre on improving resource efficiency across construction sites and progressively rolling out low-carbon construction solutions, with all relevant outlays fully supported by internal operating cash flow.

All climate-related capital and operational expenses are self-funded through operating cash flow. Consequently, no external financing is required.

In summary, climate-related capital expenditure during the Reporting Period was immaterial to the Company's overall financial position, profit before tax and cash flows. Separate breakdown figures are not disclosed as such costs exert negligible overall financial impact.

### *Risk Management*

The Group acknowledges that climate change poses concrete risks to its construction operations. Severe weather conditions and elevated temperatures may interrupt site maintenance activities and the regular functioning of construction facilities and machinery. Guided by TCFD recommendations, the Group integrates emerging climate hazards into its everyday risk management practices, formulates site contingency plans, and monitors pertinent market and regulatory developments to ensure its climate risk controls remain consistent with prevailing industry standards.

Regarding climate risk management, the Group identifies climate risks spanning all construction sites, temporary facilities, construction machinery, and subcontractor chains, drawing upon weather alerts, local environmental updates, and site inspection records. No formal climate scenario analysis was employed for risk screening during the current period. Risks undergo qualitative assessment based on the nature of impact, likelihood, and severity, and are prioritised alongside operational, safety, and financial risks according to unified grading standards. Continuous monitoring is maintained through routine site inspections, regulatory tracking, and quarterly risk reviews, with no material alterations to risk assessment processes relative to the prior Reporting Period.

Concerning climate-related opportunities, the Group identifies and appraises potential benefits such as energy-saving upgrades and green project tenders through regular business and sustainability reviews. Formal climate scenario analysis has not yet been applied to evaluate such opportunities.

All procedures for climate risk and opportunity identification, assessment, prioritisation, and monitoring are fully embedded within the Group's enterprise-wide risk management framework. All outputs from climate risk and opportunity evaluations are presented to senior management and the Board, informing the Group's comprehensive corporate risk assessment and strategic decision-making processes.

The Group has not implemented formal climate-related scenario analysis to support risk and opportunity identification during the current Reporting Period. The Group intends to develop a suite of IPCC and Paris Agreement-aligned scenario analysis frameworks and incorporate relevant assessment outputs into annual strategic reviews in subsequent reporting cycles.

***Metrics and Targets***

The Group's assets exposed to climate transition risks and physical risks mainly comprise construction machinery, temporary site installations and project inventories. Given asset values fluctuate constantly alongside construction project cycles and all climate risks can be well contained through existing control measures, separate quantitative breakdowns by value and percentage are not provided.

To address climate risks and capture low-carbon business opportunities, the Group allocates capital towards phased renewal of low-emission construction machinery and energy-saving upgrades for construction sites. Such climate-focused capital expenditure accounts for an immaterial portion of the Group's total capital outlay, so standalone breakdown figures are not disclosed separately. All climate-related capital and operational expenses are fully funded by internal operating cash flows, with no reliance on external financing.

In terms of internal climate assessment tools, the Group has not adopted an internal carbon price to guide its decision-making processes covering investment appraisal, project budgeting and climate risk scenario analysis.

Meanwhile, climate-related performance metrics are not yet integrated into the remuneration evaluation system for the Group's directors and senior management.

The Group maintains a set of operational tracking metrics covering all construction sites and projects to measure climate risks and opportunities, including Scope 1 and Scope 2 greenhouse gas emissions generated by construction equipment and site power consumption, on-site fuel and electricity consumption volumes, frequency of site shutdowns triggered by extreme weather, utilisation ratio of low-emission machinery, as well as revenue generated from green construction projects. Among these indicators, the revenue share of low-carbon and green projects serves as the core metric reflecting the Group's alignment with climate-related opportunities. Greenhouse gas data is compiled in accordance with carbon accounting standards tailored to the construction sector, with reference to relevant industry climate disclosure guidance.

As of the end of the Reporting Period, the Group has not rolled out formal quantitative decarbonisation or carbon neutrality targets with clear base years, reduction ratios and target deadlines.

The Group adopts directional qualitative low-carbon management approaches, such as progressive replacement of high-emission construction equipment, continuous energy efficiency optimisation at construction sites and broader adoption of low-carbon construction techniques on new projects. The Group will evaluate the feasibility of developing quantifiable medium and long-term climate targets in future reporting cycles based on business development and data availability.

Since no quantitative emission reduction targets are currently in place, granular disclosures regarding target greenhouse gas coverage, emission scope classification, and absolute or intensity reduction benchmarks are not applicable for the current Reporting Period.

No material assets, production lines or business activities of the Group are exposed to severe climate physical risks or transition risks. The Group's climate-related investments, including the rooftop solar installation at its Hong Kong office, are currently immaterial to the Group's total asset base. Accordingly, quantitative amount and percentage breakdowns of climate-sensitive assets are not separately disclosed. The Group has not developed bespoke sector-specific climate metrics tailored to construction contracting activities for the Reporting Period and will study the feasibility of supplementary industry KPIs in future reporting cycles.

The Group does not apply internal carbon pricing mechanisms in any investment evaluation, procurement pricing or risk analysis processes, and no internal per-tonne carbon cost assessment standard is established within the Group.

At present, the Group does not incorporate any climate or ESG performance indicators into remuneration assessment policies for directors, senior management and frontline employees, with no salary or bonus linkage tied to climate governance outcomes.

Climate-related capital expenditure incurred in the Reporting Period was immaterial to the Group's overall financial position and was fully funded by internal operating cash flows without reliance on external financing.

## SOCIAL – EMPLOYMENT AND LABOUR PRACTICES

### Employment

The Group regards its employees as valuable assets to its business and considers maintaining positive relations with them essential. Accordingly, the Group continually reviews its Human Resources ("**HR**") management system to ensure employees are provided with an equitable and secure working environment.

In establishing the HR management system, the Group exercises due care to ensure compliance with applicable labour laws. These encompass, without limitation, the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong), and the Immigration Ordinance (Chapter 583 of the Laws of Hong Kong).

To ensure employees are apprised of employment terms and HR policies, the Group enters into individual labour contracts with each employee in accordance with applicable labour law in Hong Kong, which specify, amongst other matters, working hours, leave entitlements, remuneration, and other benefits and welfare provisions. Additionally, its Employee Handbook sets forth the house rules employees are required to observe, together with a catalogue of misconduct that may result in dismissal.

The Group maintains steadfast commitment to equality and anti-discrimination across its recruitment, appraisal, and remuneration systems. Standardised interview and evaluation criteria are instituted to ensure that promotion opportunities and salary adjustments are determined solely on the basis of employee qualifications, experience, and performance, unaffected by any irrelevant considerations such as age, gender, marital status, family status, race, skin colour, nationality, religion, political affiliation, or other factors. The Group's Employee Handbook and individual employment contracts articulate clear guidelines concerning recruitment, promotion, compensation, dismissal, working hours, paid leave, rest periods, and employee welfare. The Group also places emphasis on healthy work-life balance, furnishing employees with diverse benefits including paid annual, sick, bereavement/compassionate, marriage, and maternity leave, thereby ensuring they have adequate time to commemorate personal milestones and manage difficult circumstances.

As of 31 March 2026, the Group employed 23 (2025: 33) full-time employees, with a turnover rate of 36% (2025: 61%). During the Reporting Period, a total of 8 (2025: 20) employees departed the Group, of whom turnover rate of entry-level staff was 17% (2025: 24%).

The table below presents the breakdown of the Group's employees by gender and employment category.

| | 2026 | | 2025 | | Trend | |
|---|---|---|---|---|---|---|
| | **Turnover rate** | **Number of employees** | Turnover rate | Number of employees | Turnover rate | Number of employees |
| **Number of employees by gender** | | | | | | |
| Male | **4%** | **7** | 45% | 26 | ↓ | ↓ |
| Female | **30%** | **16** | 15% | 7 | ↑ | ↑ |
| **Number of employees by employment type** | | | | | | |
| Director and senior management | **9%** | **10** | 3% | 9 | ↑ | Stable |
| Middle management | **9%** | **9** | 33% | 9 | ↓ | Stable |
| Entry level | **17%** | **4** | 24% | 16 | ↓ | ↓ |
| **Number of employees by age group** | | | | | | |
| 30 or below | **0%** | **1** | 15% | 0 | ↓ | Stable |
| 31 to 50 | **4%** | **13** | 15% | 18 | ↓ | ↓ |
| 51 or above | **9%** | **9** | 30% | 15 | ↓ | ↓ |
| **Number of employees by geographical region** | | | | | | |
| Hong Kong | **35%** | **23** | 61% | 33 | ↓ | ↓ |

Note: The employee turnover rates are calculated using number of employees leaving employment divided by average number of employees for the year.

The fluctuations in the Group's turnover rate were primarily influenced by the number of projects initiated or completed during the financial year, which could result in significant employee movement based on project statuses.

## Health and Safety

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) is the principal legislation in Hong Kong which provides for the safety and health protection to employees in workplace. In addition, the Group is subject to regulation under Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong). The subsidiary regulations include, among others, the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), Factories and Industrial Undertakings (Lifting Appliance and Lifting Gear) Regulations (Chapter 59J of the Laws of Hong Kong) and Factories and Industrial Undertakings (Protection of Eyes) Regulations (Chapter 59S of the Laws of Hong Kong).

The Group emphasises on occupational health and work safety and provides safety trainings to our staff covering various topics. Due to the nature of business of the Group, risks of accidents or injuries are inherent. As such, the Group has established a safety management system, which has been certified to be in accordance with the requirements of the OHSAS 18001:2007 standards, to provide its employees and subcontractors' employees with a safe and healthy working environment.

The Group organises monthly site-wide safety training seminars at every construction site, alongside regular on-site Tool Box Talk briefings and project-specific targeted safety training sessions. Training topics span chemical spill response, proper use of lifting appliances, temporary accommodation safety, general site compliance and equipment operation risk control. Standard signed attendance records are retained for all training activities to track full participation of frontline personnel across all project sites.

In practice, the Group develops a safety plan for each project, which is communicated to its employees and subcontractors prior to the commencement of works. The safety plan serves to evaluate and identify risks associated with the works and environments of each project, and to devise suitable measures and work procedures for implementation. Additionally, the Group appoints registered safety auditors to perform safety audits on its safety management system on a semi-annual basis, in accordance with the requirements of the Factories and Industrial Undertakings (Safety Management) Regulations.

During the Reporting Period, the Group is pleased that no work-related fatalities have been reported in each of the past three years. No incidents of work injuries had occurred during the year end 31 March 2026 (2025: 0), and the total loss days due to work injuries in the year were 0 (2025: 0) days (including employees of subcontractors). The Group will continue to evaluate the potential cases leading to past work injures and identify corresponding measures to improve work safety environment.

## Development and Training

To enhance its employees' technical competence and work efficiency, the Group delivers diverse training programmes. A training policy is formulated to govern the content of training to be provided. The Group offers various training suited to different working levels, encompassing internal training organised by the HR department and external training arranged by external professional parties. Furthermore, to prevent accidents arising from unprofessional practices or improper conduct by subcontractors, safety training is also extended to subcontractors. To evaluate the effectiveness of the training programme, the Group conducts regular reviews and implements necessary modifications to align the programme with the Group's development objectives. A seasonal training plan is likewise maintained to ensure training is deployed on a regular and effective basis.

During the Reporting Period, the Group provided various training sessions to its employees and employees of subcontractors across multiple areas, including personal and site safety, emergency procedures and accident reporting, tools, machinery and equipment operation, and technical works safety. The Group also provided safety training to employees, both short-term and long-term, at the commencement of projects. The table below sets out the average training hours and percentage of employees trained by gender and employment type.

| | 2026 | | 2025 | | Trend | |
|---|---|---|---|---|---|---|
| | **Percentage of employees trained** | **Average training hours per employee** | Percentage of employees trained | Average training hours per employee | Percentage of employees trained | Average training hours per employee |
| **Gender** | | | | | | |
| Male | **84%** | **2.19** | 88% | 2.50 | ↓ | ↓ |
| Female | **16%** | **3.00** | 12% | 2.50 | ↑ | ↑ |
| **Employment type** | | | | | | |
| Director and senior management | **0%** | **–** | 0% | 0.00 | Stable | Stable |
| Middle management | **0%** | **–** | 44% | 2.50 | ↓ | ↓ |
| Entry level | **100%** | **2.32** | 56% | 2.50 | ↑ | ↓ |

Note:

1. We have updated the formula of percentage of employees trained according to HKEx Reporting Guide. The percentage of employees trained is calculated using number of trained employees in the specified category divided by number of trained employees at the end of the Reporting Period.

2. Average training hours per employee are calculated using total training hours divided by number of trained employees for the year.

## Labour Standards

The Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong) and Employment of Young Persons (Industry) Regulations (Chapter 57C of the Laws of Hong Kong) are the major legislations which stipulate the prohibition of employment of children and young persons. It is the Group's policy to restrict hiring of any person under 18 years of age, and any kind of forced labour. With this regard, the Group requires HR personnel to perform adequate background check on job applicants, including verification of identity and age, to ensure candidates are both physically and conditionally to be legally hired. Employees are also welcomed to report any doubts and difficulties encountered to the direct supervisor or management. If any forms of forced or child labour are identified, the Group will take corrective actions immediately, such as discharge the child labour, report to local labour bureau and investigate the causes improper events. During the Reporting Period, the Group was not aware of any case of non-compliance with the laws and regulations that has a significant impact on the Group in relation to labour standards.

## SOCIAL – OPERATING PRACTICES

### Supply Chain Management

The Group recognises the significance of supply chain management, given that collaboration with suppliers and subcontractors is commonplace in the construction industry. The Group strives to engage suppliers and subcontractors who share comparable values and maintain high standards of business ethics, quality-safety-environment management, and labour management. Consequently, the Group places considerable emphasis on the suppliers and subcontractors' engagement process.

In general, the Group assesses its suppliers and subcontractors based on their job references, technical submissions, skills and techniques, prevailing market prices, and reputation. With regard to the proper management of environmental and social risks along its supply chain, the Group gives precedence to prospective and existing suppliers and subcontractors who have established comprehensive certified environmental, health and safety, labour management, and quality management systems (e.g. ISO 9001 and ISO 14001) and/or are able to provide environmentally-friendly materials where applicable, so as to reduce adverse impacts on the environment and society. Selected new suppliers and subcontractors are recorded on an internally approved list, with details of materials or services provided, which are subject to continuous review and updating.

The Group also conducts periodic evaluations of suppliers and subcontractors' performance in areas such as timeliness of delivery, order fulfilment, and materials quality. Where poor performance is identified, corrective actions are requested. Should no improvements be forthcoming within 12 months, the suppliers and subcontractors in question will be delisted. Approved suppliers and subcontractors remain valid for a maximum of 3 years, after which they must re-compete, provided they remain in good standing.

The Group also believes in cultivating strong relationships with its suppliers to ensure seamless coordination and collaboration. Open channels of communication enable the Group to understand each party's needs, share information, address challenges, and capitalise on opportunities. The Group actively engages with its suppliers to establish clear expectations, promote transparency, and drive continuous improvement.

As of 31 March 2026, the Group had over 911 (2025: 909) suppliers and subcontractors, covering regions such as Hong Kong, Mainland China, Estonia, Italy, and the United Kingdom, affording the flexibility by engage alternative suppliers and subcontractors for various materials and services.

## Product Responsibility

The Group considers a robust quality control system fundamental to its success. To ensure adherence to customer specifications and requirements, a quality management system was established with clear procedures for management system planning, support operations, and performance evaluation. This quality management system was accredited as conforming to the requirements of the ISO 9001 standards.

During project execution, the Group's project team conducts inspection and supervision, and examines quality in accordance with a planned audit schedule encompassing the following:

- Matters arising from the previous audit, including discharge of non-conformities
- Quality system documentation
- Communications, filing and document control
- Design control (including input, output, change and verification procedures)
- Construction and installation control (including inspection, testing and material inventory control procedures)
- Feedback, complaints and corrective action
- Support services including software, purchasing, deliverables, and information systems
- Staff training includes understanding of the project quality plan
- The use of statistical analysis

For projects in which the Group acts as main contractor, the works are also examined and certified by a third-party consulting company nominated by its customers. To properly address customer feedback during the construction stage and defect liability period, the project teams have established a set of management procedures for handling customer enquiries, feedback and complaints. Upon receipt of customer feedback, the Group reviews and investigates the issues, coordinates rectification work of defects with subcontractors where necessary, and verifies completion of the work with the customers. The project team also identifies root causes, evaluates the need for actions that prevent recurrence, and improves current procedures for continuous improvement. During the Reporting Period, the Group had no products or services subject to recalls for safety and health reasons, and received no customer complaints regarding the provision of products and services.

Recognising the importance of intellectual property rights, the Group endeavours to protect its intellectual property, trademarks and copyrights. The Group strictly complies with the Intellectual Property Law of Hong Kong and other applicable laws and regulations relevant to advertising, labelling, and intellectual property rights, so as to safeguard its trademarks from infringement. The Group has also installed appropriate IT security software such as firewalls and anti-virus solutions to prevent accidental leakage of confidential information. Employees are prohibited from installing illegal or unauthorised IT software on their computers, so as to avoid infringement of intellectual property rights.

Upholding the highest standards in protecting customer data privacy, the Group's operations strictly abide by the Personal Data (Privacy) Ordinance of Hong Kong. The Group maintains customer information in confidence and has formulated a series of internal policies setting forth privacy and confidentiality requirements. A hierarchical authorisation management system has been established to grant different personnel different permissions, thereby ensuring access to customers' confidential information is restricted to relevant personnel. In addition, the Group has formulated internal policies regulating the approaches adopted to collect and store customer data and information. All employees are required to stringently comply with all internal guidelines relating to the collection, handling, transferring, storage, and disposal of customers' personal information.

### Anti-corruptions

The Group requires all staff to uphold high standards of ethical practice. Any form of corruption, bribery or fraud is strictly prohibited.

To ensure all employees conduct themselves ethically, the Group has developed the Employee Handbook and the Code of Ethics, which set out guidelines in areas such as anti-corruption and anti-bribery. Codes of conduct are also clearly stated in the Group's Employee Handbook to heighten employee awareness when encountering sensitive information and situations in the course of business. The Group requires its employees to consider ethical implications before accepting any benefits from external parties, and to declare any incidents that may constitute a conflict of interest.

A whistleblowing policy has also been established to enable employees to report any observed misconduct or malpractice. All employees or parties dealing with the Group are welcome to raise concerns, in confidence, with the Audit Committee regarding possible improprieties in any matter related to the Group.

To foster awareness of integrity within the Group, anti-corruption trainings and leaflets are provided to the Board and all employees on an ongoing basis. During the Reporting Period, no legal cases regarding corrupt practices were brought against the Group or its employees, and the Group was not aware of any instances of non-compliance with laws and regulations that would have a significant impact on the Group in relation to corruption, bribery or fraud.

## SOCIAL – COMMUNITY

### Community Investment

Given the nature of its business, the Group recognises that its contract works may occasionally cause disturbances within the community. The Group takes community interests into account when conducting business and has dedicated its focus to contributing to environmental protection, labour needs and health. It is the Group's earnest desire to minimise the negative impact of its operational activities on the community. To address potential community disturbances, the Group adopts a proactive approach. It conducts thorough assessments and evaluations to identify and mitigate any negative impacts that may arise from its operational activities. This includes careful consideration of potential noise, traffic and other disruptions that its projects may generate, and taking necessary measures to minimise these impacts.

The Group remains attentive to community needs and endeavours to contribute to the community by participating in and sponsoring community activities. Going forward, the Group will continue to foster a culture of active participation in community services, and encourage and support employees to engage in volunteer services during their leisure time to make contributions to society.

## ESG INDEX

| Material Aspect<br>A. Environmental | Content | Section Reference |
|---|---|---|
| **Aspect A1: Emissions** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | • Environmental Protection |
| KPI A1.1 | The types of emissions and respective emissions data. | • Emissions |
| KPI A1.2 | Greenhouse gas emissions in total and, where appropriate, intensity. | • Emissions |
| KPI A1.3 | Total hazardous waste produced and, where appropriate, intensity. | • Waste |
| KPI A1.4 | Total non-hazardous waste produced and, where appropriate, intensity. | • Waste |
| KPI A1.5 | Description of measures to mitigate emissions and results achieved. | • Emissions |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | • Waste |
| **Aspect A2: Use of Resources** | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | • Use of Resources |
| KPI A2.1 | Direct and/or indirect energy consumption by type in total and intensity. | • Use of Resources |
| KPI A2.2 | Water consumption in total and intensity. | • Use of Resources |
| KPI A2.3 | Description of energy use efficiency initiatives and results achieved. | • Use of Resources |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | • Use of Resources |
| KPI A2.5 | Total packaging material used for finished products and, if applicable, with reference to per unit produced. | • Not Relevant to the Group |
| **Aspect A3: The Environment and Natural Resources** | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | • The Environment and Natural Resources |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | • Environmental Protection |

| Material Aspect<br>A. Environmental | Content | Section Reference |
|---|---|---|
| **Aspect A4: Climate Change** | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | • Climate Change |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | • Climate Change |
| **B. Social** | | |
| **Aspect B1: Employment** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | • Employment |
| KPI A1.1 | The types of emissions and respective emissions data. | • Emissions |
| KPI B1.1 | Total workforce by gender, employment type, age group and geographical region. | • Employment |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | • Employment |
| **Aspect B2: Health and Safety** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | • Health and Safety |
| KPI B2.1 | Number and rate of work-related fatalities. | • Health and Safety |
| KPI B2.2 | Lost days due to work injury. | • Health and Safety |
| KPI B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | • Health and Safety |
| **Aspect B3: Development and Training** | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | • Development and Training |
| KPI B3.1 | The percentage of employees trained by gender and employee category. | • Development and Training |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | • Development and Training |

| Material Aspect B. Social | Content | Section Reference |
|---|---|---|
| **Aspect B4: Labour Standards** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | • Labour Standards |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | • Labour Standards |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | • Labour Standards |
| **Aspect B5: Supply Chain Management** | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | • Supply Chain Management |
| KPI B5.1 | Number of suppliers by geographical region. | • Supply Chain Management |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | • Supply Chain Management |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | • Supply Chain Management |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | • Supply Chain Management |

| Material Aspect<br>B. Social | Content | Section Reference |
|---|---|---|
| **Aspect B6: Product Responsibility** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | • Product Responsibility |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | • Product Responsibility |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | • Product Responsibility |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | • Product Responsibility |
| KPI B6.4 | Description of quality assurance process and recall procedures. | • Product Responsibility |
| KPI B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | • Product Responsibility |
| **Aspect B7: Anti-corruption** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | • Anti-corruption |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | • Anti-corruption |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | • Anti-corruption |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | • Anti-corruption |
| **Aspect B8: Community Investment** | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | • Community Investment |
| KPI B8.1 | Focus areas of contribution. | • Community Investment |
| KPI B8.2 | Resources contributed to the focus area. | • Community Investment |

| Material Aspect | Content | Section Reference |
|---|---|---|
| **D. Climate-related Disclosures** | | |
| **Aspect: Governance** | | |
| 19 | An issuer shall disclose information about:<br>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of 11 climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:<br>(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;<br>(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;<br>(iii) how the body(s) or individual(s) takes into account climate related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;<br>(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and | • Governance Structure |
| | (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. | • Governance Structure |

| Material Aspect | Content | Section Reference |
|---|---|---|
| **D. Climate-related Disclosures** | | |
| **Aspect: Strategy** | | |
| 20 | An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall | • Climate Change |
| | (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; | |
| | (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; | • Climate Change |
| | (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and | • Climate Change |
| | (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making | • Climate Change |
| 21 | An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: | • Climate Change |
| | (a) a description of the current and anticipated effects of climate related risks and opportunities on the issuer's business model and value chain; and | |
| | (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). | • Climate Change |

| Material Aspect | Content | Section Reference |
|---|---|---|
| D. Climate-related Disclosures | | |
| 22 | An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:<br>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:<br>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate related risks and opportunities;<br>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);<br>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and<br>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and | • Climate Change |
| | (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). | • Climate Change |
| 23 | An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a). | • Climate Change |
| 24 | An issuer shall disclose qualitative and quantitative information about:<br>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and | • Climate Change |
| | (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. | • Climate Change |

| Material Aspect | Content | Section Reference |
|---|---|---|
| **D. Climate-related Disclosures** | | |
| 25 | The issuer shall provide qualitative and quantitative disclosures about:<br>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:<br>(i) its investment and disposal plans; and<br>(ii) its planned sources of funding to implement its strategy; and | • Climate Change |
| | (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. | • Climate Change |
| 26 | An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:<br>(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:<br>(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;<br>(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and<br>(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; | • Climate Change |

| Material Aspect | Content | Section Reference |
|---|---|---|
| D. Climate-related Disclosures | | |
| | (b) how and when the climate-related scenario analysis was carried out, including:<br>(i) information about the inputs used, including:<br>(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;<br>(2) whether the analysis included a diverse range of climate related scenarios;<br>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;<br>(4) whether the issuer used, among its scenarios, a climate related scenario aligned with the latest international agreement on climate change;<br>(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate related changes, developments or uncertainties;<br>(6) time horizons the issuer used in the analysis; and<br>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);<br>(ii) the key assumptions the issuer made in the analysis; and<br>(iii) the reporting period in which the climate-related scenario analysis was carried out. | • Climate Change |

| Material Aspect | Content | Section Reference |
|---|---|---|
| **D. Climate-related Disclosures** | | |
| **Aspect: Risk Management** | | |
| 27 | An issuer shall disclose information about: | • Climate Change |
| | (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:<br>(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);<br>(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;<br>(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);<br>(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;<br>(v) how the issuer monitors climate-related risks; and<br>(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; | |
| | (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and | • Climate Change |
| | (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. | • Climate Change |

| Material Aspect | Content | Section Reference |
|---|---|---|
| **D. Climate-related Disclosures** | | |
| **Aspect: Metrics and Targets** | | |
| 28 | An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of $CO_2$ equivalent, classified as: | • Emissions |
| | (a) Scope 1 greenhouse gas emissions; | |
| | (b) Scope 2 greenhouse gas emissions; and | • Emissions |
| | (c) Scope 3 greenhouse gas emissions. | • Emissions |
| 29 | An issuer shall: | • Emissions |
| | (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; | |
| | (b) disclose the approach it uses to measure its greenhouse gas emissions including:<br>(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;<br>(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and<br>(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; | • Emissions |
| | (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and | • Emissions |
| | (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). | • Emissions |

| Material Aspect | Content | Section Reference |
|---|---|---|
| **D. Climate-related Disclosures** | | |
| 30 | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks. | • Climate Change |
| 31 | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks. | • Climate Change |
| 32 | An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities. | • Climate Change |
| 33 | An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. | • Climate Change |
| 34 | An issuer shall disclose:<br>(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and | • Climate Change |
| | (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. | • Climate Change |
| 35 | An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv). | • Climate Change |
| 36 | An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks. | • N/A |

| Material Aspect | Content | Section Reference |
|---|---|---|
| **D. Climate-related Disclosures** | | |
| 37 | An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: | • Climate Change |
| | (a) the metric used to set the target; | |
| | (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); | • Climate Change |
| | (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); | • Climate Change |
| | (d) the period over which the target applies; | • Climate Change |
| | (e) the base period from which progress is measured; | • Climate Change |
| | (f) milestones or interim targets (if any); | • Climate Change |
| | (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and | • Climate Change |
| | (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. | • Climate Change |
| 38 | An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: | • Climate Change |
| | (a) whether the target and the methodology for setting the target has been validated by a third party; | |
| | (b) the issuer's processes for reviewing the target; | • Climate Change |
| | (c) the metrics used to monitor progress towards reaching the target; and | • Climate Change |
| | (d) any revisions to the target and an explanation for those revisions. | • Climate Change |
| 39 | An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance. | • Climate Change |

| Material Aspect | Content | Section Reference |
|---|---|---|
| **D. Climate-related Disclosures** | | |
| 40 | For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:<br>(a) which greenhouse gases are covered by the target; | • Climate Change |
| | (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; | • Climate Change |
| | (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; | • Climate Change |
| | (d) whether the target was derived using a sectoral decarbonisation approach; and | • Climate Change |
| | (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:<br>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;<br>(ii) which third-party scheme(s) will verify or certify the carbon credits;<br>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and<br>(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). | • Climate Change |
| 41 | In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider (i) the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry based metrics (see paragraph 36). | • Refer to responses for paragraphs 28 to 35 and 36 for more details. |

# Independent Auditor's Report

CCTH CPA LIMITED
中正天恆會計師有限公司

TO THE MEMBERS OF
**RONGZUN INTERNATIONAL HOLDINGS GROUP LIMITED**
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Rongzun International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 95 to 153, which comprise the consolidated statement of financial position of the Group as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated statement of financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2025 were audited by another auditor who expressed an unmodified opinion on those statements on 27 June 2025.

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

## KEY AUDIT MATTER (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment assessment of trade receivables and contract assets*** | |
| We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated statement of financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables and contract assets at the end of the reporting period.<br><br>As set out in notes 18 and 19 to the consolidated financial statements, the carrying amounts of the Group's trade receivables and contract assets amounting to approximately HK$19,220,000, in aggregate, which represented approximately 14.3% of total assets of the Group, as at 31 March 2026.<br><br>As disclosed in notes 4 and 33 to the consolidated financial statements, the management of the Group performs impairment assessment on individual debtor basis to estimate the amount of lifetime ECL of trade receivables and contract assets based on internal credit ratings which are assigned with reference to the external credit rating (if available) and calculated ECL rates with adjustment for forward-looking information which are estimated based on external sources of data and background of respective debtors.<br><br>As disclosed in note 33 to the consolidated financial statements, an impairment of HK$87,000 and HK$207,000 in respect of trade receivables and contract assets respectively were recognised as at 31 March 2026. | Our procedures in relation to impairment assessment of trade receivables and contract assets included:<br><br>• Understanding the procedures on how the management assigns internal credit ratings on trade receivables and contract assets and calculates the ECL rates;<br><br>• Assessing management's basis and judgement in assigning the internal credit rating on each trade receivable and contract asset balance with reference to the external credit rating (if available) and background of respective debtors as at 31 March 2026; and<br><br>• Testing the calculations of ECL rates with adjustment for forward-looking information by checking to the external sources of data used in the calculations to see if the data is appropriately and consistently applied in the ECL model. |

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**CCTH CPA Limited**
*Certified Public Accountants*
Hong Kong, 30 June 2026

**Lam Man Chi**
Practising certificate number: P05324

Unit 1510-1517, 15/F, Tower 2,
Kowloon Commerce Centre,
No. 51 Kwai Cheong Road, Kwai Chung,
New Territories, Hong Kong

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2026

| | NOTES | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|---|
| Revenue | 5 & 6 | **82,667** | 88,375 |
| Direct costs | | **(99,367)** | (84,199) |
| Gross (loss)/profit | | **(16,700)** | 4,176 |
| Other income | 7 | **1,410** | 1,836 |
| Other gains and losses, net | 7 | **(20)** | 138 |
| Reversal of impairment losses under expected credit loss model, net | 33 | **373** | 854 |
| Administrative expenses | | **(19,116)** | (16,546) |
| Finance cost | 8 | **(14)** | (3) |
| Loss before tax | 10 | **(34,067)** | (9,545) |
| Income tax expense | 9 | **–** | – |
| Loss for the year | | **(34,067)** | (9,545) |
| **Other comprehensive expense for the year** | | | |
| *Item that will not be reclassified to profit or loss:* | | | |
| Fair value loss on equity instrument at fair value though other comprehensive income | | **–** | (13,000) |
| Total comprehensive expense for the year | | **(34,067)** | (22,545) |
| Loss per share | | | |
| – Basic (HK cents) | 14 | **(5.49)** | (1.54) |

# Consolidated Statement of Financial Position

At 31 March 2026

| | NOTES | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | **673** | 975 |
| Right-of-use asset | 16 | **120** | – |
| Prepayment | 18 | **515** | – |
| Equity instrument designated at fair value through other comprehensive income | 17 | **–** | – |
| Deposits paid | 18 | **–** | 15,917 |
| | | **1,308** | 16,892 |
| **Current assets** | | | |
| Trade and other receivables, deposits and prepayments | 18 | **16,718** | 9,518 |
| Contract assets | 19 | **14,120** | 38,434 |
| Amount due from a related company | 22 | **7,141** | – |
| Restricted bank deposits | 20 | **–** | 2,490 |
| Cash and cash equivalents | 20 | **94,974** | 129,905 |
| | | **132,953** | 180,347 |
| **Current liabilities** | | | |
| Trade and other payables and retention payables | 21 | **28,339** | 30,609 |
| Amount due to a related company | 22 | **–** | 1,943 |
| Lease liability | 16 | **123** | – |
| Deferred income | 23 | **115** | 136 |
| | | **28,577** | 32,688 |
| **Net current assets** | | **104,376** | 147,659 |
| **Net assets** | | **105,684** | 164,551 |
| **Capital and reserves** | | | |
| Share capital | 25 | **6,200** | 6,200 |
| Reserves | | **99,484** | 158,351 |
| **Total equity** | | **105,684** | 164,551 |

The consolidated financial statements on pages 95 to 153 were approved and authorised for issue by the Board of Directors on 30 June 2026 and are signed on its behalf by:

**Dr. Hiroshi Kaneko**
*DIRECTOR*

**Mr. Yiu To Wa**
*DIRECTOR*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2026

| | Share capital HK$'000 | Share premium HK$'000 | Other reserve HK$'000 (Note) | Fair value though other comprehensive income reserve HK$'000 | Retained profits (accumulated losses) HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| Balance at 1 April 2024 | 6,200 | 109,572 | 14,939 | – | 56,385 | 187,096 |
| Loss for the year | – | – | – | – | (9,545) | (9,545) |
| Other comprehensive expense for the year | – | – | – | (13,000) | – | (13,000) |
| Loss and total comprehensive expense for the year | – | – | – | (13,000) | (9,545) | (22,545) |
| Balance at 31 March 2025 | 6,200 | 109,572 | 14,939 | (13,000) | 46,840 | 164,551 |
| Loss for the year | – | – | – | – | (34,067) | (34,067) |
| Dividend paid | – | – | – | – | (24,800) | (24,800) |
| Balance at 31 March 2026 | **6,200** | **109,572** | **14,939** | **(13,000)** | **(12,027)** | **105,684** |

Note: Other reserve mainly represents (i) the excess of the assets acquired and liabilities recognised over the cash consideration arising from acquisitions of 100% of shareholding of Ka Shun Civil Engineering Company Limited ("**Ka Shun Civil Engineering**") and 60% of shareholding of Ka Shun Contractors Limited ("**Ka Shun Contractors**") on 27 October 2015; (ii) the differences between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid arising from acquisitions of a total of additional 49% of shareholding of Ka Construction Company Limited ("**Ka Construction**") and additional 40% of shareholding of Ka Shun Contractors during the years ended 31 March 2016 and 2017; and (iii) the difference between the share capital and share premium of the Company issued, and the share capital of Joy Goal Limited ("**Joy Goal**") exchanged pursuant to the reorganisation, upon completion of which Ka Shun Civil Engineering, Ka Shun Contractors, Ka Construction and Joy Goal became wholly-owned subsidiaries of the Company.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2026

| | **2026** **HK$'000** | 2025 HK$'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Loss before tax | **(34,067)** | (9,545) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **330** | 528 |
| Depreciation of right-of-use asset | **120** | 119 |
| Gain on disposal of property, plant and equipment, net | **(20)** | (137) |
| Interest income | **(1,001)** | (1,790) |
| Reversal of impairment losses under expected credit loss model, net | **(373)** | (854) |
| Finance cost | **14** | 3 |
| Government grant income | **(44)** | – |
| Operating cash flows before movements in working capital | **(35,041)** | (11,676) |
| (Increase) decrease in trade and other receivables, deposits, prepayments | **(7,342)** | 21,443 |
| Decrease in contract assets | **24,314** | 15,061 |
| Decrease in trade and other payables and retention payables | **(2,270)** | (29,056) |
| Decrease in contract liabilities | **–** | (30) |
| Increase in deferred income | **23** | 63 |
| Decrease in amount due to a related company | **333** | – |
| NET CASH USED IN OPERATING ACTIVITIES | **(19,983)** | (4,195) |
| INVESTING ACTIVITIES | | |
| Placement of bank deposits | **–** | (13,132) |
| Withdrawal of bank deposits | **–** | 13,132 |
| Withdrawal of restricted bank deposits | **2,490** | 24,199 |
| Purchases of property, plant and equipment | **(168)** | (195) |
| Deposit placed for potential acquisition of land use rights | **6,500** | (6,500) |
| Placement of escrow deposit for a potential investment | **–** | (9,417) |
| Interest received | **1,001** | 1,790 |
| Proceeds from disposal of property, plant and equipment | **160** | 400 |
| NET CASH FROM INVESTING ACTIVITIES | **9,983** | 10,277 |
| FINANCING ACTIVITIES | | |
| Finance cost paid | **(14)** | (3) |
| Dividend paid | **(24,800)** | – |
| Repayment of lease liability | **(117)** | (123) |
| CASH USED IN FINANCING ACTIVITIES | **(24,931)** | (126) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | **(34,931)** | 5,956 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | **129,905** | 123,949 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | | |
| Represented by cash and cash equivalents | **94,974** | 129,905 |

## 1. GENERAL INFORMATION

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

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

In the opinion of the directors of the Company, the ultimate controlling party of the Group is Mr. Yang Jingyao starting from 30 March 2026. Since Kyosei Technology Inc., a company incorporated in the British Virgin Islands ("**BVI**") ceased to be immediate and ultimate holding company of the Company from 11 September 2023 to 30 March 2026, the ultimate controlling party of the Group was Mr. Kenichi Yanase ("**Mr. Kenichi**").

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 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 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. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

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

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to HKAS 21 | Translation to Hyperinflationary Presentation currency[3] |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[2] |
| Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-dependent Electricity[2] |
| Amendments to HKFRS 1, HKFRS 7, HKFRS9, HKFRS 10 and HKAS 7 | HKFRS Accounting Standards – Volume 11[2] |
| HKFRS 18 | Presentation and Disclosure in Financial Statements[3] |
| HKFRS 19 and its amendments | Subsidiaries without Public Accountability: Disclosures[3] |
| Amendments to Hong Kong Interpretation 5 | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of the 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, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, 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 improves 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 standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### 3.2 Material accounting policy information

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

***Revenue from contracts with customers***

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Revenue from contracts with customers (continued)***

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is conditional on the Group's future performance or billing milestones, such as obtaining customer/surveyor certification of completed works or the expiry of the defect liability period (for retention monies), before the right to payment becomes unconditional. It is assessed for impairment in accordance with HKFRS 9 "Financial Instruments". In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

*Warranties*

If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e. service-type warranties).

***Property, plant and equipment***

Property, plant and equipment that are held for use in the production or supply of goods or services, or for administrative purpose. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Property, plant and equipment (continued)***

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

***Financial instruments***

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

*Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Financial instruments (continued)***

*Financial assets (continued)*

Classification and subsequent measurement of financial assets (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("**FVTOCI**") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instrument designated at FVTOCI

Investment in equity instrument designated at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investment, and is transferred to retained profits.

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 "Financial Instruments"

The Group performs impairment assessment under expected credit loss ("**ECL**") on financial assets (including trade and other receivables, restricted bank deposits and cash and cash equivalents) and other item (contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Financial instruments (continued)***

*Financial assets (continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 "Financial Instruments" (continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when a financial asset or a contract asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Financial instruments (continued)***

*Financial assets (continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 "Financial Instruments" (continued)

A financial asset or a contract asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset or a contract asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the counterparty;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The Group writes off a financial asset or a contract asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any subsequent recoveries are recognised in profit or loss.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

*Derecognition of financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Financial instruments (continued)***

*Derecognition of financial assets (continued)*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is continues to be held in the FVTOCI reserve.

***Financial liabilities and equity***

*Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities at amortised cost*

Financial liabilities including trade, retention and other payables and amount due to a related company are subsequently measured at amortised cost, using the effective interest method.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Employee benefits***

*Retirement benefits costs*

Payments to the Mandatory Provident Fund Scheme (the "**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

For long service payment ("**LSP**") obligation, the Group accounts for the employer Mandatory Provident Fund ("**MPF**") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of paragraph 93(a) of HKAS 19 "Employee Benefits" and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

*Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards require or permit the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave) after deducting any amount already paid.

***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Taxation (continued)***

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relates to items that are recognised in OCI or directly in equity, in which case, the current and deferred tax is also recognised in OCI or directly in equity respectively.

***Foreign currencies***

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

***Cash and cash equivalents***

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Cash and cash equivalents (continued)***

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

***Government grants***

Government grants, which mainly represent amounts received from central and local governments in connection with the Company's investments in local business districts and contributions to technology development, are recognised as income in other income, net or as a reduction of specific costs and expenses for which the grants are intended to compensate. Such amounts are recognised in the consolidated statement of profit or loss upon receipt and when all conditions attached to the grants are fulfilled.

Government grants related to assets are recognised as a reduction of the carrying amount of the related asset when all conditions attached to the grants are fulfilled and are recognised in the consolidated income statements as a reduction of related depreciation or amortisation expense over the estimated useful live of the related asset on a straight-line method.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***Leases***

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

***The Group as a lessee***

(a) *Right-of-use assets*

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

(b) *Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***The Group as a lessee (continued)***

*(c) Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "**lease modifications**").

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

***The Group as a lessee (continued)***

*(c) Lease liabilities (continued)*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and key sources of estimation uncertainty at end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Estimated impairment of trade receivables and contract assets

The management of the Group performs impairment assessment on individual debtor basis to estimate the amount of lifetime ECL of trade receivables and contract assets based on assigned internal credit ratings which are assigned with reference to the external credit rating (if available) and calculated ECL rates with adjustment for forward-looking information which are estimated based on external sources of data and background of respective debtors. At every reporting date, the internal credit ratings are reassessed and changes in the external sources of data are considered in estimation of impairment of trade receivables and contract assets.

The provision of ECL is sensitive to changes in estimates. The information about the ECL is disclosed in note 33.

As at 31 March 2026, the carrying amounts of the Group's trade receivables and contract assets were HK$5,100,000 (2025: HK$2,526,000) and HK$14,120,000 (2025: HK$38,434,000), respectively, including allowance of credit losses for the Group's trade receivables of HK$87,000 (2025: HK$24,000) and the Group's contract assets of HK$207,000 (2025: HK$643,000).

## 5. REVENUE

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

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

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Contract revenue from provision of services on alteration and addition works | **33,142** | 47,350 |
| Contract revenue from provision of services on civil engineering works | **49,525** | 41,025 |
| | **82,667** | 88,375 |

## 5. REVENUE (continued)

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

Included in the Group's revenue during the year is contract revenue of approximately HK$20,204,000 (2025: HK$18,217,000) derived from provision of services on alteration and addition works to customers in public sector. Other revenue is derived from provision of services on alteration and addition works and civil engineering works to customers in private sector.

### (ii) Performance obligations for contracts with customers and revenue recognition policies

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

Revenue from provision of services on alteration and addition works and civil engineering works is therefore recognised over time using output method, i.e. based on surveys of alteration and addition works and civil engineering works completed by the Group to date as certified by architects, surveyors or other representatives appointed by the customers or estimated with reference to the progress payment application submitted by the Group to the customers in relation to the works completed by the Group that best depicts the Group's performance in transferring control of services.

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

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

## 5. REVENUE (continued)

### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Provision of services on alternation and addition works | **29,731** | 22,435 |
| Provision of services on civil engineering works | **–** | 2,085 |
| | **29,731** | 24,520 |

And, the above are expected to be recognised as revenue in the following years:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Within one year | **16,333** | 19,704 |
| More than one year but not more than two years | **13,398** | 4,816 |
| | **29,731** | 24,520 |

## 6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "**CODM**"), which is also the chief executive (the "**Chief Executive**") of the Company, in order for CODM to allocate resources and assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group's reporting and operating segments under HKFRS 8 "Operating Segments" are as follows:

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

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

## 6. SEGMENT INFORMATION (continued)

### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

***For the year ended 31 March 2026***

| | Alteration and addition works HK$'000 | Civil engineering works HK$'000 | Total HK$'000 |
|---|---|---|---|
| Segment revenue – external | **33,142** | **49,525** | **82,667** |
| Segment results | **691** | **(17,018)** | **(16,327)** |
| Other income and other gains and losses, net | | | **1,390** |
| Administrative expenses | | | **(19,116)** |
| Finance cost | | | **(14)** |
| Loss before tax | | | **(34,067)** |

***For the year ended 31 March 2025***

| | Alteration and addition works HK$'000 | Civil engineering works HK$'000 | Total HK$'000 |
|---|---|---|---|
| Segment revenue – external | 47,350 | 41,025 | 88,375 |
| Segment results | (11,500) | 16,530 | 5,030 |
| Other income and other gains and losses, net | | | 1,974 |
| Administrative expenses | | | (16,546) |
| Finance cost | | | (3) |
| Loss before tax | | | (9,545) |

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

## 6. SEGMENT INFORMATION (continued)

### Other segment information

Amounts included in the measures of segment results:

| | 2026 HK$'000 | 2025 HK$'000 |
|---|---|---|
| Depreciation of property, plant and equipment and right-of-use assets: | | |
| – Provision of services on alteration and addition works | **424** | 406 |
| – Provision of services on civil engineering works | **26** | 241 |
| | **450** | 647 |
| Reversal of impairment losses under expected credit loss model, net: | | |
| – Alteration and addition works | **(202)** | (710) |
| – Civil engineering works | **(171)** | (144) |
| | **(373)** | (854) |

### Entity-wide information

***Geographical information***

The Group's operations are located in Hong Kong. The geographical location of the Group's non-current assets is situated in Hong Kong.

All of the Group's revenue from external customers is attributable to the group entities' place of domicile (i.e. Hong Kong).

***Information about major customers***

Revenue from customers individually contributing over 10% of the total revenue of the Group are as follows:

| | 2026 HK$'000 | 2025 HK$'000 |
|---|---|---|
| Provision of services on alteration and addition works: | | |
| – Customer A | **20,066** | 17,551 |
| – Customer B | **–** | 15,957 |
| – Customer C | **–** | 11,882 |
| – Customer D | **8,273** | – |
| Provision of services on civil engineering works: | | |
| – Customer E | ***N/A** | 38,134 |
| – Customer F | **40,566** | – |

* The revenue from these customers was less than 10% of the Group's revenue in the relevant year.

## 7. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| Other income: | | |
| Interest income | **1,001** | 1,790 |
| Government grants | | |
| – Recognised directly in profit or loss (i) | **5** | – |
| – Realisation of deferred income (Note 23) | **44** | 37 |
| Others | **360** | 9 |
| | **1,410** | 1,836 |
| Other gains and losses, net: | | |
| (Loss) gain on disposal of property, plant and equipment, net | **(20)** | 137 |
| Others | **–** | 1 |
| | **(20)** | 138 |

(i) Various grants and subsidies were provided by the Hong Kong government authorities to the Group during the years ended 31 March 2026 and 2025. There are no unfulfilled conditions or contingencies relating to these government grants.

## 8. FINANCE COST

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| Interest on lease liability | **14** | 3 |

## 9. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2,000,000 of assessable profits of the qualifying corporations in the Group are taxed at 8.25%, and assessable profits above HK$2 million are taxed at 16.5%. The assessable profits of corporations in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No Hong Kong Profits Tax is provided on profits arising in Hong Kong as there is no assessable profits for both years.

The income tax expense for the year can be reconciled to the loss before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

| | **2026<br>HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Loss before tax | **(34,067)** | (9,545) |
| Tax at applicable statutory tax rate of 16.5% (2025: 16.5%) | **(5,621)** | (1,575) |
| Tax effect of income not taxable for tax purpose | **(234)** | (434) |
| Tax effect of expenses not deductible for tax purpose | **64** | 826 |
| Tax effect of tax losses not recognised | **5,818** | 3,104 |
| Utilisation of tax losses not recognised | **(27)** | (1,954) |
| Others | **–** | 33 |
| Income tax expense for the year | **–** | – |

## 10. LOSS BEFORE TAX

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| Loss before tax has been arrived at after charging: | | |
| Staff costs (including directors' emoluments as disclosed in note 12): | | |
| – Salaries and other benefits | **17,662** | 22,091 |
| – Discretionary bonus* | **1,065** | 2,520 |
| – Retirement benefit scheme contributions | **462** | 588 |
| | **19,189** | 25,199 |
| Auditor's remuneration: | | |
| – the Company | **600** | 699 |
| – subsidiaries of the Company | **282** | 276 |
| | **882** | 975 |
| Depreciation of property, plant and equipment | **330** | 528 |
| Depreciation of right-of-use asset | **120** | 119 |

* The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group.

## 11. DIVIDENDS

No dividend was proposed during 31 March 2026. On 27 June 2025, a final dividend of HK4.0 cents per ordinary share in respect of the year ended 31 March 2025, in an aggregate amount of HK$24,800,000 were declared and paid to the owners of the Company.

## 12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid to the directors of the Company are as follows:

### Year ended 31 March 2026

| | | Other emoluments | | |
|---|---|---|---|---|
| | Fee HK$'000 | Salaries and other allowance HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
| Executive director: | | | | |
| Dr. Hiroshi Kaneko (Note (a)) | **1,200** | – | – | **1,200** |
| Non-executive directors: | | | | |
| Mr. Wang Xueyan (Note (d)) | **705** | – | – | **705** |
| Ms. Song Ningning (Note (e)) | ***–** | – | – | ***–** |
| Independent non-executive directors: | | | | |
| Mr. Jin Fan (Note (f)) | **180** | – | – | **180** |
| Mr. Sung Ka Woon (Note (f)) | **180** | – | – | **180** |
| Mr. Yiu To Wa (Note (f)) | **180** | – | – | **180** |
| | **2,445** | – | – | **2,445** |

* Amount less than HK$1,000.

## 12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

### Year ended 31 March 2025

| | | Other emoluments | | |
|---|---|---|---|---|
| | Fee HK$'000 | Salaries and other allowance HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
| Executive directors: | | | | |
| Dr. Hiroshi Kaneko (Note (a)) | 1,200 | – | – | 1,200 |
| Mr. Wang Shuai (Note (b)) | – | – | – | – |
| Non-executive directors: | | | | |
| Mr. Zhang Yanfeng (Note (c)) | – | – | – | – |
| Mr. Wang Xueyan (Note (d)) | – | – | – | – |
| Ms. Song Ningning (Note (e)) | 35 | – | – | 35 |
| Independent non-executive directors: | | | | |
| Mr. Jin Fan (Note (f)) | 180 | – | – | 180 |
| Mr. Sung Ka Woon (Note (f)) | 180 | – | – | 180 |
| Mr. Yiu To Wa (Note (f)) | 180 | – | – | 180 |
| | 1,775 | – | – | 1,775 |

Notes:

(a) Dr. Hiroshi Kaneko was appointed as an executive director of the Company on 4 December 2023 and Mr. Tang and Mr. Lo resigned as an executive director of the Company on the same date.

(b) Mr. Wang Shuai was appointed as an executive director of the Company on 8 November 2023 and resigned as an executive director of the Company on 10 July 2024.

(c) Mr. Zhang Yanfeng was appointed as chairman and a non-executive director of the Company on 22 December 2023 and resigned as chairman and a non-executive director of the Company on 9 April 2024.

(d) Mr. Wang Xueyan was appointed as chairman and a non-executive director of the Company on 24 September 2024.

(e) Ms. Song Ningning was appointed as a non-executive director of the Company on 19 December 2024.

(f) Mr. Jin Fan, Mr. Sung Ka Woon and Mr. Yiu To Wa were appointed as an independent non-executive director of the Company on 4 December 2023.

## 12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group whereas the emoluments of the above independent non-executive directors were for the services as directors of the Company. The executive directors of the Company are entitled to bonus payments which are determined with reference to individual performance of the relevant directors.

Dr. Hiroshi Kaneko was the Chief Executive of the Company and his emoluments disclosed above include those services rendered by them as the Chief Executive during their tenures.

There was no arrangement under which the directors of the Company or the Chief Executive waived or agreed to waive any emoluments during both years.

## 13. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group for the year ended 31 March 2026 include 1 (2025: 1) director, details of whose emoluments are set out in note 12. Details of the remaining 4 (2025: 4) highest paid individuals are as follows:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Salaries and other allowances | **4,256** | 2,819 |
| Discretionary bonus | **190** | 1,125 |
| Retirement benefit scheme contributions | **54** | 67 |
| | **4,500** | 4,011 |

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group.

The emoluments of the highest paid employees were within the following bands:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Nil to HK$1,000,000 | **1** | 2 |
| HK$1,000,001 to HK$1,500,000 | **3** | 2 |
| | **4** | 4 |

During both years, no emoluments were paid by the Group to any of the directors of the Company, Chief Executive nor the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## 14. LOSS PER SHARE

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

| | **2026** **HK$'000** | 2025 HK$'000 |
|---|---|---|
| Loss for the year attributable to the owners of the Company | **(34,067)** | (9,545) |

| | **Number of shares '000** | Number of shares '000 |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | **620,000** | 620,000 |

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

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Machinery and equipment HK$'000 | Furniture and office equipment HK$'000 | Motor vehicles HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| COST | | | | |
| At 1 April 2024 | 5,363 | 1,173 | 9,401 | 15,937 |
| Addition | 188 | 7 | – | 195 |
| Disposals | – | – | (1,163) | (1,163) |
| At 31 March 2025 | 5,551 | 1,180 | 8,238 | 14,969 |
| Addition | – | – | 168 | 168 |
| Disposals | – | – | (1,270) | (1,270) |
| At 31 March 2026 | **5,551** | **1,180** | **7,136** | **13,867** |
| DEPRECIATION | | | | |
| At 1 April 2024 | 4,859 | 1,101 | 8,406 | 14,366 |
| Provided for the year | 178 | 34 | 316 | 528 |
| Disposals | – | – | (900) | (900) |
| At 31 March 2025 | 5,037 | 1,135 | 7,822 | 13,994 |
| Provided for the year | 174 | 23 | 133 | 330 |
| Disposals | – | – | (1,130) | (1,130) |
| At 31 March 2026 | **5,211** | **1,158** | **6,825** | **13,194** |
| CARRYING VALUES | | | | |
| At 31 March 2026 | **340** | **22** | **311** | **673** |
| At 31 March 2025 | 514 | 45 | 416 | 975 |

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following useful life:

| | |
|---|---|
| Machinery and equipment | 3 – 5 years |
| Furniture and office equipment | 5 years |
| Motor vehicles | 3 – 4 years |

## 16. LEASES

For the year ended 31 March 2026, the Group has lease contract for one office property unit which generally have lease terms of 2 years (2025: 2 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

### (a) Right-of-use asset

The carrying amounts of the Group's right-of-use asset and the movements are as follows:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| At 1 April | **–** | 119 |
| Additions | **240** | – |
| Depreciation | **(120)** | (119) |
| At 31 March | **120** | – |

### (b) Lease liability

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Lease liability payable: | | |
| Within one year | **123** | – |
| Within a period of more than one year but not more than two years | **–** | – |
| | **123** | – |
| Less: Amount due for settlement within 12 months shown under current liabilities | **(123)** | – |
| Amount due for settlement after 12 months shown under non-current liabilities | **–** | – |

The weighted incremental borrowing rates applied to lease liability were 5.50% (2025: 5.88%) per annum during the year ended 31 March 2026.

## 16. LEASES (continued)

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| Expense relating to short-term leases | **126** | 892 |
| Total cash outflow for leases | **140** | 1,018 |
| Additions to right-of-use asset | **240** | – |

During the year ended 31 March 2026 and 2025, the Group leased an office premise for its operations. Lease contract was entered into for fixed term of 2 years.

In addition, lease liability of HK$240,000 (2025: Nil) was recognised with related right-of-use asset of HK$240,000 (2025: Nil) during the year ended 31 March 2025.

## 17. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| Financial asset at FVTOCI:<br>– Unlisted equity security | **–** | – |

On 31 January 2024, a direct wholly-owned subsidiary of the Company (the "**Purchaser**") entered into an equity transfer agreement ("**Equity Transfer Agreement**") with an independent third party (the "**Vendor**") and pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase 5% equity interest in a private company incorporated in BVI (the "**Investee**") where its major asset is an investment in the form of equity capital in a company established in the People's Republic of China and is principally engaged in research and development of the technologies in acellular cartilage matrix which can be applied to surgeries for tackling the disease of cataract (the "**R&D Company**"). The unlisted equity security was acquired at a total consideration of HK$13,000,000 and completed on 31 January 2024. The Vendor also guaranteed the Purchaser in the Equity Transfer Agreement the right to put back the instrument to the Vendor at original consideration of HK$13,000,000 (the "**Put Option**") if the R&D Company cannot obtain the specified license within 10 months from the date of acquisition (the "**Put Option Expiry Date**"). On 20 March 2024, a supplemental agreement was entered into between the Vendor and the Purchaser to further extend the Put Option Expiry Date to 31 December 2025. The Put Option is a separate instrument from the equity instrument designated at FVTOCI and is accounted for a derivative financial instrument measured at FVTPL.

## 17. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (continued)

As at 31 March 2026, there have been no further extensions nor renewals of the Equity Transfer Agreement nor the Put Option. The Put Option therefore expired without exercise, and the directors of the Company concluded that the Vendor has no intention to fulfill its contractual obligations under the Equity Transfer Agreement. Accordingly, the Put Option was derecognised in full during the year ended 31 March 2026.

The directors of the Company are of the view that the unlisted equity security investment is not held for trading and they do not expect that the Group will realise the unlisted equity investment within 12 months after the end of the reporting period. Accordingly, the directors of the Company designated the unlisted equity security at FVTOCI and classified it as a non-current asset in the consolidated statement of financial position as at 31 March 2026 and 2025.

During the year ended 31 March 2025, the R&D Company encountered significant operational funding constraints, adversely impacting its research activities and submission process for obtaining the Third Medical Device Registration License from China's National Medical Products Administration. As of 31 March 2025 and 31 March 2026, despite active efforts by existing shareholders of the R&D Company to secure new funding and investors, no viable funding sources had been identified.

As at 31 March 2026 and 2025, the fair value of the Group's unlisted equity security is based on net asset value of the Investee and its investment. During the year ended 31 March 2025, a fair value decrease of the financial asset of FVTOCI amounting to HK$13,000,000 (2026: nil) was recognised.

The directors of the Company previously considered the fair value of the derivative financial instrument to be insignificant at the date of acquisition and as at 31 March 2025, the condition for exercising the Put Option was satisfied as the specified license was not obtained before the expiry date. However, based on the available information regarding the Vendor's financial position and the Directors' assessment of the likelihood of recovery under the Put Option, the recoverable amount is considered negligible. Accordingly, the fair value of the derivative financial instrument was assessed to be nil as at 31 March 2026.

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

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| Trade receivables (Note (a)) | **5,187** | 2,550 |
| Less: Allowance of credit losses for trade receivables | **(87)** | (24) |
| | **5,100** | 2,526 |
| Other receivables (Note (b)) | **375** | 434 |
| Less: Allowance of credit losses for other receivables | **–** | – |
| | **375** | 434 |
| Advances to sub-contractors and suppliers | **10,390** | 5,149 |
| Prepayments and deposits | **1,368** | 1,409 |
| Deposit paid for potential acquisition of land use rights (Note (c)) | **–** | 6,500 |
| Escrow deposit for a potential investment (Note (d)) | **–** | 9,417 |
| | **17,233** | 25,435 |
| Analysed as: | | |
| Non-current assets | **515** | 15,917 |
| Current assets | **16,718** | 9,518 |
| | **17,233** | 25,435 |

Notes:

(a) As at 1 April 2024, the carrying amount of the Group's trade receivables was HK$26,285,000 and HK$433,000 allowance of credit losses was made.

(b) The other receivables mainly represent interest income receivables and amount due from former shareholder.

(c) During the year ended 31 March 2025, a wholly-owned subsidiary of the Company (the "**Buyer**") entered into a non-binding Memorandum of Understanding ("**MOU**") with an independent third party (the "**Seller**") and a custodian (the "**Custodian**"). The MOU contemplated the potential acquisition by the Buyer of land use rights held by the Seller under a 30-year customary land lease agreement dated 1 October 2023, granted by the Minister of Natural Resources and Environment of the Independent State of Samoa (acting on behalf of beneficial customary landowners). This lease includes an option to renew for a further 30-year term. Pursuant to the MOU, the Buyer paid a refundable deposit of HK$6,500,000 to a designated bank account controlled by the Custodian. This deposit was intended to be offset against the purchase consideration upon signing of the sales and purchase agreement for the acquisition of land use rights.

During the year 31 March 2026, the refundable deposit of HK$6,500,000 was refunded to the Group while the Group decide to terminate the acquisition for the land use rights held by the seller.

## 18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(d) During the year ended 31 March 2025, a wholly-owned subsidiary of the Company (the "**Subsidiary**") entered into an arrangement (the "**Arrangement**") with a company controlled by Dr. Hiroshi Kaneko (the "**Related Company**") for placing a good faith deposit of United States Dollar ("**US$**") 1,295,000 (the "**Good Faith Deposit**"), representing one-tenth of the bidding price in connection with a potential acquisition of assets, assumption of certain liabilities and an option to acquire the casino license held by a liquidating company through a public bidding in Saipan, the capital of Commonwealth of the Northern Mariana Islands ("**CNMI**"). The Subsidiary paid US$1,200,000 (equivalent to approximately HK$9,417,000) to the Related Company and the Related Company paid the Good Faith Deposit to an independent licensed escrow agent which is held in a segregated trust account administered by it as at 31 March 2025.

In addition, under the Arrangement, the Subsidiary can terminate the Arrangement with not less than 1 month notice in writing to the Related Company. The Related Company should refund the Subsidiary's contribution of US$1,200,000 (equivalent to approximately HK$9,417,000) within a commercially reasonable period when the Subsidiary withdraws from the bidder project.

The Related Company was awarded the bid during the year ended 31 March 2025. After consideration of the costs and benefits of the arrangement, the subsidiary terminated the arrangement and the contribution of US$1,200,000 (equivalent to approximately HK$9,417,000) was refunded during the year ended 31 March 2026.

### Trade receivables

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

The Group allows generally a credit period ranging from 30 to 90 days (2025: from 30 to 90 days) to its customers.

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

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| 1 – 30 days | **1,372** | 2,480 |
| 31 – 60 days | **–** | – |
| 61 – 90 days | **179** | 44 |
| Over 90 days | **3,549** | 2 |
| | **5,100** | 2,526 |

At 31 March 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$3,728,000 (2025: HK$46,000) which are past due at the reporting date. Out of the past due balances, approximately HK$179,000 (2025: HK$44,000) has been past due 1 – 90 days and as the counterparty and with satisfactory settlement history, therefore, the directors of the Company consider the respective ECL is not material. The remaining balance of approximately HK$3,549,000 (2025: HK$2,000) at 31 March 2026 had been past due over 90 days, the directors of the Company did not consider these receivables as in default nor credit-impaired as these customers have good business relationships with the Group and recurring overdue records of these customers were supported by satisfactory settlement history. The Group does not hold any collateral over these balances.

Details of the impairment assessment of the Group's trade and other receivables, advances to sub-contractors and suppliers and prepayments and deposits, are set out in note 33.

## 19. CONTRACT ASSETS

The carrying amounts of the Group's contract assets as at 1 April 2024, 31 March 2025 and 31 March 2026 amounted to HK$53,056,000, HK$38,434,000 and HK$14,120,000 (included allowance of credit losses of HK$1,082,000, HK$643,000 and HK$207,000), respectively, represent the Group's rights to considerations from customers for the provision of services on alteration and addition works and civil engineering works, which arise when: (i) the Group completed the relevant services under such contracts but yet certified by architects, surveyors or other representatives appointed by the customers; and (ii) the customers withhold certain certified amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months after completion of the relevant works.

The Group's contract assets are analysed as follows:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Provision of services on alteration and addition works | | |
| – Retention receivables | **3,353** | 9,532 |
| – Others | **8,467** | 18,985 |
| Provision of services on civil engineering works | | |
| – Retention receivables | **2,355** | 5,826 |
| – Others | **152** | 4,734 |
| | **14,327** | 39,077 |
| Less: Allowance of credit losses | **(207)** | (643) |
| | **14,120** | 38,434 |

Changes of contract assets were mainly due to: (1) changes in retention receivables as a result of changes in number of ongoing and completed contracts under the defect liability period; and (2) changes in the size and number of contract works that the relevant services were completed but yet been certified at the end of the reporting period.

## 19. CONTRACT ASSETS (continued)

The Group's contract assets included retention receivables to be settled, based on the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, at the end of the reporting period as follows:

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| Within one year | 2,003 | 10,045 |
| After one year | 3,705 | 5,313 |
| | 5,708 | 15,358 |
| Less: Allowance of credit losses | (50) | (234) |
| | 5,658 | 15,124 |

Details of the impairment assessment of the Group's contract assets are set out in note 33.

## 20. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

As at 31 March 2026, the Group held no restricted bank deposits with an original maturity of more than three months (2025: HK$2,490,000). In the prior year, these deposits carried interest rates ranging from 1.3% to 3.4% per annum. As at 31 March 2026, no restricted bank deposits (2025: HK$2,490,000) was pledged to banks as security for bank facilities granted to the Group, including the issuance of performance bonds.

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments. Included in the Group's cash and cash equivalents as at 31 March 2026 are bank fixed deposits of approximately HK$52,850,000 (2025: HK$37,064,000) and bore interest rates ranging from 1.3% – 3.4% (2025: 1.3% – 3.4%) per annum, the remaining amounts are bank balances carrying interest at prevailing market interest rate at 0.001% (2025: 0.001%) per annum.

Details of the impairment assessment of restricted bank deposits and cash and cash equivalents are set out in note 33.

## 21. TRADE AND OTHER PAYABLES AND RETENTION PAYABLES

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Trade payables | **13,217** | 14,767 |
| Retention payables | **10,205** | 10,522 |
| Staff costs payables | **2,583** | 3,128 |
| Other payables (Note) | **2,334** | 2,192 |
| | **28,339** | 30,609 |

Note: The other payables mainly represent payables in respect of construction industry levy and pneumoconiosis compensation fund board levy, accruals of audit fees and various office expenses.

### Trade payables

The credit period of trade payables granted by the Group's suppliers are usually within 60 days (2025: 60 days).

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

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| 1 – 30 days | **5,302** | 12,504 |
| 31 – 60 days | **1,000** | 1,553 |
| 61 – 90 days | **600** | – |
| Over 90 days | **6,315** | 710 |
| | **13,217** | 14,767 |

## 21. TRADE AND OTHER PAYABLES AND RETENTION PAYABLES (continued)

### Retention payables

Retention payables to sub-contractors of contract works are interest-free and payable by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.

The retention payables are to be settled, based on the expiry of maintenance period, at the end of the reporting period as follows:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| On demand or within one year | **6,657** | 6,472 |
| After one year | **3,548** | 4,050 |
| | **10,205** | 10,522 |

## 22. AMOUNT DUE FROM/(TO) A RELATED COMPANY

Details of amount due to a related company which is unsecured, interest-free and repayable on demand is stated as follows:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Grateful Heart Inc. (Note) | **7,141** | (1,943) |

Note: A director of the Company, Dr. Hiroshi Kaneko, has controlling interests over the related company. The amount represents the corporate expenses settled by the related company on behalf of the Group which is a non-cash transaction.

Details of the impairment assessment of amount due from a related company are set out in note 33.

## 23. DEFERRED INCOME

The amount represented receipt of grants by the Group from local government authority in Hong Kong. The movements in deferred income are as follows:

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| At 1 April | **136** | 73 |
| Advances from government not yet recognized in profit or loss | **23** | 100 |
| Recognised in profit or loss | **(44)** | (37) |
| At 31 March | **115** | 136 |
| Analysed as: | | |
| Current | **115** | 136 |
| Non-current | **–** | – |
| | **115** | 136 |

The deferred income arises as a result of grants received on September 2022 to January 2026 for development of Advanced Construction Technologies ("**ACT**"). The income will be recognised in profit or loss on a straight line basis over the useful life of the related asset for which the grants are intended to compensate.

## 24. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Deferred tax assets | **27** | 123 |
| Deferred tax liabilities | **(27)** | (123) |
| | **–** | – |

The movements in deferred tax assets and liabilities during both years, without taking into account the offsetting of balances within the same tax jurisdiction, are as follows:

| | **Tax losses**<br>HK$'000 | **Accelerated depreciation allowance**<br>HK$'000 | **Total**<br>HK$'000 |
|---|---|---|---|
| At 1 April 2024 | 157 | (157) | – |
| (Charge) credit to profit or loss | (34) | 34 | – |
| At 31 March 2025 | 123 | (123) | – |
| (Charge) credit to profit or loss | (96) | 96 | – |
| At 31 March 2026 | **27** | **(27)** | **–** |

At the end of the reporting period, the Group has unused tax losses of approximately HK$63,517,000 (2025: HK$36,713,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the remaining approximately HK$63,354,000 (2025: HK$35,964,000) due to the unpredictability of future profit streams.

## 25. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

| | Number of shares | Share capital HK$'000 |
|---|---|---|
| Ordinary shares of HK$0.01 each | | |
| **Authorised:** | | |
| As at 1 April 2024, 31 March 2025 and 31 March 2026 | **5,000,000,000** | 50,000 |
| **Issued:** | | |
| As at 1 April 2024, 31 March 2025 and 31 March 2026 | **620,000,000** | 6,200 |

## 26. SHARE OPTION SCHEME

Pursuant to written resolutions passed on 4 April 2019, the Company adopted a share option scheme (the "**Share Option Scheme**"). The Share Option Scheme is valid for a period of 10 years commencing on 4 April 2019. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

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

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

## 26. SHARE OPTION SCHEME (continued)

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

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1.00 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, save that such period shall not be more than ten years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme.

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

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

No option was granted, exercised, cancelled nor lapsed under the Share Option Scheme since its effective date on 4 April 2019 and there was no outstanding share option as at 31 March 2026 (2025: Nil).

## 27. RETIREMENT BENEFIT PLANS

The Group participates in the MPF Scheme for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total costs of approximately HK$462,000 (2025: HK$588,000) charged to profit or loss represents contributions paid or payable to the above scheme by the Group for the year ended 31 March 2026.

## 28. PERFORMANCE GUARANTEES

As at 31 March 2026, the Group had performance bonds of nil (2025: HK$2,490,000) given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the bank to pay to them the sum or sum stipulated in such demand. The Group would become liable to compensate such bank accordingly.

As at 31 March 2026 and 2025, the performance guarantees issued by the bank are granted under the banking facilities of the Group which were secured by the restricted bank deposits as disclosed in note 20 and no personal guarantee given by Mr. Tang Wing Kwok ("**Mr Tang**") (2025: HK$2,490,000), directors of subsidiaries of the Company in favour of the bank.

## 29. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2026, the Group had non-cash additions to right-of-use asset and lease liability of HK$240,000 (2025: HK$ Nil) and HK$123,000 (2025: HK$ Nil) respectively, in respect of lease arrangement for an office premise.

During the financial year, the Group entered into a five-party repayment and debt offset arrangement (the "**Agreement**") dated March 31, 2026, among Grateful Heart Inc. ("**Party A**"), Chiba Investment (CNMI) LLC (a subsidiary of the Company, "**Party B**"), Team King Investment (CNMI), LLC ("**Party C**"), Chiba Investment Limited (the immediate parent company of Party B, "**Party D**"), and the Company ("**Party E**").

Pursuant to the Agreement, Party A voluntarily assumed the repayment obligations of the outstanding receivable originally due from Party C to Party B, which amounted to HK$9,417,000 as at December 31, 2025 (Note 18).

Under this unified settlement mechanism, the assumed receivable was subsequently net-settled against certain intra-group and third-party balances within the Group's scope. The portion of the transaction involving the legal transfer and assumption of the debt did not involve any direct cash inflows or outflows at the Group level, and has therefore been excluded from the primary statement of cash flows as a major non-cash transaction in accordance with HKAS 7.

## 30. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group had the related party transactions in respect of compensation of key management personnel, representing the remuneration of the directors of the Company and senior management of the Group, during the year as below:

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| Short-term benefits | **2,410** | 5,516 |
| Retirement benefit scheme contributions | **36** | 46 |
| | **2,446** | 5,562 |

## 31. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2025 and 2026 are set out below:

| Name of subsidiaries | Date and place of incorporation | Fully paid-up capital | Shareholding attributable to the Company at 31 March 2026 | 2025 | Principal activities |
|---|---|---|---|---|---|
| *Directly held* | | | | | |
| Joy Goal 樂高有限公司 | 8 April 2014 BVI | US$11,315,408 | **100%** | 100% | Investment holding |
| Collaborated Brilliant Power Advanced Co., Ltd. ("**Collaborated Brilliant**") (Note 1) | 9 February 2022 BVI | US$100 | **100%** | 100% | Investment holding |
| Fastpass Corporation | 18 October 2023 BVI | US$1 | **100%** | 100% | Investment holding |
| *Indirectly held* | | | | | |
| Best Century International Holding Ltd. | 9 August 1999 BVI | US$1 | **100%** | 100% | Investment holding |
| Ka Construction 嘉建建築有限公司 | 13 November 1979 Hong Kong | HK$2,600,000 | **100%** | 100% | Civil engineering works |
| Ka Shun Civil Engineering 嘉順土木工程有限公司 | 18 July 1995 Hong Kong | HK$82,219,622 | **100%** | 100% | Alteration and addition works and civil engineering works |
| Ka Shun Contractors 嘉順承造有限公司 | 25 July 2003 Hong Kong | HK$1,000,000 | **100%** | 100% | Alteration and addition works |
| Profit Gather Investment Limited | 30 January 2018 BVI | US$1 | **100%** | 100% | Provision of intra-group administrative services |
| Hong Kong Entertainment Collaborated Innovation Culture Co., Ltd | 25 October 2023 Hong Kong | US$1 | **100%** | 100% | Inactive |

## 31. PARTICULARS OF SUBSIDIARIES (continued)

| Name of subsidiaries | Date and place of incorporation | Fully paid-up capital | Shareholding attributable to the Company at 31 March 2026 | 2025 | Principal activities |
|---|---|---|---|---|---|
| Golden Glimmer Limited | 20 November 2023 BVI | US$1 | **100%** | 100% | Investment holding |
| Chiba Investment Limited | 27 December 2023 Hong Kong | HK$10,000 | **100%** | 100% | Investment holding |
| Chiba Investment (CNMI) LLC (Note 2) | 4 April 2024 CNMI | (Note 2) | **100%** | 100% | Pre-investment activities |
| Wah Euro Global Limited (Note 3) | 17 October 2025 BVI | US$50,000 | **100%** | – | Investment holding |
| Hangzhou Yihe Yuanjie Digital Technology Co., Ltd 杭州一合元界數字科技有限公司 (Note 4) | 18 September 2025 The State Council of the People's Republic of China ("**PRC**") | – | **100%** | – | Information and Transmission, Software Information Technology Services |

Notes:

1. Collaborated Brilliant was acquired by the Company on 9 December 2023 with principal activity of investment holding. The financial impact of the acquisition is immaterial.

2. Chiba Investment (CNMI) LLC is incorporated during the year ended 31 March 2025 without share capital. Its sole member, Chiba Investment Limited, has 100% interest in it.

3. Wah Euro Global Limited is incorporated during the year ended 31 March 2026 without share capital. Its sole member, Collaborated Brilliant Power Advanced Co., Ltd, has 100% interest in it.

4. Hangzhou Yihe Yuanjie Digital Technology Co., Ltd is incorporated during the year ended 31 March 2026 with HK$50,000,000 registered capital which is not yet fully paid-up. Its sole member, Hong Kong Entertainment Collaborated Innovation Culture Co., Ltd, has 100% interest in it.

None of the subsidiaries had issued any debt securities at the end of both years.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group.

## 32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (if any), net of restricted bank deposits, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, other reserve, and retained profits.

The Group is not subject to any externally imposed capital requirements.

The Group's management reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with the capital.

## 33. FINANCIAL INSTRUMENTS

### Categories of financial instruments

| | **2026**<br>**HK$'000** | 2025<br>HK$'000 |
|---|---|---|
| **Financial assets** | | |
| At amortised cost | **107,590** | 135,355 |
| Equity instrument designated at FVTOCI | **–** | – |
| | **107,590** | 135,355 |
| **Financial liabilities** | | |
| At amortised cost | **24,078** | 27,972 |

### Financial risk management objectives and policies

The Group's major financial instruments include equity instrument designated at FVTOCI, restricted bank deposits, cash and cash equivalents, trade and other receivables, trade, retention and other payables and amount due to a related company. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's operations expose it to a number of financial risks: principally interest rate risk, credit risk and liquidity risk. Continuous monitoring of these risks ensures that the Group is protected against any adverse effects of such risks so far as it is possible and foreseeable.

## 33. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

***Interest rate risk***

The Group has minimal exposure to fair value interest rate risk in relation to fixed rate restricted bank deposits.

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate risk exposure and will consider other necessary actions when significant interest rate risk exposure is anticipated.

No sensitivity analysis has been presented as the management of the Group considers that the cash flow interest rate risk in relation to variable-rate bank balances is not significant.

***Credit risk and impairment assessment***

At the end of the reporting period, the carrying amount of the respective recognised financial assets and contract assets as stated in the consolidated statement of financial position best represents the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and contract assets.

*Trade receivables and contract assets arising from contracts with customers*

In order to minimise credit risk, the directors of the Company have monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors of the Company review the recoverable amount of each individual trade debt and contract asset at the end of the reporting period to ensure that adequate impairment losses are made. In this regard, the directors of the Company consider that the Group's ECL is not material.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. The management of the Group performs impairment assessment on individual debtor basis to estimate the amount of lifetime ECL of trade receivables and contract assets based on internal credit ratings and calculated ECL rates with adjustment for forward-looking information which are estimated based on external source of data.

Impairment loss under ECL model of approximately HK$87,000 (2025: HK$24,000) is recognised for the Group's trade receivables and an average loss rate for the Group's trade receivables is approximately 1.7% (2025: 0.9%). Impairment loss under ECL model of approximately HK$207,000 (2025: HK$643,000) is recognised for the Group's contract assets for the year and an average loss rate for the Group's contract assets is approximately 1.4% (2025: 1.6%) as at 31 March 2026.

*Other receivables*

The management of the Group performs impairment assessment on individual debtor basis to estimate the amount of ECL of other receivables based on past due status of respective other receivables and forward-looking information.

As at 31 March 2026, impairment loss under ECL model of approximately nil (2025: HK$6,000) was recognised for other receivables and an average loss rate for the Group's other receivables is approximately nil (2025: 1.2%).

## 33. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

***Credit risk and impairment assessment (continued)***

*Restricted bank deposits and cash and cash equivalents*

The management of the Group assesses that its restricted bank deposits and cash and cash equivalents as at 31 March 2026 and 31 March 2025 are at low credit risk because they are placed with reputable banks with high external credit ratings, and ECL, if any, is insignificant.

*Amount due from a related company*

The management of the Group assesses that the amount due from a related company as at 31 March 2026 are at low credit risk because the outstanding balance has been settlement in May 2026.

For assessment of the ECL of the Group's financial assets and contract assets, the Group's internal credit risk grading assessment comprises following categories:

| Internal credit rating | Description | Trade receivables and contract assets | Other receivables, restricted bank deposits and cash and cash equivalents |
|---|---|---|---|
| Level 1 | The counterparty has great ability of repayment, low risk of default and has no history of impairment loss. | Lifetime ECL- not credit-impaired | 12m ECL |
| Level 2 | The counterparty has good ability of repayment, but may be influenced by macro environment and economic situation. | Lifetime ECL- not credit-impaired | 12m ECL |
| Level 3 | The counterparty has ability of repayment, but usually settles in full after due date. | Lifetime ECL- not credit-impaired | Lifetime ECL- not credit-impaired |
| Level 4 | The counterparty may not have ability of repayment and is evidenced to be credit – impaired. | Lifetime ECL- credit-impaired | Lifetime ECL- credit-impaired |
| Level 5 | The counterparty has no ability to repay its debts and the receivable is not expected to be collectable. | Amount is written off | Amount is written off |

## 33. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

***Credit risk and impairment assessment (continued)***

The table below details the credit risk exposures of the Group's financial assets and contract assets as at 31 March 2026 and 2025, which are subject to ECL assessment:

| Items | Notes | Internal credit rating | 12m or lifetime ECL | Gross carrying amount 2026 HK$'000 | 2025 HK$'000 |
|---|---|---|---|---|---|
| **Financial assets at amortised cost:** | | | | | |
| Trade receivables – contracts with customers | 18 | Level 1 | Lifetime ECL- (not credit-impaired) | **1,043** | 1,447 |
| | | Level 2 | Lifetime ECL- (not credit-impaired) | **4,144** | 1,103 |
| Other receivables | 18 | Level 1 | 12m ECL | **175** | 223 |
| | | Level 2 | 12m ECL | **200** | 211 |
| Restricted bank deposits and cash and cash equivalents | 20 | Level 1 | 12m ECL | **94,974** | 132,395 |
| Amount due from/(to) a related company | 22 | Level 1 | 12m ECL | **7,141** | (1,943) |
| **Other item:** | | | | | |
| Contract assets – contracts with customers | 19 | Level 1 | Lifetime ECL- (not credit-impaired) | **4,492** | 9,028 |
| | | Level 2 | Lifetime ECL- (not credit-impaired) | **9,835** | 30,049 |

## 33. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

***Credit risk and impairment assessment (continued)***

*Allowance for credit losses*

During the current year, the movements in allowance for credit losses that has been recognised for trade receivables, other receivables and contract assets were as follows:

| | Trade receivables not credit-impaired (Lifetime ECL) HK$'000 | Other receivables not credit-impaired (12m ECL) HK$'000 | Contract assets not credit-impaired (Lifetime ECL) HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 31 March 2024 | 433 | 6 | 1,082 | 1,521 |
| Changes due to financial assets recognised at 1 April 2025 | | | | |
| –Impairment losses reversed | (433) | (6) | (552) | (991) |
| Financial assets newly originated | 24 | – | 113 | 137 |
| At 31 March 2025 | **24** | **–** | **643** | **667** |
| Changes due to financial assets recognised at 1 April 2026 | | | | |
| – Impairment losses reversed | **(24)** | **–** | **(484)** | **(508)** |
| Financial assets newly originated | **87** | **–** | **48** | **135** |
| At 31 March 2026 | **87** | **–** | **207** | **294** |

*Concentration of credit risk of trade receivables and contract assets*

The Group has concentration risk on its major customers (note 6) which accounted for 97.3% (2025: 94.5%) of its revenue for the year ended 31 March 2026. Besides, the Group also has concentration of credit risk because approximately 86.1% (2025: 73.6%) of the total of trade receivables and contract assets as at 31 March 2026 were due from the Group's major customers as set out in note 6. The Group's major customers are reputable companies. The management of the Group closely monitors the subsequent settlement of the customers. In this regard, the management of the Group considers the Group's ECL is not material.

***Liquidity risk***

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings, as appropriate. Besides, the directors of the Company closely monitor the level of the Group's cash and cash equivalents and future cash flows and strike for maintaining sufficient cash and cash equivalents to pay its creditors when due, for working capital of new projects and expansion plan, additional funding through issuing ordinary shares of the Company or borrowings may be sought.

## 33. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

***Liquidity risk (continued)***

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

| | Weighted average interest rate | Less than 6 months and on demand | 6 months to 1 year | More than 1 year | Total | Total undiscounted cash flows |
|---|---|---|---|---|---|---|
| | % | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **At 31 March 2026** | | | | | | |
| Trade and other payables and retention payables | **N/A** | **13,766** | **6,450** | **3,862** | **24,078** | **24,078** |
| Amount due to a related company | **N/A** | **–** | **–** | **–** | **–** | **–** |
| | | **13,766** | **6,450** | **3,862** | **24,078** | **24,078** |
| Lease liability | **5.50** | **70** | **70** | **–** | **140** | **116** |
| **At 31 March 2025** | | | | | | |
| Trade and other payables and retention payables | N/A | 21,979 | – | 4,050 | 26,029 | 26,029 |
| Amount due to a related company | N/A | 1,943 | – | – | 1,943 | 1,943 |
| | | 23,922 | – | 4,050 | 27,972 | 27,972 |
| Lease liability | 5.88 | 63 | 63 | – | 126 | 123 |

## 33. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

***Fair value of the Group's financial assets that are measured at fair value on a recurring basis***

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

| Financial assets | Fair value as at 31 March | | Fair value hierarchy | Valuation techniques | Significant unobservable inputs | Relationship and sensitivity of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | | | | |
| | **HK$'000** | HK$'000 | | | | |
| Unlisted equity security classified as equity instrument designated at FVTOCI | **–** | – | Level 3 | Net asset value of the investee | Price to book ratio ("**P/B ratio**") | The higher the P/B ratio, the higher the fair value (Note i) |
| Put option classified as derivative financial instrument at FVTPL | **–** | – | Level 3 | Binomial option pricing model | Non-performance risk of the counterparty | The higher the non-performance risk, the lower of the fair value (Note ii) |

Notes:

(i) A 5% increase in the price to book ratio holding all other variables constant would increase the fair value of the unlisted equity security classified as equity instrument designated at FVTOCI by HK$650,000. A 5% decrease in the price to book ratio holding all other variables constant would not change the fair value of the unlisted equity security classified as equity instrument designated at FVTOCI.

(ii) A 5% increase in the non-performance risk of the counterparty holding all other variables constant would not change the fair value of the put option classified as derivative financial instrument at FVTPL. A 5% decrease in the non-performance risk of the counterparty holding all other variables constant would increase the fair value of the put option classified as derivative financial instrument at FVTPL by HK$640,000.

If the non-performance risk of the counterparty had been 5% higher as of 31 March 2026, loss after tax would have no change (2025: nil).

If the non-performance risk of the counterparty had been 5% lower as of 31 March 2026, loss after tax would have been HK$640,000 (2025: HK$635,000) lower.

## 33. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

***Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)***

The Group owns 5% equity interest in unlisted equity security that is classified as investment at FVTOCI and is measured at fair value at each reporting date. The fair value of the equity instrument as at 31 March 2025 of nil (2025: nil) and put option as at 31 March 2026 of nil were measured using a valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy. The valuation was carried out by Weisi Limited, an independent professional valuer not connected with the Group. The Group's management has discussion with the valuer on the valuation assumptions and valuation results when the valuation is performed at the end of the reporting period. During the year ended 31 March 2026, a fair value loss of nil (2025: nil) is recognised in other comprehensive income for the investment at FVTOCI.

There were no transfers between Level 1 and 2 during the years ended 31 March 2026 and 2025.

*Reconciliation of Level 3 fair value measurements*

| | Equity instrument designated at FVTOCI HK$'000 |
|---|---|
| At 31 March 2025 | 13,000 |
| Fair value loss | (13,000) |
| At 1 April 2025 | – |
| Fair value loss | – |
| At 31 March 2026 | **–** |

### Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers that the carrying amounts of financial assets and liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

## 34. RECONCILIATION OF LIABILITY ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liability arising from financing activities, including both cash and non-cash changes. Liability arising from financing activities is that for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows used in financing activities.

| | Lease liability<br>HK$'000 | Dividend payable<br>HK$'000 |
|---|---|---|
| At 1 April 2024 | 123 | – |
| Financing cash flows | (126) | – |
| Interest expense | 3 | – |
| At 31 March 2025 | **–** | **–** |
| Financing cash flows | **(131)** | **(24,800)** |
| Interest expense | **131** | **–** |
| Declaration of dividend | **–** | **24,800** |
| At 31 March 2026 | **–** | **–** |

## 35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

| | 2026<br>HK$'000 | 2025<br>HK$'000 |
|---|---|---|
| **Non-current assets** | | |
| Investment in a subsidiary | **129,516** | 90,196 |
| Due from subsidiaries | **–** | 65,231 |
| | **129,516** | 155,427 |
| **Current assets** | | |
| Other receivables | **18** | 5 |
| Cash and cash equivalents | **12** | – |
| | **30** | 5 |
| **Current liabilities** | | |
| Due to subsidiaries | **63,553** | 42,950 |
| Due to related company | **793** | 1,943 |
| Other payables | **827** | 1,218 |
| | **65,173** | 46,111 |
| **Net current liabilities** | **(65,143)** | (46,106) |
| **Net assets** | **64,373** | 109,321 |
| **Capital and reserves** | | |
| Share capital | **6,200** | 6,200 |
| Reserves | **58,173** | 103,121 |
| **Total equity** | **64,373** | 109,321 |

## 35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

### Movement of the reserves of the Company

| | Share premium HK$'000 | Accumulated losses HK$'000 | Total HK$'000 |
|---|---|---|---|
| Balance at 1 April 2024 | 109,572 | (1,705) | 107,867 |
| Loss and total comprehensive expense for the year | – | (4,746) | (4,746) |
| Balance at 31 March 2025 | **109,572** | **(6,451)** | **103,121** |
| Loss and total comprehensive expense for the year | **–** | **(20,148)** | **(20,148)** |
| Dividend paid | **–** | **(24,800)** | **(24,800)** |
| Balance at 31 March 2026 | **109,572** | **(51,399)** | **58,173** |

## 36. EVENTS AFTER THE REPORTING PERIOD

Reference is made to the joint announcement dated 7 May 2026 (the "**Offer Announcement**") and the composite offer and response document dated 18 June 2026 (the "**Composite Document**") jointly issued by Mr. Yang Jingyao as offeror (the "**Offeror**") and the Company in relation to, among other things, (i) the acquisition of an aggregate of 84,000,000 shares of Ms. Xia Liping by the Offeror, representing approximately 13.55% of the then total issued share capital of the Company, at a total consideration of HK$43,680,000, which is equivalent to HK$0.52 per sale share; and (ii) Lego Securities Limited and Fortune Origin Securities Limited, on behalf of the Offeror, and in compliance with the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"), is making a mandatory conditional cash offer to acquire all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

For further details of the mandatory conditional cash offer, please refer to the Offer Announcement and the Composite Document.

# Financial Summary

The financial summary of the Group for the last five years is set as follows:

| | For the year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2026**<br>**HK$'000** | 2025<br>HK$'000 | 2024<br>HK$'000 | 2023<br>HK$'000 | 2022<br>HK$'000 |
| **Revenue** | **82,667** | 88,375 | 229,916 | 220,854 | 275,111 |
| Direct costs | **(99,367)** | (84,199) | (225,494) | (207,032) | (252,250) |
| Gross (loss) profit | **(16,700)** | 4,176 | 4,422 | 13,822 | 22,861 |
| Other income, other gains and losses, net | **1,390** | 1,974 | 2,636 | 2,963 | 180 |
| Reversal of (allowance for) impairment losses under expected credit loss model, net | **373** | 854 | (85) | 829 | (705) |
| Administrative expenses | **(19,115)** | (16,546) | (16,287) | (12,406) | (12,200) |
| Finance cost | **(15)** | (3) | (10) | – | – |
| (Loss) profit before tax | **(34,067)** | (9,545) | (9,324) | 5,208 | 10,136 |
| Income tax expense | **–** | – | – | – | – |
| (Loss) profit for the year | **(34,067)** | (9,545) | (9,324) | 5,208 | 10,136 |
| (Loss) earnings per share – Basic (HK cents) | **(5.49)** | (1.54) | (1.50) | 0.84 | 1.63 |

| | As at 31 March | | | | |
|---|---|---|---|---|---|
| | **2026**<br>**HK$'000** | 2025<br>HK$'000 | 2024<br>HK$'000 | 2023<br>HK$'000 | 2022<br>HK$'000 |
| **Assets and Liabilities** | | | | | |
| Non-current assets | **1,307** | 16,892 | 17,180 | 25,990 | 25,299 |
| Current assets | **132,953** | 180,347 | 231,750 | 242,148 | 219,798 |
| Total assets | **134,260** | 197,239 | 248,930 | 268,138 | 245,097 |
| Current liabilities | **28,576** | 32,688 | 61,834 | 71,718 | 53,885 |
| Total equity | **105,684** | 164,551 | 187,096 | 196,420 | 191,212 |

Note: The summary above does not form part of the audited financial statements.