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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1557)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024

The board (the “Board”) of directors (the “Directors”) of K. H. Group Holdings Limited (the “Company”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2024, together with the comparative figures for the corresponding year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	5	175,174	245,349
Cost of sales and services rendered		<u>(206,213)</u>	<u>(274,332)</u>
Gross loss		(31,039)	(28,983)
Other income	6	90,925	10,239
Administrative and other operating expenses		(33,584)	(34,448)
Impairment of property, plant and equipment		(1,983)	—
Write-off of contract assets		(65,932)	(4,602)
Provision for expected credit loss (“ECL”) on trade receivables and contract assets, net of reversal of impairment loss		<u>(768)</u>	<u>(6,000)</u>
Loss from operations		(42,381)	(63,794)
Finance costs	7	<u>(9,179)</u>	<u>(10,321)</u>
Loss before tax		(51,560)	(74,115)
Income tax expense	8	<u>—</u>	<u>—</u>
Loss for the year	9	<u>(51,560)</u>	<u>(74,115)</u>
Other comprehensive loss after tax:			
Item that may be reclassified to profit or loss:			
Exchange difference on translating foreign operation		<u>(4,930)</u>	<u>—</u>
Total comprehensive loss for the year		<u>(56,490)</u>	<u>(74,115)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
— Basic	11(a)	<u>(12.2)</u>	<u>(18.5)</u>
— Diluted	11(b)	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		10,642	22,886
Deposits and prepayments for life insurance policies		–	19,502
Right-of-use assets		2,025	8,565
		<u>12,667</u>	<u>50,953</u>
Current assets			
Inventories		1,314	15,400
Trade receivables	12	31,942	4,729
Contract assets	13	65,679	249,316
Prepayments, deposits and other receivables		5,890	9,055
Pledged bank deposits		–	39,316
Bank and cash balances		84,497	58,758
		<u>189,322</u>	<u>376,574</u>
Non-current assets held for sale	14	–	12,508
		<u>189,322</u>	<u>389,082</u>
Current liabilities			
Trade and retention payables	15	149,721	165,112
Contract liabilities	13	11,961	–
Accruals and other payables		40,404	62,211
Lease liabilities		1,866	3,046
Bank borrowings, secured		13,645	114,466
Other borrowings, unsecured		10,000	28,763
		<u>227,597</u>	<u>373,598</u>
Net current (liabilities)/assets		<u>(38,275)</u>	<u>15,484</u>
Total assets less current liabilities		<u>(25,608)</u>	<u>66,437</u>
Non-current liabilities			
Lease liabilities		156	385
Other borrowings, unsecured		–	65,026
		<u>156</u>	<u>65,411</u>
NET (LIABILITIES)/ASSETS		<u>(25,764)</u>	<u>1,026</u>
Capital and reserves			
Share capital		4,800	4,000
Reserves		(30,564)	(2,974)
(DEFICIENCY IN EQUITY)/TOTAL EQUITY		<u>(25,764)</u>	<u>1,026</u>

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 23 July 2015 under the Companies Act of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Unit 01, 86/F., International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 18 March 2016 (the "Listing Date").

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

The Company is an investment holding company. The Group is principally engaged in the provision of foundation and construction services and leasing of machinery in Hong Kong, and sales of electronic devices and chemical products in the People's Republic of China ("PRC").

2. BASIS OF PREPARATION

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

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

The Group incurred a loss of approximately HK\$51,560,000 for the year ended 31 March 2024. As at 31 March 2024, the Group had net current liabilities of approximately HK\$38,275,000 and net liabilities of approximately HK\$25,764,000 respectively. In additions, two winding up petitions (the "**Petition(s)**") were filed by the bank in relation to the non-payment of credit facilities. Further details are set out in note 18. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In preparing the consolidated financial statements, the management has given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to achieve positive cash flows from operations in immediate and long terms. The Directors have reviewed the Group's cash flow forecast prepared by management, which cover the period up to 31 March 2025. The Directors are of the opinion that, taking into account of the plans and measures below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within next twelve months from 31 March 2024. In order to strengthen the Group's capital base and maintain sufficient financing necessary for future business development, the Directors have taken the following measures:

- (i) The Company has obtained a letter of financial support from New Grace Gain Limited, the former ultimate holding company, which has agreed not to demand repayment of the loan with principal amount of HK\$10,000,000, which is included in other borrowings as at 31 March 2024, until the Company is in a position to do so. The loan due is interest-free, unsecured and repayable on demand as at 31 March 2024; and
- (ii) The Company has obtained a letter of financial support from Mr. Chen Rongsheng, the ultimate controlling shareholder of the Company, who has agreed to further provide adequate financial resources as is necessary to enable the Group both to meet its financial obligations as and when they fall due and to carry on its business for at least 12 months from 31 March 2024; and
- (iii) A director of the Company's subsidiary has agreed not to demand repayment of the amount due to a director of Company's subsidiary of approximately HK\$9,790,000, which is included in accruals and other payables as at 31 March 2024, until the Company is in a position to do so. The amount due is interest-free, unsecured and repayable on demand as at 31 March 2024.

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

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

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(A) Application of new and revised HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

Amendments to HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial application of HKFRS 17 and HKFRS 19 – comparative information
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	Income taxes: International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its consolidated financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

“In June 2022 the Hong Kong SAR Government (the “Government”) gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. The Amendment Ordinance has no material impact on the Group’s LSP liability and staff cost.

(b) NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied any amendment to HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2023. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SEGMENT INFORMATION

Operating segment information

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

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

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

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

	Provision of foundation and construction services		Sales of chemical products		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	<u>171,856</u>	<u>245,349</u>	<u>3,318</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>175,174</u>	<u>245,349</u>
Reportable segment results	<u>(32,615)</u>	<u>(45,446)</u>	<u>(3,089)</u>	<u>—</u>	<u>(217)</u>	<u>(888)</u>	<u>(35,921)</u>	<u>(46,334)</u>
Unallocated finance costs							(6,323)	(5,991)
Unallocated depreciation on property, plant and equipment							(18)	(56)
Unallocated depreciation on right-of-use assets							(1,306)	(1,138)
Unallocated gain on change in the repayment term of other borrowings							—	5,096
Other central administrative expenses and directors' emoluments							<u>(7,992)</u>	<u>(25,692)</u>
Loss before tax							<u>(51,560)</u>	<u>(74,115)</u>
<i>Reportable segment results include:</i>								
Interest income	361	1,776	—	—	—	—	361	1,776
Finance costs	2,830	8,714	26	—	—	—	2,856	8,714
Depreciation on property, plant and equipment	1,969	5,084	2	—	112	754	2,083	5,838
Depreciation on right-of-use assets	1,048	2,878	—	—	—	—	1,048	2,878
Additions to property, plant and equipment	144	6	34	—	—	—	178	6
Additions to right-of-use assets	—	—	—	—	2,906	—	2,906	—
(Reversal of provision)/provision for ECL on trade receivables and contract assets, net of reversal of impairment loss	(2,223)	6,000	2,929	—	62	—	768	6,000
Impairment of property, plant and equipment	1,983	—	—	—	—	—	1,983	—
Write-off of contract assets	65,932	4,602	—	—	—	—	65,932	4,602

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

Segment results represent loss attributable to the segment without allocation of corporate income, central administrative expenses and directors' emoluments.

Segment assets and liabilities

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
SEGMENT ASSETS		
Provision of foundation and construction services	122,208	351,873
Sales of chemical products	6,680	—
Others	45,450	65,575
	<hr/>	<hr/>
Total segment assets	174,338	417,448
Unallocated assets	27,651	22,587
	<hr/>	<hr/>
Consolidated assets	201,989	440,035
	<hr/>	<hr/>
SEGMENT LIABILITIES		
Provision of foundation and construction services	192,897	298,815
Sales of chemical products	7,818	—
Others	1,928	106
	<hr/>	<hr/>
Total segment liabilities	202,643	298,921
Unallocated liabilities	25,110	140,088
	<hr/>	<hr/>
Consolidated liabilities	227,753	439,009
	<hr/> <hr/>	<hr/> <hr/>

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

- (i) All assets are allocated to reportable segments other than the unallocated assets including deposits and prepayments for life insurance policies, certain right-of-use assets, other receivables and bank and cash balances; and
- (ii) All liabilities are allocated to reportable segments other than those unallocated liabilities which are centrally managed by the Company's management including other payables and other borrowings.

Seasonality of operations

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

Geographical information

The geographical information of the Group's revenue from external customers and non-current assets for the years ended 31 March 2024 and 2023, based on locations of customers, are set out below:

	Revenue from external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	171,856	245,349	12,636	50,953
PRC	3,318	—	31	—
Total	<u>175,174</u>	<u>245,349</u>	<u>12,667</u>	<u>50,953</u>

Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of its revenue during the years ended 31 March 2024 and 2023 is set out as below:

	2024 HK\$'000	2023 HK\$'000
Foundation and construction services		
Customer 1 (note)	100,009	N/A
Customer 2	41,209	151,422
Customer 3 (note)	N/A	32,292
Customer 4 (note)	N/A	30,331
	<u>141,218</u>	<u>183,714</u>

Note: These customers did not contribute over 10% of the total revenue of the Group for the respective years presented above.

5. REVENUE

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

	2024 HK\$'000	2023 HK\$'000
Recognised over time within the scope of HKFRS 15		
Provision of foundation and construction services	171,856	245,349
Recognised at point in time within the scope of HKFRS 15		
Sales of chemical products	<u>3,318</u>	<u>—</u>
	<u>175,174</u>	<u>245,349</u>

As at 31 March 2024, the aggregated amount of revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date is approximately HK\$305,204,000 (2023: HK\$26,467,000). The Group will recognise the expected revenue in future when or as the work is completed which is expected to occur over the next 12 months (2023: 12 months).

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Government grant income (<i>note a</i>)	–	2,935
Gain on termination of lease	7	–
Compensation for write-off of contract assets by the former ultimate holding company (<i>note b</i>)	90,000	–
Gain on change in the repayment term of other borrowings	–	5,096
Interest income	361	1,776
Sundry income	557	432
	<u>90,925</u>	<u>10,239</u>

Notes:

- (a) The amount represents the receipts from Employment Support Scheme and Construction Innovation and Technology Fund (2023: Construction Innovation and Technology Fund) provided by the Hong Kong government under which the conditions of the government grant were fulfilled during the year ended 31 March 2023.
- (b) The amount represents the compensation for loss on certain foundation projects by the former ultimate holding company, New Grace Gain Limited (“**New Grace Gain**”). New Grace Gain has agreed to provide guarantee up to HK\$95,000,000 (2023: HK\$70,000,000) on the performance and recoverability of assets receivables of certain foundation projects (the “**Project Performance Guarantee**”). Under this arrangement, New Grace Gain is unconditionally obligated to undertake the loss arising from any shortfall of final performance of these foundation projects. During the year ended 31 March 2024, New Grace Gain has undertaken a loss totaling of HK\$90,000,000 (2023: Nil) by discharging the same amount of unsecured loan advanced to the Group under the Project Performance Guarantee, including compensation of loss on written off of contract assets of approximately HK\$65,932,000 and contract cost payments of approximately HK\$24,068,000 respectively.

As at 31 March 2024, the remaining unutilise guaranteed amount under Project Performance Guarantee was HK\$5,000,000 (2023: HK\$70,000,000).

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expense on bank borrowings	6,154	8,356
Interest expense on lease liabilities	233	358
Imputed interest expenses on other borrowings	<u>6,211</u>	<u>5,991</u>
	12,598	14,705
Less: Amounts attributable to contract works	<u>(3,419)</u>	<u>(4,384)</u>
	<u><u>9,179</u></u>	<u><u>10,321</u></u>

8. INCOME TAX EXPENSE

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2023: 16.5%). The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2023: 16.5%).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years ended 31 March 2024 and 2023.

No provision for PRC Enterprise Income Tax is required since the Group has no assessable profit for the year ended 31 March 2024 and 2023.

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
Auditor's remuneration			
Audit services		830	790
Non-audit services		—	—
Cost of construction materials	<i>(a)</i>	59,080	69,380
Cost of inventories recognised	<i>(a)</i>	3,153	—
Depreciation on property, plant and equipment	<i>(b)</i>	2,101	5,894
Depreciation on right-of-use assets	<i>(b)</i>	2,354	4,016
Loss on redemption of life insurance policies		3,228	—
Loss on disposal of non-current assets held for sales		753	—
Loss on disposal of property, plant and equipment		510	—
Write-off of contract assets		65,932	4,602
Provision for ECL on trade receivables and contract assets, net of reversal of impairment loss		768	6,000
Impairment of property, plant and equipment		1,983	—
Short-term lease payments not included in the measurement of lease liabilities	<i>(c)</i>	6,126	7,821
		<u>6,126</u>	<u>7,821</u>

Notes:

- (a) The amounts are included in cost of sales and services rendered.
- (b) The amounts included in cost of sales and services rendered for the years ended 31 March 2024 and 2023 amounting to approximately HK\$2,188,000 and HK\$7,435,000 respectively.
- (c) The amounts included in cost of sales and services rendered for the years ended 31 March 2024 and 2023 amounting to approximately HK\$5,223,000 and HK\$5,965,000 respectively.

10. DIVIDENDS

The Board does not recommend the payment of any dividend to the shareholders for the year ended 31 March 2024 (2023: Nil).

11. LOSS PER SHARE

(a) BASIC LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

	2024	2023
	HK\$'000	HK\$'000
Loss for the purpose of calculating basic loss per share	<u>(51,560)</u>	<u>(74,115)</u>

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>424,044</u>	<u>400,000</u>

The calculation of basic loss per share is based on the loss for the year attributable of owners of the Company and weighted average number of shares in issue.

(b) DILUTED LOSS PER SHARE

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 March 2024 and 2023.

12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	40,513	9,890
Less: Allowance for doubtful debts under ECL	<u>(8,571)</u>	<u>(5,161)</u>
	<u>31,942</u>	<u>4,729</u>

Notes:

- (a) The Group's trade receivables represent progress billings receivables from contract customers. The general credit terms of trade receivables were within 14 to 45 days (2023: 14 to 45 days). Application for progress payment of contract works is made on a regular basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	30,466	4,070
Over 60 days	<u>1,476</u>	<u>659</u>
	<u>31,942</u>	<u>4,729</u>

The carrying amounts of the Group's trade receivables are denominated in HK\$.

- (b) As at 31 March 2024, trade receivables of Nil (2023: HK\$2,165,000) were pledged to banks to secure bank borrowings.

13. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets	2024	2023
	HK\$'000	HK\$'000
Arising from performance under construction contracts	68,831	255,155
Less: Allowance for contract asset under ECL	(3,152)	(5,839)
	65,679	249,316
Receivables from contract with customers within the scope of HKFRS 15, which are included in "Trade receivables"	27,218	4,501

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

The decrease (2023: decrease) in contract assets was the result of the certain construction projects that were completed and finalised during the years ended 31 March 2024 and 2023. In addition, contract assets of approximately HK\$65,932,000 were written off and recovered through compensation from the former ultimate holding company under Project Performance Guarantee. Details are set out in note 6 to this annual results announcement.

The amount of revenue recognised during the year from performance obligations satisfied (or partially satisfied) in previous period is Nil (2023: HK\$3,562,000), mainly due to the changes in estimate of the stage of completion of certain construction contracts.

The amount of contract assets that is expected to be recovered after more than one year is approximately HK\$1,597,000 (2023: HK\$13,863,000).

As at 31 March 2024, approximately HK\$18,013,000 (2023: HK\$50,974,000) of retention receivables under contract assets were pledged to banks to secure bank borrowings.

Contract liabilities	2024 HK\$'000	2023 HK\$'000
Billings in advance of performance obligation		
– Construction contracts	11,961	–

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

The increase (2023: Nil) in contract liabilities in 2024 was mainly due to the increase (2023: Nil) in advances received from customers in relation to the provision of construction services at the end of the reporting period.

Movement in contract liabilities:

	2024 HK\$'000	2023 HK\$'000
Balance as at 1 April	–	–
Increase in contract liabilities as a result of billing in advance of construction activities during the year	11,961	–
Balance as at 31 March	11,961	–

None of billings in advance of performance received that is expected to be recognised as income after more than one year (2023: Nil).

14. NON-CURRENT ASSETS HELD FOR SALE

	2024 HK\$'000	2023 HK\$'000
Non-current assets held for sale – Plant and machinery	–	12,508

In March 2023, the Group intended to sell certain plant and machinery which was originally acquired for the foundation and construction services. The plant and machinery is presented within total assets of foundation and construction segment in note 4. Plant and machinery classified as non-current assets held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification.

During the year ended 31 March 2023, the plant and machinery with carrying amount of approximately HK\$12,508,000 reclassified as non-current assets held for sale were measured at the lower of carrying amount and fair value less costs of sell.

The carrying amount of certain plant and machinery classified as held for sale amounted at approximately HK\$12,439,000 were disposed off during the year end 31 March 2024 and the remaining carrying amount of plant and machinery amounted at approximately HK\$69,000 were reclassified as property, plant and equipment.

15. TRADE AND RETENTION PAYABLES

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Trade payables	(a)	120,340	126,742
Retention payables	(b)	29,381	38,370
		149,721	165,112

Notes:

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
0 to 30 days	32,298	70,204
31 to 60 days	11,487	16,256
61 to 90 days	1,829	4,824
Over 90 days	74,726	35,458
	120,340	126,742

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

- (b) As at 31 March 2024, the amount of the Group's retention payables expected to be due after more than twelve months was approximately HK\$2,659,000 (2023: HK\$6,185,000).

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

16. PERFORMANCE BONDS

At the end of the reporting period, the Group has provided guarantees to an insurance company as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Guarantees on performance bonds for construction contracts	10,158	13,778

As at 31 March 2024, the securities for the Group’s performance bonds for construction contracts are as follows:

guarantees on performance bonds amounting to approximately HK\$10,158,000 (2023: HK\$13,778,000) are secured by (i) the Group’s other receivables of approximately HK\$2,361,000 (2023: HK\$5,981,000); (ii) a personal guarantee executed by a director of a subsidiary of the Company; and (iii) corporate guarantees executed by the Company and a subsidiary of the Company.

17. CAPITAL COMMITMENTS

At the end of reporting period, the Group did not have any capital commitments (2023: Nil).

18. EVENTS AFTER THE REPORTING PERIOD

On 21 June 2024, the Petitions were filed by The Bank of East Asia, Limited (the “**Petitioner**”) at the High Court of the Hong Kong Special Administrative Region (the “**Court**”) against each of the Company and K. H. Foundations Limited (“**KHF**”), a wholly-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**CWUMPO**”). The Petitions were filed against the Company and KHF, in relation to the non-payment of credit facilities granted by the Petitioner to KHF in the principal amount of approximately HK\$11.6 million, plus accrued interest; and the guarantee executed by the Company in favour of the Petitioner for amounts outstanding under the credit facilities granted by the Petitioner to KHF. The Petitions are scheduled to be heard on 28 August 2024.

The Group will actively negotiate with the Petitioner about a practicable settlement plan, and seek legal advice and take appropriate actions as shall be advised. The Group will also continue to explore business opportunities to generate additional cash flow and improve the financial position of the Group and its subsidiaries.

Details of above is set out in the Company’s announcement dated 27 June 2024.

BUSINESS REVIEW

During the year ended 31 March 2024, the Group was principally engaged in the provision of foundation and construction services (the “Foundation and Construction”) and sales of chemical products (the “Trading”).

FOUNDATION AND CONSTRUCTION SERVICES

There were 3 active projects as at 31 March 2023. As at 31 March 2024, 1 of these projects have been practically completed while the other 3 projects remain in progress. During the year ended 31 March 2024, 2 new projects have been awarded to the Group. As such, there were a total of 3 projects in progress as at 31 March 2024.

SALES OF CHEMICAL PRODUCTS

In order to diversify the income stream and business risks, the Group commenced to engage in sales of chemical products during the year ended 31 March 2024.

FINANCIAL REVIEW

REVENUE

The Group’s overall revenue decreased by 28.6% from approximately HK\$245,349,000 during the year ended 31 March 2023 to approximately HK\$175,174,000 during the year ended 31 March 2024. The decrease in the Group’s overall revenue was mainly attributable to decrease in workdone after completion of certain large projects during the year ended 31 March 2024.

GROSS LOSS/GROSS LOSS MARGIN

The overall gross loss increased by 7.1% from approximately HK\$28,983,000 during the year ended 31 March 2023 to approximately HK\$31,039,000 during the year ended 31 March 2024. The overall gross loss margin increased from approximately 11.8% during the year ended 31 March 2023 to approximately 17.7% during the year ended 31 March 2024 and such were mainly attributable to the effects of increase in construction costs incurred during the completion stage of certain projects during the year ended 31 March 2024.

OTHER INCOME

The Group's other income increased from approximately HK\$10,239,000 during the year ended 31 March 2023 to approximately HK\$90,925,000 during the year ended 31 March 2024. Such increase was mainly attributable to the fact that the Group recognised the compensation from the former ultimate holding company, New Grace Gain of HK\$90,000,000 under the Project Performance Guarantee during the year ended 31 March 2024 while no such income was recognized during the year ended 31 March 2023.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

The Group's administrative and other operating expenses was approximately HK\$33,584,000 during the year ended 31 March 2024 which is comparable to the administrative and other operating expenses of approximately HK\$34,448,000 during the year ended 31 March 2023.

PROVISION FOR EXPECTED CREDIT LOSS ON TRADE RECEIVABLES AND CONTRACT ASSETS, NET OF REVERSAL OF IMPAIRMENT LOSS

Decrease in net provision for ECL on trade receivables and contract assets from approximately HK\$6,000,000 during the year ended 31 March 2023 to approximately HK\$768,000 during the 31 March 2024 as a result of the sufficient provision have been made.

WRITTEN-OFF OF CONTRACT ASSETS

The Group recognised written-off of contract assets increased from approximately HK\$4,602,000 during the year ended 31 March 2023 to approximately HK\$65,932,000 during the year ended 31 March 2024. Such increase was mainly attributable to i) certain long outstanding projects were reached final agreement with customers with lower final settlement amount and ii) due to the uncertain economic conditions, the Group's management exercised greater caution and provided more conservative estimations on the contract receivables. As mentioned in "OTHER INCOME" paragraph above, the written-off of contract assets were compensated by New Grace Gain under the Project Performance Guarantee.

FINANCE COSTS

The Group's finance costs decreased from approximately HK\$10,321,000 during the year ended 31 March 2023 to approximately HK\$9,179,000 during the year ended 31 March 2024. Such decrease was mainly attributable to the decrease in interests payment to banks from approximately HK\$4,015,000 during the year ended 31 March 2023 to approximately HK\$2,463,000 during the year ended 31 March 2024.

NET LOSS

As a result of the abovementioned, the Group reported a net loss of approximately HK\$51,560,000 (2023: HK\$74,115,000) during the year ended 31 March 2024.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2024, the total debts of the Group, including bank borrowings, lease liabilities and other borrowings is approximately HK\$25,667,000 (2023: HK\$211,686,000).

As at 31 March 2024, the Group's banking facilities were secured by (i) the Group's trade receivables and retention receivables under contract assets or contract liabilities of approximately HK\$17,982,000 (2023: HK\$53,139,000); (ii) the Group's pledged bank deposits of Nil (2023: HK\$39,316,000); (iii) the Group's right-of-use assets and property, plant and equipment with total net carrying amounts of Nil (2023: HK\$15,565,000); (iv) the Group's deposits and prepayments for life insurance policies of Nil (2023: HK\$19,502,000); (v) receivable rights of gross income from certain projects; (vi) a personal guarantee executed by a director of a subsidiary of the Company; and (vii) the corporate guarantees executed by the Company and the subsidiaries of the Company.

As at 31 March 2024, the guarantees on performance bonds amounting to approximately HK\$10,158,000 (2023: HK\$13,778,000) are secured by (i) the Group's other receivables of approximately HK\$2,361,000 (2023: HK\$5,981,000); (ii) a personal guarantee executed by a director of a subsidiary of the Company; and (iii) corporate guarantees executed by the Company and a subsidiary of the Company.

Besides, pursuant to the terms of the sales and purchase agreement entered into between New Grace Gain and Blessing Well Enterprise Limited ("Blessing Well") on 27 April 2018, New Grace Gain provided an unsecured, interest-free loan of HK\$100,000,000 to the Company on 25 May 2018 for a term of 30 months (the "Unsecured Loan"). New Grace Gain shall not be entitled to demand early repayment and the Company has no right to make early repayment of the Unsecured Loan.

Up to 31 March 2023, New Grace Gain and the Company have entered into 7 additional supplemental agreements to extend the repayment period for the Unsecured Loan. HK\$70,000,000 of the Unsecured Loan (the "70 Million Loan") extended from 30 months to 72 months. The remaining Unsecured Loan of HK\$30,000,000 (the "30 Million Loan") extended from 30 months to 66 months.

During the year ended 31 March 2024, New Grace Gain agreed to discharge a portion of the Unsecured Loan amounting to HK\$90,000,000 to recover an equivalent amount of loss arising from certain foundation projects of the Group under the Project Performance Guarantee.

As at 31 March 2024, the carrying amount of the unsecured loan after settlement under the Project Performance Guarantee amounted to approximately HK\$10,000,000 (2023: HK\$93,789,000), and out of which, amounting to approximately HK\$5,000,000 (2023: HK\$70,000,000) can be further offset against any future project loss under the Project Performance Guarantee.

Borrowings were denominated in Hong Kong Dollars (“HK\$”) and interests on bank borrowings were mainly charged at floating rates. The Group currently does not have any interest rate hedging policy while the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2024, the Group had pledged bank deposits, and bank and cash balances of approximately HK\$84,497,000 (2023: HK\$98,074,000). The gearing ratio of the Group as at 31 March 2024 (defined as the total borrowings divided by total equity) was not applicable since the Group recorded a deficit attributable to owners of the Company as at 31 March 2024 (31 March 2023: 20,632.2%). As at 31 March 2024, the current ratio of the Group was 0.8 (31 March 2023: 1.0).

During the year ended 31 March 2024, the Group did not employ any financial instruments for hedging purpose.

FOREIGN EXCHANGE EXPOSURE

The Group has minimal exposure to foreign currency risk, as except for United States Dollar (“US\$”) denominated deposits and prepayments for life insurance policies and Renminbi (“RMB”) denominated bank balances, most of its business transactions, assets and liabilities are principally denominated in HK\$, the functional currencies of the Group’s entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 March 2024, if HK\$ had strengthened 5 percent against the RMB with all other variables held constant, consolidated loss after tax for the year ended 31 March 2024 would have been approximately HK\$2,197,000 (2023: HK\$2,504,000) higher, arising mainly as a result of the foreign exchange loss on bank balances denominated in RMB. If Hong Kong Dollar had weakened 5 percent against RMB with all other variables held constant, the consolidated loss after tax for the year would have been approximately HK\$2,197,000 (2023: HK\$2,504,000) lower, arising mainly as a result of the foreign exchange gain on bank balances denominated in RMB.

Sensitivity analysis on life insurance policies will not be performed as US\$ is pegged against HK\$ and the risk of movements in exchange rates between US\$ and HK\$ is insignificant.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

During the year ended 31 March 2024, the Group disposed off of property, plant and equipment and redemption of life insurance policies of carrying amount approximately HK\$15,215,000 and HK\$19,502,000, save as above, the Group did not have any other significant investments, material acquisitions or disposals during the year ended 31 March 2024.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in note 18 to this annual results announcement, there have been no other material events occurring after 31 March 2024 and up to the date of this annual result announcement.

DIVIDEND

The Board does not recommend the payment of any dividend to the shareholders for the year ended 31 March 2024 (2023: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 81 employees (2023: 98 employees). Most of the Group's employees are foundation and construction workers in Hong Kong. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from the Mandatory Provident Fund and in-house training programmes, salary increments and discretionary bonuses may be awarded to the employees according to the assessment of individual performance. The total staff costs incurred by the Group during the year ended 31 March 2024 were approximately HK\$39,575,000 (2023: HK\$50,259,000).

PROSPECTS

The Group's overall revenue decreased by approximately 28.6% to approximately HK\$175,174,000 during the year ended 31 March 2024 (2023: HK\$245,349,000). The loss and total comprehensive income for the year ended 31 March 2024 attributable to owners of the Company amounted to approximately HK\$56,490,000 (2023: HK\$74,115,000).

The Hong Kong construction sector remains challenging throughout the year. Following the serious disruptions caused by the outbreak of COVID-19, the construction industry is currently facing direct and indirect operational and financial risks marked by increasing interest rates, shortage and ageing issues of labour supplies, potential adjustments in the local housing market, and a slowdown in the global economy.

In response to uncertain economic conditions during the year, the Group shifted its primary focus from a proactive tender strategy to improving its liquidity position by reducing the capital expenditures of the Group. This involved strategic disposal of non-profitable machineries, redemption of negative performing life insurance policies, reduce debt size and office overheads. The net proceeds from these disposal and redemption were used for general working capital and repayment of bank borrowings, aiming to reduce maintenance and storage costs for machineries and trim down finance costs amid an increasing interest rate environment.

Looking ahead, the Board remains prudently optimistic about the prospects of the foundation industry in Hong Kong as a result of long-term housing development and land policy and tremendous opportunities in the PRC. The Group will continue to exercise due care in pursuing its core business and promoting its development plans, so as to balance the risks and opportunities in the foundation industry of Hong Kong.

Furthermore, with the ongoing impact of global warming leading to extreme weather conditions, our ecological environment is further damaged. The development of environmental recycling, renewable energy, and new energy materials is a global trend. The space for sustainable development in new materials and environmental energy regeneration is vast. The Company has conducted market analysis and industry research, and in line with China's 14th Five-Year Plan, under policies involving carbon neutrality, energy conservation, environmental energy, and emission reduction, new energy materials and environmental recycling possess significant business potential and sustainable development opportunities. The Company has also further researched and experimented in this area, deploying and studying the feasibility of future industry developments. In the first quarter of this year, the company also initiated the trade of chemicals as a pilot and stepping stone into the market, while also expanding opportunities for further exploration and research. Under the leadership of the Board of Directors and management, the Company is poised to explore new horizons for future development. The management is also continuously identifying development opportunities in new energy materials and environmental recycling industries, strengthening the relevant team configurations, and do not rule out the possibility of further expanding these businesses to explore new revenue and profit growth opportunities. Particularly with the popularization of electric vehicles, there is significant potential for the application of clean energy, including battery component recycling and reuse. As the Company has initiated chemical trade, it will also actively enhance research in related areas and explore other development opportunities, believing that future development in this area is promising. The Group will closely and carefully monitor the latest development of the global economy and adjust its business strategies from time to time.

CORPORATE GOVERNANCE

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

During the year ended 31 March 2024 and up to the date of this annual results announcement, save as disclosed in the following paragraph, the Company has complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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

Dr. Huang Yuan and Mr. Chang Chih-Chia is the Chairman of the Board on or before 18 April 2024 and on or after 6 May 2024 respectively. There is not a post of the CE in the Company. The responsibilities of the Chairman of the Board and the CE of the Company are currently taken up by the Chairman of the Board and the other members of the Board. The Board will continuously review and improve the corporate governance practices and standards of the Group to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

RISK MANAGEMENT AND INTERNAL CONTROLS

In respect of code provision D.2.5 of the CG Code, the Company should have an internal audit (the “IA Function”). Although the Company did not establish a standalone Internal Audit Department during the year ended 31 March 2024, the Board has put in place adequate measures to perform the IA Function at different aspects of the Group as the Company considers that close and regular supervision by the Executive Directors and senior management, and the maintenance of internal control guidance and procedures on the Group’s critical operational cycles could provide sufficient and effective internal control and risk management functions.

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

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

The Board is responsible for maintaining adequate procedures of risk management and internal control for the Group and the Board had conducted an annual review of its effectiveness during the year ended 31 March 2024 through the Audit Committee. Same as last year's practice, the Company has engaged an external independent internal control adviser to conduct a review on the internal control procedures of the Group at both corporate level and business level (as agreed by the Audit Committee). The review covered material controls, including financial, operational and compliance controls and risk management functions during the year ended 31 March 2024. The internal control report has been circulated to the Audit Committee for review and discussion. No significant areas of improvement which are required to be brought to the attention of the Audit Committee have been revealed.

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

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

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

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. All the Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2024.

AUDIT COMMITTEE

The Audit Committee is currently made up of three Independent Non-executive Directors, including Ms. Liu Yixing (chairman of the Audit Committee), Mr. Feng Zhidong and Mr. Wang Bo. All members of the Audit Committee possess the appropriate professional qualifications or accounting or related financial management expertise as required. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the draft consolidated financial statements of the Group for the year ended 31 March 2024.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "2024 AGM") of the Company for the year ended 31 March 2024 be held on a date to be fixed by the Board, and a notice convening the 2024 AGM will be published and despatched to the Shareholders in due course in accordance with the Listing Rules.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.kh-holdings.com. The annual report of the Company for the year ended 31 March 2024 will be despatched to the Shareholders and published on the above websites in due course in accordance with the Listing Rules.

APPRECIATION

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

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

Hong Kong, 28 June 2024

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