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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Cheuk Kam *(Chairman and Chief Executive Officer)*
Ms. Chau Man Chun *(appointed to serve as Executive Director on 20 March 2024)*
Mr. Li Wai Fong *(Ceased to serve as Executive Director on 30 November 2023)*

Independent Non-executive Directors

Mr. Wong Chik Kong
Mr. Chan Chung Kik, Lewis
Mr. Lee Kwok Lun

AUDIT COMMITTEE

Mr. Chan Chung Kik, Lewis *(Chairman)*
Mr. Wong Chik Kong
Mr. Lee Kwok Lun

NOMINATION COMMITTEE

Mr. Li Cheuk Kam *(Chairman)*
Mr. Chan Chung Kik, Lewis
Mr. Wong Chik Kong
Mr. Lee Kwok Lun

REMUNERATION COMMITTEE

Mr. Wong Chik Kong *(Chairman)*
Mr. Chan Chung Kik, Lewis
Mr. Lee Kwok Lun
Mr. Li Cheuk Kam

COMPANY SECRETARY

Ms. Li Mei Wai

AUTHORISED REPRESENTATIVES

Mr. Li Cheuk Kam
Ms. Li Mei Wai

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

71 Fort Street, PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
71 Fort Street, PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANK

Nanyang Commercial Bank, Ltd.

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants
17/F, Chubb Tower
Windsor House
311 Gloucester Road
Causeway Bay Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

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Solicitors, Hong Kong
Units 2201–3, 22/F
Tai Tung Building
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Hong Kong

COMPANY'S WEBSITE

www.wingchiholdings.com

STOCK CODE

6080

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Wing Chi Holdings Limited (the “**Company**”, which, together with its subsidiaries, is referred to as the “**Group**”), I am delighted to report the annual results of the Group for the year ended 31 March 2024.

The Group is a Hong Kong based subcontractor principally engaged in foundation and site formation works. For the year ended 31 March 2024, the Group recorded revenue of approximately HK$671.9 million, representing an increase of approximately 25.1% as compared to that of approximately HK$537.3 million for the year ended 31 March 2023. The Group recorded a decrease in the profit attributable to shareholders of the Company (the “**Shareholders**”) for the year ended 31 March 2024 of approximately HK$3.7 million as compared to that of approximately HK$9.8 million for the year ended 31 March 2023. Moreover, the gross profit margin of the Group for the year ended 31 March 2024 has dropped mainly due to the intensive market competition which reduced the profit ratio of our projects.

According to the 2024–25 Land Sales Programme, the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”) planned to sell 8 residential sites and 2 commercial sites which can be developed into approximately 5,690 residential units and 120,000 square meters of gross floor area respectively; and an industrial site, which will provide about 544,000 square meters of gross floor area, suggesting that there are high demand for site formation and foundation works in both the public and the private sectors in Hong Kong.

In addition, there are many public construction plans such as the private development/redevelopment projects in Hong Kong. The Long Term Housing Strategy Annual Progress Report 2023 released by the HKSAR Government in September 2023 states that the total housing supply target for the coming decade is 432,000 units. In view of this, the Directors remain positive toward the construction industry. However, competition in the construction industry remains intense, and the Group will continue to monitor the market closely and respond to changes in market conditions. The Group will continue to improve its competitiveness in the market by continuing to provide quality work to the customers.

Hong Kong’s post-pandemic economic recovery was short-lived and softer than expected. Hong Kong’s economy still facing changes in consumer preferences, weak investor confidence, high interest rates and geopolitical risks. While Hong Kong’s economy will still grow, long-term challenges will persist and pressure its economic potential, notably linked to domestic policy decisions, China’s economic deceleration and global strategic competition. The Group will continue to try its best to implement tight cost control measures on the existing projects, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management to cope with the changing business environment. The Group will also continue to actively devote its efforts to ensure the health and safety of its employees.

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our customers, suppliers, subcontractors, other business partners and our Shareholders for their continuous support. I would like to also thank the management team and my fellow Board and staff members for their continuous trust and support.

Li Cheuk Kam
Chairman
Hong Kong, 21 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the consolidated annual results of the Group for the year ended 31 March 2024 together with the corresponding year ended 31 March 2023.

BUSINESS REVIEW AND OUTLOOK

The Company is an investment holding company. The principal activities of its subsidiaries include foundation and site formation works for both the public and the private sectors in Hong Kong. The foundation and site formation works provided by the Group can be broadly classified as (i) excavation and lateral support ("**ELS**") works and (ii) pile caps construction and site formation works for both public and private sector projects. To a lesser extent, the Group also leased some of its machineries.

Apart from acting as a subcontractor in foundation and site formation works, the Group has actively sought to enlarge its scope of work in the construction industry. The Group not only focuses in acting as a subcontractor but also aims to act as a foundation main contractor in the future. The Group's principal operating subsidiary, Lik Shing Engineering Company Limited, has registered under the Construction Industry Council as a registered subcontractor since May 2008. Lik Shing Engineering Company Limited has also registered under the Buildings Department as a registered specialist contractor in the foundation works category and site formation works category since December 2019 and July 2021 respectively. The Development Bureau of the HKSAR Government has approved the admission of Lik Shing Engineering Company Limited to Group B (Probation) under the "Roads and Drainage" category of the List of Approved Contractors for Public Works effective from January 2024.

During the year ended 31 March 2024, the Hong Kong economy still facing challenges. The HKSAR Government is expected to continue to invest in infrastructure and housing to boost the economy which increases the potential development opportunities in the construction industry.

The Directors opined that there are uncertainty in the Hong Kong economy and the severe competition in the foundation and site formation market will continue to affect the development of the Group. The Group will continue to try its best to implement tight cost control measures on the existing projects, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management. The Group will also continue to actively devote its efforts to ensure the health and safety of its employees.

FINANCIAL REVIEW

During the year ended 31 March 2024, the Group had been awarded 36 new contracts, with an aggregate original contract sum of approximately HK$731.5 million and had completed 27 projects with an aggregate original contract sum of approximately HK$596.9 million. As at 31 March 2024, the Group had 38 projects on hand which include projects in progress as well as projects that have been awarded to us but not yet commenced. As at 31 March 2024, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$592.3 million (2023: approximately HK$482.6 million). This amount represents the revenue from construction contracts that is expected to be recognised in the future.

Revenue

The revenue from the foundation and site formation works of the Group for the year ended 31 March 2024 amounted to approximately HK$651.2 million, representing an increase of approximately HK$127.3 million, or 24.3% as compared to that of approximately HK$523.9 million for the year ended 31 March 2023. Such increase was primarily due to the fact that more large size foundation and site formation works which include the construction of the Kwu Tung North Area 24, Jockey Club Road, New Territories, Hong Kong and Tung Yuen Street, Kowloon, Hong Kong, have substantial works commenced during the year ended 31 March 2024.

The revenue from machinery leasing for the year ended 31 March 2024 amounted to approximately HK$20.7 million, representing an increase of approximately HK$7.3 million, or 54.5% as compared to that of approximately HK$13.4 million for the year ended 31 March 2023. This amount represents the revenue derived from the leasing of the Group's machinery to contractors and/or subcontractors under operating leases. The increase was primarily due to the fact that more revenue has been derived from machinery leasing for the project of Ka Wai Man Road, Inland lot no. 8945 at Caroline Hill Road, Hoi Fan Road and Wang Lok Street, New Territories, Hong Kong.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2024 amounted to approximately HK$41.3 million, as compared to the gross profit of approximately HK$43.3 million for the year ended 31 March 2023. The gross profit margin of the Group during the year ended 31 March 2024 was approximately 6.1%, as compared to the gross profit margin of approximately 8.1% for the year ended 31 March 2023. The decrease in the gross profit and the gross profit margin is mainly attributable to Hong Kong's sluggish economy and the intensive competition in the construction industry.

The Group prices its services based on various factors, among others, the scope of works and the complexity of the projects. In this regard, the Group's profitability depends on the nature of projects engaged by the Group and the market environment. On the other hand, the Group prices its leasing machinery based on the procurement cost and the expected profit margin.

Other Income

The other income of the Group for the year ended 31 March 2024 amounted to approximately HK$1.7 million, representing a significant decrease of approximately HK$4.9 million or 74.2% as compared to that of approximately HK$6.6 million for the year ended 31 March 2023.

The significant decrease is primarily due to the fact that during the year ended 31 March 2023, the Company has received from the HKSAR Government (i) a subsidy of approximately HK$6.0 million from the Employment Support Scheme ("**ESS**") and (ii) a subsidy of approximately HK$0.4 million under the "Ex-Gratia Payment Scheme for Phasing Out Pre-Euro IV Diesel Commercial Vehicles" upon disposal of vehicles. However, these subsidies are not available for the year ended 31 March 2024.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 March 2024 amounted to approximately HK$36.3 million, representing a decrease of approximately HK$3.0 million or 7.6% as compared to that of approximately HK$39.3 million for the year ended 31 March 2023. The decrease in administrative expenses is primarily due to decrease of repairment and maintenance cost. During the year ended 31 March 2024, the Group continued to expand its workforces to supports its business and enhance the remuneration packages of the employees and the Directors. As a result, the major cost included in administrative expenses mainly related to salary expenses and Directors' remuneration, depreciation expenses and entertainment expenses cost.

Finance Costs

The finance costs of the Group for the year ended 31 March 2024 amounted to approximately HK$0.8 million, representing a significant decrease of approximately HK$0.6 million or 42.9% as compared to that of approximately HK$1.4 million for the year ended 31 March 2023. The significant decrease was primarily due to the decrease in lease liabilities during the year ended 31 March 2024 as compared to that for the year ended 31 March 2023.

Income Tax (Expenses)/Credit

The income tax expenses of the Group for the year ended 31 March 2024 amounted to approximately HK$2.2 million, as compared to a tax credit of approximately HK$0.6 million for the year ended 31 March 2023. The income tax expense/credit represents the net effect on the movement of deferred tax expenses and Hong Kong income tax expense. The movement was mainly due to the significant increase in provision of deferred tax expenses recognised during the year ended 31 March 2024.

Profit attributable to owners of the Company

The Group reported a net profit attributable to owners of approximately HK$3.7 million for the year ended 31 March 2024 as compared to that of approximately HK$9.8 million for the year ended 31 March 2023. The decrease in net profit attributable to owners of the Company was mainly attributable to (i) the absence of a subsidy from the Employment Support Scheme which is funded by the HKSAR Government during the year ended 31 March 2024 (receipt of subsidy from the Employment Support Scheme during the year ended 31 March 2023: approximately HK$6.0 million) and (ii) severe competition in the foundation and site formation market which leads to the decrease in the gross profit margin during the year ended 31 March 2024.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, and cash inflows from operating activities.

As at 31 March 2024, the Group had total assets of approximately HK$344.5 million (2023: approximately HK$234.2 million), of which current assets amounted to approximately HK$277.6 million (2023: approximately HK$183.7 million).

As at 31 March 2024, the Group had total liabilities of approximately HK$213.6 million (2023: approximately HK$107.1 million), of which current liabilities amounted to approximately HK$202.5 million as at 31 March 2024 (2023: approximately HK$92.2 million). As at 31 March 2024, the Group had total equity attributable to owners of the Company amounted to approximately HK$130.8 million (2023: approximately HK$127.1 million).

As at 31 March 2024, the Group had total bank balances and cash of approximately HK$45.6 million (2023: approximately HK$45.6 million). The movement in bank balances and cash was mainly due to utilization of funds in the Group's operation and in investing and financing activities.

As at 31 March 2024, the Group had total debts of approximately HK$25.0 million which include lease liabilities (2023: approximately: HK$20.4 million) denominated in Hong Kong dollars. The gearing ratio of the Group, calculated by the total debts (defined as the sum of the lease liabilities and bank borrowings) divided by the total equity is approximately 19.1% (2023: approximately 16.0%).

TREASURY POLICY

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

PLEDGE OF ASSETS

As at 31 March 2024, the Group's right-of-use assets with an aggregate net book value of approximately HK$15.1 million (2023: approximately HK$20.4 million) were pledged under finance leases. As at 31 March 2024, the Group's machineries with an aggregate net book value of approximately HK$15.0 million (2023: nil) were pledged under bank borrowings.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As the Group only operates in Hong Kong and almost all of the revenue and transactions arising from its operations are settled in Hong Kong dollars, the Board is 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 rate risk during the year ended 31 March 2024.

RISKS AND UNCERTAINTIES

The Group's operation is subject to the general economic environment and market risks which may affect our business performance. The Group believes that there are certain risks involved in our business and operations which can be summarised as follows:

Business risks

The Group's revenue is mainly derived from foundation and site formation works which are not recurring in nature and any decrease in the number and size of construction projects awarded would affect the Group's operational and financial results. In addition, the Group determines the price of tenders for construction projects based on the estimated time and costs involved in the construction project concerned, and the actual time and costs incurred may exceed our estimates due to unexpected circumstances, thereby adversely affecting our operations and financial results.

The Group is involved in certain construction litigation and disputes which may adversely affect the Group's financial performance and reputation. On the other hand, the Group's liquidity position may be affected by delays or defaults of progress payments of retention monies by customers which would adversely affect the Group's cash flows or financial results.

Industry and market risks

The construction industry is highly competitive. There are a significant number of industry players who provide similar services as ours. The Group is also facing changes in existing laws, regulations and HKSAR Government policies which include the introduction of more stringent laws and regulations on environment protection and labour safety which may cause the Group to incur substantial additional expenditure.

All of the Group's revenue was derived in Hong Kong. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the local authorities adopt regulations that place additional restrictions or burdens on the construction industry in general, the Group's overall business and results of operations may be materially and adversely affected. The state of the political environment in Hong Kong may adversely affect the Group's performance and financial condition.

Construction machineries are regulated by the rules and regulations imposed by the Environmental Protection Department and the Labour Department of the HKSAR Government. New legal challenges and policies could be announced due to the change of environmental and social issues. Such changes will lead to an increase in the cost of operation of the Group. In light of such potential risk, we have acquired environmental-friendly machineries to replace the old ones to meet the environmental protection requirements and to protect public health.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in all material respects with the applicable laws and regulations that have a significant impact on the business and operations of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

To maintain continuous growth of the business operation, the Group recognises that employees, customers and suppliers are the keys to its sustainable development. The Group maintains a good relationship with its employees, customers and suppliers.

Employees

The Group recognises that employees as valuable assets for the delivery of quality services and works to its customers. Therefore, the Group provides a comprehensive and competitive remuneration package, builds a stable workforce and cultivates a harmonious workplace to attract, motivate and retain appropriate and suitable employees to serve the Group.

The Group has implemented a performance appraisal system with appropriate incentives to motivate and reward employees at all levels. In addition, the Group recognises the importance of enriching the knowledges and skills of our employees for sustainable business development. Thus, the Group provides appropriate on-the-job-training and development opportunities in order to attain the employees' best performance.

Customers

The Group endeavours to maintain a good and long-term business relationship with customers by delivering our quality services to satisfy their needs. Hence, the Group regularly engages with customers through a variety of communication channels, such as regular reviews and analysis on customer feedback to understand customers' needs and expectations.

All feedback collected are valued by management and are reviewed and duly considered in the decision-making processes.

Suppliers and sub-contractors

The Group maintains stable work relationships with suppliers and sub-contractors in order to ensure that good quality of works and services will be provided to the Group. The Group's management conducts periodic performance reviews with the suppliers and the sub-contractors. When selecting major suppliers and sub-contractors, the Group will perform an analysis on the capability of the suppliers and the sub-contractors such as the quality of products or services, delivery schedules, experience, track record, financial history and reputation.

CAPITAL EXPENDITURE

During the year ended 31 March 2024, the Group has invested approximately HK$31.7 million (31 March 2023: approximately HK$18.2 million) on the acquisition of machineries and equipment, motor vehicles and computer equipment. Capital expenditure was principally funded by finance leases, bank borrowings and internal resources.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2024, the Group had capital commitments of approximately HK$16.5 million on acquisition of plant and equipment contracted for but not yet accounted for in the financial statements.

Save as disclosed in this annual report, the Group had no material capital commitments or contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 31 March 2024 and up to the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2024, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 March 2024, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As at 31 March 2024, the Group does not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group employed a total of 406 employees (including Executive Directors and Independent Non-executive Directors), as compared to a total of 427 employees (including Executive Directors and Independent Non-executive Directors) as at 31 March 2023. The decrease in the number of employees was mainly due to the fact that less labour intensive work progress have been conducted as at 31 March 2024. Total staff costs which include Directors' emoluments for the year ended 31 March 2024 was approximately HK$191.7 million (31 March 2023: approximately HK$170.9 million). The significant increase in staff costs was mainly due to the improvement of the remuneration packages of the employees and the Directors during the year ended 31 March 2024.

The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts an annual review on salary increases, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors of the Company are decided by the Board after recommendation from the Remuneration Committee of the Company, having considered the factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in Appendix V to the Prospectus dated 30 September 2017 published by the Company.

During the year ended 31 March 2024, the Group has neither experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of final dividend to Shareholders of the Company for the year ended 31 March 2024.

FUTURE PROSPECTS

The future prospects for the construction industry in Hong Kong remains positive. The Northern Metropolis Development Strategy and the Budget 2024-25's plans of the HKSAR Government for mega public infrastructure projects are expected to continue driving growth in the Hong Kong construction sector. The Group will continue to focus on improving cost control measures on projects, strengthening project management teams and increasing our production efficiency. Overall, the Group appears to be well-positioned to continue delivering high-quality projects and creating value for the shareholders and society. Despite uncertainties in the global economy, the Group is confident that the construction industry in Hong Kong will remain positive in the future.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. LI Cheuk Kam (李灼金) ("Mr. Li"), aged 56, was appointed as a Director of the Company on 13 March 2017 and redesignated as an Executive Director and appointed as the Chairman of the Board of Directors and the Chief Executive Officer of the Company on 25 May 2017. He is one of the controlling shareholders, the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Li is the founder of the Group. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. Li has over 39 years of experience in the construction industry in Hong Kong. He is primarily responsible for the overall business development strategy and for overseeing the day-to-day management of site operations of the Group. Mr. Li is the spouse of Ms. Chau Man Chun, the Executive Director of the Company and the father of Mr. Li Kun Yee, the project director of the Group. Mr. Li is the brother of Mr. Li Wai Fong, the Administration Manager of the Group. For Mr. Li's interest in the Shares within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**"), please refer to the section headed "Directors' Report" in this annual report.

Ms. CHAU Man Chun (周文珍) ("Ms. Chau"), aged 55, was appointed as an Executive Director of the Company on 20 March 2024. She joined Lik Shing Engineering Company Limited, a wholly owned subsidiary of the Company, in October 2007 as the Human Resources Manager. She is the Human Resources Manager of the Company and a Director of all the subsidiaries of the Company. She is responsible for the human resources management, training and education of employees of the Company.

Ms. Chau has completed her secondary school education and possesses over 17 years of experience in the construction industry. Ms. Chau is the spouse of Mr. Li Cheuk Kam, the Chairman and Executive Director of the Company and is the mother of Mr. Li Kun Yee, the project director of the Group. Ms. Chau is the sister-in-law of Mr. Li Wai Fong, the Administration Manager of the Group. For Ms. Chau's interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "Directors' Report" in this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Chik Kong (黃植剛) ("Mr. Wong"), aged 51, was appointed as an Independent Non-executive Director of the Company on 21 September 2017. He is the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company.

Mr. Wong obtained a Higher Diploma in Architectural Studies from the City University of Hong Kong in November 1995. Mr. Wong has over 28 years of experience in the construction industry where he was primarily responsible for project management, cost control, supervision and co-ordination with consultants and sub-contractor for demolition, slope remedial, foundation and building projects.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. CHAN Chung Kik, Lewis (陳仲戟) ("Mr. Chan"), aged 51, was appointed as an Independent Non-executive Director of the Company on 21 September 2017. He is the Chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee of the Company.

Mr. Chan obtained a Bachelor's Degree of Commerce in Accounting from the University of Canberra in Australia in September 1997. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of Certified Practicing Accountant (Australia). Mr. Chan has extensive experience in auditing, accounting and corporate finance.

Mr. Chan served as an independent non-executive director of (i) Peking University Resources (Holdings) Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 618) from March 2017 to September 2021; (ii) HG Semiconductor Limited (formerly known as HongGuang Lighting Holdings Company Limited), a company which was previously listed on the GEM of the Stock Exchange (Stock Code: 8343) in December 2016 and was subsequently transferred to the Main Board of the Stock Exchange (Stock Code: 6908) in November 2019, from December 2016 to June 2023; and (iii) Eternity Technology Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1725), from July 2018 to July 2021.

Mr. Chan is an independent non-executive director of Founder Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 418) since March 2017.

Mr. LEE Kwok Lun (李國麟) ("Mr. Lee"), aged 40, was appointed as an Independent Non-executive Director of the Company on 21 September 2017. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Lee graduated from the University of Hertfordshire with a Bachelor of Arts Degree in Accounting in September 2006. He has been admitted a member of the Association of Chartered Certified Accountants in January 2013. Mr. Lee has been a member of the Hong Kong Institute of Certified Public Accountants since September 2013. In May 2015, Mr. Lee was admitted as practicing member of the Hong Kong Institute of Certified Public Accountants. In 2018, Mr. Lee has been admitted as an associate member of the Hong Kong Chartered Governance Institute (formerly known as Hong Kong Institute of Chartered Secretaries) and the Institute of Chartered Securities and Administrators.

Mr. Lee has more than 17 years of experience in auditing and accounting. From September 2006 to February 2008, Mr. Lee held various positions in Y.K. Tsang & Co., an accounting firm, where he last served as an audit intermediate. Mr. Lee subsequently joined Chan and Chan, Certified Public Accountants in March 2008 as an intermediate audit clerk. Prior to his departure in August 2009, he worked in the capacity of a semi-senior. From September 2009 to January 2014, Mr. Lee held various position in SHINEWING (HK) CPA Limited, where he last served as an assistant manager. From January 2014 to October 2014 he was employed by BDO Limited as a manager in the Assurance Department. From November 2014 to April 2015, Mr. Lee was employed by KPMG as a manager. After leaving KPMG, Mr. Lee cofounded Prism CPA Limited in December 2015 and served as its director since then.

Mr. Lee is also the company secretary of Solis Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2227), the independent non-executive director of Dragon Rise Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 6829) and Ever Reach Group (Holdings) Company Limited, a company listed on the Main Board of the Stock Exchange (Sock Code: 3616).

SENIOR MANAGEMENT

Mr. LI Kun Yee (李灌宜) ("Mr. Li KY"), aged 33, is the project director of the Group since November 2023. He joined the Group in November 2014 and was appointed as an Executive Director of the Company on 25 May 2017 and resigned on 1 June 2018. Mr. Li re-joined the Group as a project manager in August 2022.

Mr. Li KY has over 10 years of experience in the foundation and site formation industry. He is primarily responsible for project management, cost control and supervision of construction progress. Mr. Li KY is the son of Mr. Li Cheuk Kam, the Chairman of the Board, Chief Executive Officer and Executive Director and Ms. Chau, our Executive Director. Mr. Li KY is the nephew of Mr. Li Wai Fong, the Administration Manager of the Group.

Ms. LI Mei Wai (李美慧) ("Ms. Li"), aged 37, is the chief financial officer and the Company Secretary of the Company. She joined the Group as financial controller in January 2017 and was promoted to the current position in June 2021. She is primarily responsible for financial planning, internal control, financial reporting and corporate secretarial practices of the Group.

Ms. Li obtained a Bachelor of Commerce (Honours) Degree in Accountancy (first class) from the Hong Kong Baptist University in November 2010 and graduated from The Hong Kong Polytechnic University with a Master's Degree in Corporate Governance (with distinction) in September 2021. Ms. Li also holds professional qualification as a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of Institute of Chartered Accountants in England and Wales. She is also a Fellow Chartered Secretary and Fellow Chartered Governance Professional of the Hong Kong Chartered Governance Institute (formerly known as Hong Kong Institute of Chartered Secretaries).

Prior to joining the Group, Ms. Li worked in various international accounting firms from October 2010 to July 2015. From July 2015 to December 2016, Ms. Li served at management level at Melco International Development Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 200).

Mr. LEUNG Chun Pong (梁振邦) ("Mr. Leung"), aged 40, was appointed as an Assistant General Manager of the Company in January 2023. He joined the Group as construction project manager in April 2021. He is primarily responsible for overseeing the project operations and technical aspects of various projects of the Group.

Mr. Leung obtained a Bachelor's Degree and a Master's Degree of Science in Civil Engineering from the University of California, Los Angeles in June 2009 and June 2010 respectively. Mr. Leung also obtained the qualification of authorised signatory (AS) under the Specialist Contractor in the Foundation Works Category in September 2022.

Mr. Leung has over 14 years of experience in the foundation and site formation industry where he was primarily responsible for project management, cost control and supervision of construction progress.

Mr. LI Wai Fong (李偉芳) ("Mr. Li WF"), aged 49, was joined the Group as the Administration Manager in May 2014 and is primarily responsible for overseeing the administration matters of the Group. He served as an Executive Director of the Company from 25 May 2017 to 30 November 2023.

Mr. Li Wai Fong obtained a Bachelor of Engineering Degree majoring in Automation in June 1999. Mr. Li WF has over 25 years of experience in management and sales and marketing. Mr. Li WF is the brother of Mr. Li, the Chairman of the Board, Chief Executive Officer of the Company and an Executive Director. Mr. Li WF is the brother-in-law of Ms. Chau Man Chun, our Executive Director and the uncle of Mr. Li KY, the project director of the Group.

CORPORATE GOVERNANCE REPORT

The maintenance of a high standard of corporate governance has been and remains a top priority of the Group. The Group believed that effective corporate governance practices are fundamental to safeguarding and enhancing the interest of the Shareholders and stakeholders of the Group.

The Board is committed to maintaining and ensuring a high standard of corporate governance and will review the corporate governance practices of the Group from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own corporate governance code. To the knowledge of the Board, the Company has complied with the relevant code provisions in the CG Code during the period from 1 April 2023 to 31 March 2024 (the "**Reporting Period**") with the exception of code provision C.2.1 as explained below.

Chairman and Chief Executive Officer

The Board is headed by Mr. Li Cheuk Kam, the chairman of the Company (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**").

According to code provision C.2.1 of the CG Code, the roles of the Chairman the Chief Executive Officer should be separate and performed by different individuals. Mr. Li Cheuk Kam is both the Chairman and the Chief Executive Officer. In view of the in-depth knowledge and substantial experience of Mr. Li Cheuk Kam in the operations of the Group and his solid experience in foundation and site formation works, the Board believes it is in the best interests of the Company for Mr. Li Cheuk Kam to assume both the roles of the Chairman and the Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.

The Directors consider that the deviation from provision C.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that this management structure is effective for our Group's operations, and sufficient checks and balances are in place as three Independent Non-executive Directors have been appointed, and a risk management and internal control system has been set up.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix C3 of the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors of the Company.

Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Company, all the Directors have confirmed to the Company that they have fully complied with the required standard set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE REPORT

CORPORATE CULTURES AND VALUES

The Company is dedicated to cultivating a positive and forward-thinking culture based on the Company's purpose, values, and business strategies. This culture enables our employees to thrive, reach their full potential, and helps the Company achieve long-term sustainable growth and success in foundation and site formation industry.

Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various Group policies which include the Anti-corruption Policy, the Whistleblowing Policy and the Code of Conduct (included in the Group's Employee Handbook). Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

BOARD OF DIRECTORS

The Board is responsible for directing and supervising the Group's business affairs and the overall performance of the Group. The Board reserves its power in making decisions in the overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or reappointment, approval of major capital transactions and other significant operational and financial matters. The Directors, individually and collectively, must act in good faith in the best interest of the Company and Shareholders and fulfill their fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements. The Board has delegated to the management the authority and responsibility in the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these Committees are set out in this annual report.

Composition

The Company has complied with rules 3.10(1) and 3.10A of the Listing Rules during the Reporting Period. The Board comprises five Directors who include two Executive Directors, namely Mr. Li Cheuk Kam (Chairman of the Board), Ms. Chau Man Chun and three Independent Non-executive Directors, namely Mr. Wong Chik Kong, Mr. Chan Chung Kik, Lewis and Mr. Lee Kwok Lun.

Executive Directors

Mr. LI Cheuk Kam *(Chairman)*
Ms. CHAU Man Chun *(Appointed to serve as Executive Director on 20 March 2024)*
Mr. LI Wai Fong *(Ceased to serve as Executive Director on 30 November 2023)*

Independent Non-executive Directors

Mr. WONG Chik Kong
Mr. CHAN Chung Kik, Lewis
Mr. LEE Kwok Lun

Biographical details for each Directors and their relationship among Board members are set out in the section headed "Biographical details of Directors and Senior Management" of this annual report.

BOARD INDEPENDENT VIEWS MECHANISM

We attach great importance to the independence of our Directors and believes that independence is the key to fairness and impartiality. The Independent Non-executive Directors play a significant role in balancing the interests of the public and the Company, and their diverse background can bring a broader mix of experience and broader perspectives to the Board of Directors.

During the Reporting Period, we have met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board of Directors. These Independent Non-executive Directors are individuals from diversified backgrounds and industries and one member has appropriate accounting and related financial management expertise.

In assessing the independence and suitability of a candidate for the position of Independent Non-executive Directors, the candidate nominated must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules. The Independent Non-executive Directors must inform the Company and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his/her independence and to confirm his/her independence to the Group on an annual basis. The Company has received such annual confirmation of independence from each Independent Non-executive Director.

Whenever necessary, the Chairman of the Board of Directors can hold meetings with the Independent Non-executive Directors without the presence of other Directors to provide a useful platform for the Chairman to obtain independent advice on various issues of the Group. Upon reasonable request of the Independent Non-executive Directors, the Company will provide them with independent professional advice to assist them in performing their duties.

INDEPENDENT NON-EXECUTIVE DIRECTORS ("INEDS")

During the Reporting Period, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors who represent one-third of the Board. These INEDs are individuals from diversified backgrounds and industries and one member has appropriate accounting and related financial management expertise.

The INEDs play a significant role in the Board as they bring an impartial view on the Group's strategies, performance and control, as well as ensure that the interests of all shareholders are considered. All INEDs possess appropriate academic, professional qualifications or related financial management experience. None of the INEDs held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

In order to ensure that independent views and input of the INEDs are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the Independent Non-executive Directors including the following:

- the required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as Independent Non-executive Directors;
- no involvement in the daily management of the Company and have no relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the Independent Non-executive Directors regularly without the presence of the Executive Directors.

The Company has signed with each of the Independent Non-executive Director a letter of appointment for a term of three years commencing from 20 September 2020, subject to retirement by rotation and re-election in accordance with the Articles of the Association (the "**Articles**") and the termination provisions of the letter of appointment. The appointment is renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then term of appointment.

Each Independent Non-executive Director is required to inform the Group as soon as practicable if there is any change that may affect his independence. The Company has received from each of the Independent No-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the Independent Non-executive Directors have met the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the independence guidelines. The Company has also complied with Rule 3.10(2) of the Listing Rules as one of the Independent Non-executive Directors possesses the appropriate professional accounting qualifications and financial management expertise.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Pursuant to Article 108(a) of the Articles of the Association of the Company, one-third of the Directors shall retire from office by rotation at each annual general meeting and that every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

The Articles of Association of the Company provides that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

BOARD MEETINGS AND GENERAL MEETING

During the Reporting Period, six Board meetings and a general meeting were held. All Directors have been given an opportunity to include matters in the agenda for regular Board meetings, and have also been given sufficient time to review documents and information relating to matters to be discussed in Board meeting in advance. Details of the attendance record of each Directors is set out below:

Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings
Executive Directors		
Mr. LI Cheuk Kam	6/6	1/1
Ms. CHAU Man Chun *(appointed to serve as Executive Director on 20 March 2024)*	–	–
Mr. LI Wai Fong *(ceased to serve as Executive Director on 30 November 2023)*	5/5	1/1
Independent Non-executive Directors		
Mr. WONG Chik Kong	6/6	1/1
Mr. CHAN Chung Kik, Lewis	6/6	1/1
Mr. LEE Kwok Lun	6/6	1/1

Every Director has access to Board papers and related materials, and the advice and services of the Company Secretary of the Company, and may seek independent professional advice at the Company's expense if so reasonably required. Directors will be continuously updated on the major development of the Listing Rules and other applicable statutes, codes and regulations to ensure compliance and to upkeep good corporate governance practices.

The Board is responsible for maintaining an on-going dialogue with the shareholders of the Company and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. The Board notes that the Chairman of the Board and the chairmen or, in their absence, other members of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company should attend the annual general meetings of the Company to answer questions and collect views of the shareholders.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which aims to achieve diversity on the Board, and a sustainable and balanced development of the Company (the "**Board Diversity Policy**"). The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board should have a balance of skills, experience and knowledge in the industry and diversity of perspectives appropriate to the Company's business.

In the process of selection of Board members, the Company seeks to achieve board diversity through the consideration of a range of diversity perspectives which include but not limited to gender, age, cultural and education background, experience (professional or otherwise), skills and knowledge. While the Board recognises that gender diversity at the Board can be improved, given its current composition, the principle of Director's appointments will continue to be based on meritocracy, and candidates will be considered against objective criteria, taking into account factors based on our business model and special needs from time to time, and with due regard to the benefits of diversity on the Board and also the needs of the Board.

The Company values gender diversity and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management. In recognising the importance of gender diversity, the Company is committed to providing career development opportunities for female staff and to engaging more resources in training the female staff. The Company will also continue to recruit female talents based on the recruitment policy and with reference to the Board Diversity Policy as a whole.

As of 31 March 2024, 50% of our office colleagues are female. While the construction industry demands more manpower works, it is evident that the workforce in this industry is still predominantly male. Nevertheless, we remain committed to recruiting suitable talents to fill vacancies and promote diversity within the organisation. Please refer to the Environmental, Social and Governance Report on pages 28 to 55 of this annual report for further discussion on the employment and labour practices of the Group including gender diversity.

During the Reporting Period, the Board appointed Ms. Chau Man Chun as an Executive Director of the Company. As at 31 March 2024, the Board comprises five Directors, one of them is female.

On 12 March 2024, Ms. Chau Man Chun attended a seminar whereby she obtained legal advice from TC & Co; a firm of solicitors qualified to advise on Hong Kong law, as regards her obligations under the Listing Rules, the requirements under the Listing Rules as may be applicable to her as a director of a listed company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Ms. Chau has confirmed to the Company that she understands her obligations as a director of a listed company.

The Nomination Committee will continue to review and assess the effectiveness of the Board Diversity Policy, annually and, whenever necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company encourages the Directors to attend relevant programmes to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively. Prior to their appointments, all Directors will be given relevant guideline materials together with the necessary induction and training to enable them to have a proper understanding of their duties and responsibilities under the Listing Rules and the applicable laws, rules and regulations. Briefings and professional development will be arranged for Directors whenever necessary. All Directors confirmed that they had participated in continuous professional development to develop and refresh their knowledge and skills and had complied with the code provision C1.4 of the CG Code during the Reporting Period.

According to the Directors' training records provided to the Company for the year ended 31 March 2024, training undertaken by all Directors during the year is summarised below:

Name	Type(s) of training (Note(s))
Current Directors	
Mr. LI Cheuk Kam	(a), (b)
Ms. CHAU Man Chun	(a), (b)
Mr. WONG Chik Kong	(a), (b)
Mr. CHAN Chung Kik, Lewis	(a), (b)
Mr. LEE Kwok Lun	(a), (b)

Notes:

(a) Participated in seminars/forums/conferences

(b) Read seminar materials/journals/articles/business or industry updates

BOARD COMMITTEES

The Board has set up three Board Committees, namely the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") (collectively, the "**Board Committees**") for overseeing particular aspects of the Company's affairs under its defined scope of duties and terms of reference. The terms of reference of each of the Board Committees have been posted on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense. The table below provides the membership information of these Committees on which each Board member serves as at the date of this annual report:

	Board Committees		
Directors	Audit Committee	Nomination Committee	Remuneration Committee
Mr. LI Cheuk Kam	–	C	M
Ms. CHAU Man Chun	–	–	–
Mr. WONG Chik Kong	M	M	C
Mr. CHAN Chung Kik, Lewis	C	M	M
Mr. LEE Kwok Lun	M	M	M

Notes:

C – Chairman of the relevant Committee

M – Member of the relevant Committee

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code, the Audit Committee consists of three members who are all Independent Non-executive Directors, namely, Mr. Chan Chung Kik, Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Chan Chung Kik, Lewis is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and overseeing the Company's financial reporting system (including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget) and the risk management and internal control procedures.

The Terms of Reference of the Audit Committee which were adopted by the Board on 21 September 2017 have been revised by the Board on 31 December 2018. The revised Terms of Reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements when reviewing the Company's interim and annual reports.

The Audit Committee has reviewed the condensed consolidated interim report for the six-month period ended 30 September 2023 and the audited consolidated financial statement of the Group for the year ended 31 March 2024. The Audit Committee is satisfied that these financial statements have been prepared in accordance with applicable accounting standards and requirements.

The Audit Committee held two meetings during the Reporting Period and has reviewed, and recommended to the Board for approval of the Company's audited financial statements for the year ended 31 March 2023 and the interim financial statements for the six-month period ended 30 September 2023. The individual attendance record of each member at the meeting of the Audit Committee is set out below:

Directors	Attendance/ Number of Meetings
Mr. CHAN Chung Kik, Lewis	2/2
Mr. WONG Chik Kong	2/2
Mr. LEE Kwok Lun	2/2

Subsequent to the year ended 31 March 2024, the Audit Committee held one meeting and have reviewed and recommended to the Board for approval of the Company's audited financial statements for the year ended 31 March 2024.

NOMINATION COMMITTEE

Pursuant to Rule 3.27A of the Listing Rules, the Nomination Committee consists of one Executive Director, namely Mr. Li Cheuk Kam and three Independent Non-executive Directors, namely, Mr. Chan Chung Kik, Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Li Cheuk Kam is the Chairman of the Nomination Committee.

The primary duties of the Nomination Committee include reviewing the independence of the Independent Non-executive Directors; reviewing the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Group's strategy; to identifying qualified individuals to become members of the Board; and to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

The Terms of Reference of the Nomination Committee which were adopted by the Board on 21 September 2017 have been revised by the Board on 31 December 2018. The revised Terms of Reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

During the Reporting Period, the Nomination Committee held three meetings to review the structure, size and diversity of the Board, assess the independence of the Independent Non-executive Directors and recommend to the Board for consideration the re-election of all the retiring Directors at the 2023 annual general meeting; review the composition of the senior management of the Company and consider the appointment of a new Director.

The appointment of the new Director is determined with reference to the Nomination Policy of the Company and the selection criteria to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

The Nomination Committee also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance with reference to the Board Diversity Policy of the Company which is set out under the subsection headed "Board Diversity Policy" on page 18 in this annual report.

In order to achieve gender diversity, the Company appointed Ms. Chau Man Chun as an Executive director of the Company on 20 March 2024. The Company pays close attention to the objective of board diversity (including gender diversity) and ensures at least one Director of a different gender in the Board. If the Nomination Committee deems it necessary in the future, it will further identify suitable female candidates to join the Board through various channels in due course.

The individual attendance record of each member at the meeting of the Nomination Committee is set out below:

Directors	Attendance/ Number of Meetings
Mr. LI Cheuk Kam	3/3
Mr. WONG Chik Kong	3/3
Mr. CHAN Chung Kik, Lewis	3/3
Mr. LEE Kwok Lun	3/3

Board Nomination Policy

The Company has adopted a Board Nomination Policy for the Nomination Committee to consider and make recommendations to Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies.

If the Board recognises the need for an additional Director, the Nomination Committee will carry out the selection process by making reference to the Board Diversity Guideline, the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an INED, the Company's needs and other relevant statutory requirements and regulations.

Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(c) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(d) The number of existing directorships and other commitments that may demand the attention of the candidate;

(e) Requirement for the Board to have Independent Non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(f) Board Diversity Policy of the Company and any measurable objectives adopted by the Committee for achieving diversity on the Board; and

(g) Such other perspectives appropriate to the Company's business.

Director Nomination Procedure

Subject to the provisions in the Articles of Association of the Company and the Listing Rules, if the Board recognises the need for an additional Director or member of senior management the following procedure will be followed:

(a) the Committee and/or Board identifies potential candidates based on the criteria as set out in section criteria, possibly with assistance from external agencies and/or advisors;

(b) the Committee and/or the Company Secretary of the Company provides the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Act of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;

(c) The Committee would make recommendation on the proposed candidate(s) and the terms and conditions of the appointment to the Board;

(d) The Committee should ensure the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

(e) In the case of the appointment of an Independent Non-executive Director, the Committee and/or the Board obtains all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and

(f) The Board deliberates and decides on the appointment based upon the recommendation of the Committee.

REMUNERATION COMMITTEE

The Remuneration Committee consists of one Executive Director, namely Mr. Li Cheuk Kam and three Independent Non-executive Directors, namely, Mr. Chan Chung Kik, Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Wong Chik Kong is the Chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations on the remuneration of the Company's senior management and members of the Board, such as formulating and making recommendations to the Board on the remuneration policy, determining the specific remuneration packages of all Executive Directors, Non– executive Directors and senior management and making recommendations to the Board of the remuneration of Independent Non-executive Directors. The model of Remuneration Committee described in code provision E.1.2(c)(ii) of the CG Code has been adopted by the Remuneration Committee, which makes recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, compensation for loss or termination of office and to review and/or approve matters relating to share schemes established under Chapter 17 of the Listing Rules.

The Terms of Reference of the Remuneration Committee which were adopted by the Board on 21 September 2017 have been revised by the Board on 20 January 2023. The revised Terms of Reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee held three meetings during the Reporting Period to discuss the remuneration policy for Directors and senior managements and recommended to the Board for consideration the remuneration policy for Directors and senior managements at the 2023 annual general meeting and to review the remuneration packages and emoluments of Directors and senior managements for the period commencing from 1 November 2023 and the remuneration packages of a new Director. The remuneration of Directors and senior managements of the Company is determined with reference to the remuneration policy of the Group and based on individual skills, knowledge, performance and contribution, the overall performance of the Group, the prevailing economic environment and the market trend.

The individual attendance record of each member at the meeting of the Remuneration Committee is set out below:

Directors	Attendance/ Number of Meetings
Mr. WONG Chik Kong	3/3
Mr. LI Cheuk Kam	3/3
Mr. CHAN Chung Kik, Lewis	3/3
Mr. LEE Kwok Lun	3/3

COMPANY SECRETARY

Ms. Li Mei Wai was the Company Secretary during the Reporting Period. She is also the Company's chief financial officer. During the Reporting Period, she has undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules. The biography of Ms. Li Mei Wai is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

CORPORATE GOVERNANCE FUNCTIONS

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

The Board has developed, reviewed and keep monitoring the Company's corporate governance policies and practices, training and continuous professional and 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' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility in preparing the consolidated financial statements of the Group for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for the year ended 31 March 2024. The Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable in preparing the financial statements of the Group.

The Board having made appropriate enquires, consider that the Group has adequate resources and is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the consolidated financial statements of the Group. The statement of the independent auditor of the Company about their reporting responsibilities to the financial statements are set out in the Independent Auditor's Report of this annual report.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

The Board has overall responsibilities for maintaining an adequate risk management and internal control system to safeguard the Group's assets, to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations.

The Board acknowledges that it has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems. The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group. The department heads of the Group are responsible for identifying, assessing and monitoring risks associated with their respective units. The results of evaluation will be reported to the management through regular internal meetings. Each year, the management will prepare a risk assessment report which lists the risks identified and the management's assessment on the impact to the Group. All the findings and material issues will be summarised and presented to the Board and the Audit Committee for review. The Audit Committee will also report to the Board on any material issues and makes recommendations to the Board. The Board will then discuss findings in the risk assessment report and evaluate the effectiveness of the risk management and internal control systems in a Board meeting.

The Company has established and maintained procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in the securities of the Company by the Directors in accordance with Appendix C3 of the Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company.

The Group has designed and established appropriate policies and controls to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with and reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements. These policies and procedures provide a reasonable assurance that material misstatements or losses are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed.

The Group does not have an internal audit function due to the Group's relatively simple corporate and operation structure and for cost effectiveness consideration. Instead, the Company has engaged an external independent consulting firm (the "**Consultant**") to perform the internal audit function and to review the effectiveness and efficiency of the Group's risk management and internal controls systems annually. During the Reporting Period, the Consultant with staff in possession of the relevant expertise have conducted an annual review to assess the effectiveness of the Group's risk management and internal control systems. This review covered major financial, operational and compliance controls in rotation basis and also the risk management functions. No significant deficiency has been identified during the course of review and the Consultant concluded that the risk management and the internal controls systems of the Group are operating effectively and adequately.

The Audit Committee has reviewed the internal control review report issued by the Consultant and the Board has assessed the effectiveness of the internal control systems by considering the internal control review report and the reviews performed by the Audit Committee and opined that the Company's risk management and internal control systems in respect of the year ended 31 March 2024 are effective and adequate. The recommendations put forwarded by the Consultant and the Audit Committee have already been implemented in stages by the Group to further enhance its internal control and risk management policies, procedures and practices.

The Group has yet to establish its internal audit function during the Reporting Period as required under code provision D.2.5 of the CG Code. The Audit Committee and the Board have considered the internal control review report prepared by the Consultant and communicated with the Company's external auditors in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

WHISTLEBLOWING POLICY

To comply with code provision D.2.6 in Part 2 of the CG Code, the Board has adopted a whistleblowing policy (the "**Whistleblowing Policy**") in 2017 to provide formal channels and guidance to facilitate the raising of matters of concern by the employees of the Group (the "**Employee**") and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) (the "**Third Parties**", each a "**Whistleblower**"), in confidence, without fear of reprisals. Procedures have been formulated to enable the Whistleblower to report to the Group directly (addressed to the Head of Group's human resources department) suspected improprieties. This Policy has been revised by the Board on 21 June 2023. The revised Policy is available on the websites of the Company.

ANTI-CORRUPTION POLICY

To comply with code provision D.2.7 in Part 2 of the CG Code, the Board has adopted an anti-corruption policy (the "**Anti-corruption Policy**") in 2017 to set out the guidelines and responsibilities of the Employees, the Third Parties and those acting in an agency or fiduciary capacity on behalf of the Group. The Group Is committed to maintain a high standard of integrity, openness and discipline in its business operations. This Policy forms an integral part of the internal control framework which include the CG Code and the Whistleblowing Policy, outlines the Group's expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices. This Policy has been revised by the Board on 21 June 2023. The revised Policy is available on the websites of the Company.

AUDITOR'S REMUNERATION

During the Reporting Period, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, and its affiliated firms, in respect of its audit and non-audit services was as follows:

Directors	Service Fee HK$'000
Audit services	880
Non-audit services:	
– Review for interim report	250
– Others*	29
Total	1,159

* Including services provided by SHINEWING (HK) CPA Limited's affiliated firms.

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure from the business of the Group during the Reporting Period.

INSIDE INFORMATION POLICY

The Group have complied with the requirements of the Securities and Futures Ordinance ("**SFO**") and the Listing Rules regarding inside information during the Reporting Period. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the "**safe harbours**" as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements, circulars and reports of the Company is not false or misleading as to a material fact, or false or misleading due to the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make appropriate investment decisions.

The members of the Board and Board Committees and the external auditor will be present to answer shareholders' questions in the annual general meetings of the Company. Circulars will be distributed to all shareholders before the annual general meeting and any special general meetings in accordance with the timeline requirement as laid down in the Listing Rules and the articles of association of the Company. All the resolutions proposed to be approved at the general meetings will be taken by poll and poll voting results will be published on the websites of the Stock Exchange and the Company after the relevant general meetings.

As a channel to promote effective communication, the Group maintains a website where information on the Company's announcements, financial information and other information are posted. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong with any enquires.

A revised Shareholders Communication Policy has been adopted on 31 December 2023 to incorporate amendments to the Listing Rules regarding the paperless listing regime. The revised Policy is currently made available on the Company's website.

The Board has reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene General Meeting

Procedures for Shareholders to Convene General Meeting Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting.

Extraordinary general meetings shall also 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 voting rights (on a one vote per share bases) in the capital of the Company. Such requisition shall be made in writing to the Board or the Company Secretary by mail at Room 3010, 30/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Board and adding resolutions to the agenda of the meeting 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 requisition(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.

Procedures for Putting Forward Proposal at Shareholder's Meeting

Shareholders are requested to follow Article 64 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for Shareholders to Convene General Meeting".

Procedures for Proposing a Person for Election as a Director

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director signed by a Shareholder and notice in writing signed by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The Company shall include the particulars of such proposed person for election as a Director in an announcement or a supplementary circular, and shall give the Shareholders at least seven days to consider the relevant information disclosed in such announcement or supplementary circular prior to the date of the meeting of the election. The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures by which Enquiries may be out to the Board

Shareholders are welcomed to send their enquiries to the Board, such enquiries can be addressed to the Company Secretary in writing by post to the Company's principal place of business in Hong Kong at Room 3010, 30/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong or by email at info@wingchiholdings.com.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There is no change in the memorandum and articles of association of the Company during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS ESG REPORT

This Environmental, Social, and Governance ("**ESG**") report ("**ESG Report**"), covering the year ended 31 March 2024 (the "**Reporting Period**"), provides an overview of our initiatives and efforts in corporate social responsibility and sustainable development at Wing Chi Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"). The Group specializes in foundation and site formation services, encompassing a range of projects primarily involving excavation, lateral support works, pile cap construction, and site formation for both public and private endeavors. The Group also leases out some of its machineries.

The Group is committed to enhancing the standard of living through urban and infrastructure advancements, cultivating a satisfying work atmosphere, providing opportunities for professional growth to our workforce, and generating value for our stakeholders, which will benefit our long-term business development.

BOARD STATEMENT

The Group is firmly committed to maintaining a balance between increasing Company value and embracing sustainable practices. In pursuit of this objective, the Board of Directors (the "**Board**") integrates ESG principles and internal control systems into its risk-management process. This strategic approach not only enhances the Company's resilience to environmental and social risks but also fosters responsible governance practices. As a result, the Board has implemented proactive measures from both operational and governance perspectives to ensure thorough alignment with this overarching strategy.

To effectively implement sustainable practices, the Group has developed a robust governance structure comprising the Board, management, and key personnel from various functional departments. The Board bears the ultimate responsibility for overseeing all ESG-related matters which includes objective and strategy formulation, conducting thorough risk assessments, and reviewing and approving the effectiveness of ESG-related initiatives, policies, and this ESG Report. This ensures that the Group's commitment to sustainability is upheld at the highest level of leadership.

The execution of ESG-related tasks has been entrusted to the Group's management. They are tasked with identifying both potential risks and opportunities within the business, devising corresponding action plans to address them, and continuously refining ESG-related policies, strategies, and targets. This proactive approach ensures that the Group remains adaptable and responsive to evolving sustainability challenges. Furthermore, the management is required to stay well-informed about emerging ESG-related industry practices, as well as pertinent laws and regulations. This ensures that the Group not only complies with existing standards but also remains at the forefront of best practices in sustainability. By fostering a culture of continuous learning and improvement, the Group reaffirms its commitment to driving positive ESG outcomes.

Key personnel from functional departments are responsible for collecting data for the preparation of this ESG Report and suggesting policies and measures for improvement in their respective areas. They are also tasked with ensuring that the implementation of ESG-related initiatives aligns effectively with the strategies and objectives formulated by the management within their departments. The Board monitors the Group's ESG performance and progress by meeting with the management and key personnel involved in ESG-related matters. They are required to report to the Board annually the progress, updates, and effectiveness of the implementation of ESG-related work for its review and evaluation. The risk management process, strategic planning, and decision-making processes will be revisited if any deviations are noted.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE AND STANDARDS

This ESG Report covers the core operational segment, which involves providing foundation and site formation works. It is compiled following the guidelines outlined in the "Environmental, Social, and Governance Reporting Guide" ("**ESG Guide**"), as stipulated in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board by The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The Group has adhered to the mandatory disclosure requirements and the "Comply or Explain" provisions outlined in the ESG Reporting Guide for the Reporting Period.

We adhered to the core principles of the ESG Guide which stated below:

Materiality	Identification of material ESG factors by conducting stakeholder engagement and materiality assessment which are relevant and material to our business operations and stakeholders.
Quantitative	Quantitative key performance indicator ("**KPI**") are presented with narrative and explanation where appropriate.
Consistency	KPI calculation methods and disclosure remain consistent over time unless specified otherwise for meaningful comparisons.

The information in this ESG Report is based on the Group's official documents and statistical data, as well as a compilation and summary of monitoring, management and operational information provided by subsidiaries of the Group.

To allow better navigation of relevant ESG topics, a detailed ESG content index is available at the end of this ESG Report. The corporate governance practices of the Group are set out in the Corporate Governance Report, from pages 14 to 27 of this annual report.

ENGAGEMENT WITH STAKEHOLDERS

The Group acknowledges the integral connection between stakeholders and its business development. We maintain constant communication with key stakeholders to understand their needs and expectations. Through various communication channels, we refine our initiatives and strategies accordingly to attain long-term success. The following table outlines the Group's stakeholders, our communication channels, and results.

Stakeholder Groups	Specific Stakeholder(s)	Communication Channel	Expectations and concerns
Investors	• Shareholders • Potential investors	➢ Corporate website ➢ Annual and interim financial reports ➢ Announcements, circulars and disclosures of stock listing information ➢ Annual general meetings and extraordinary general meetings	➢ Financial result ➢ Corporate governance
Employees	• Senior management • Staff • Direct workers • Potential recruits	➢ Direct communication ➢ Independent focus groups and interviews ➢ Training and seminars ➢ Regular performance assessments ➢ Corporate Social Responsibility ("**CSR**") activities	➢ Career ➢ Remuneration and benefit ➢ Working environment ➢ Health and safety
Customers	• Government departments and statutory bodies • Property developers • Landowners • End users	➢ Periodic meetings with contractors and customers ➢ Customer assessments ➢ Designated customer hotline	➢ Price ➢ Service quality
Suppliers/ Contractors	• Suppliers • Sub-contractors • Service providers	➢ Supplier assessments ➢ Daily work reviews ➢ Site inspections and meetings with sub-contractors	➢ Stable relationship ➢ Working environment
Community	• National and local community organisations	➢ Charitable donations ➢ CSR activities	➢ CSR
Government	• National and local governments • Regulators	➢ Written correspondence ➢ Statutory reports and general disclosures	➢ Compliance with law and regulations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Group conducts regular assessments to determine the relevance of ESG issues to our business and stakeholders, thereby enabling effective ESG management and strategy formulation. Materiality assessments are conducted annually by management and responsible personnel from key functions, considering business development and the latest sustainability trends. This evaluation aims to gauge the significance of these issues to the Group's business and stakeholders.

The Group first reviews its business operations, the ESG Reporting Guide, and industry developments to identify a pool of potential ESG issues relevant to the Group. The identified ESG topics are then analyzed, evaluated, and prioritized based on their influence on stakeholders' assessments and decisions, as well as the level of significance of economic, environmental, and social impacts. The Board then conducts reviews of the selected and prioritized results to confirm a list of material ESG issues. Finally, the identified material ESG issues are regularly reviewed, and the Group formulates corresponding measures and ESG strategies for monitoring and improvement.

This assessment aids the Group in reviewing its operations, identifying key ESG issues, and evaluating the significance of these issues to both the Group and its stakeholders. Important ESG topics are determined and illustrated in the table below:

Environment	Workforce	Operating Practices
Emissions Energy consumption Waste management Climate change	Occupational health and safety Employee recruitment and retention Employment rights and benefits	Quality of services Anti-corruption

PROTECTING THE ENVIRONMENT

Considering the escalating greenhouse effect and climate change, the imperative of energy conservation, carbon reduction, and pollution mitigation has emerged as a global concern affecting us all. The Group undertakes environmental protection as part of its corporate responsibilities and is committed to reduce the adverse impacts on the environment.

In order to ensure effective environmental management and compliance with relevant environmental protection laws, the Group has implemented an environmental management system certified by ISO 14001:2015 standards. Within this framework, we have developed an Environmental Management Manual to guide our practices. Standardized environmental management policies and procedures have been established, which are communicated to and expected to be adhered to by our employees, suppliers, and subcontractors to promote environmentally responsible practices. The Operational Department is tasked with overseeing and managing the implementation of these measures.

EMISSIONS

During the Reporting Period, the main sources of emissions from the Group include air pollutant emissions from vehicles and greenhouse gases ("**GHG**") generated from our daily operations. These GHG emissions comprise both direct emissions from the combustion of gaseous fuel in vehicles and fuel-operated plants (Scope 1), as well as indirect emissions from purchased electricity (Scope 2). Therefore, we prioritize minimizing air pollutant emissions at their source.

GHG emissions generated by the Group during the Reporting Period are as follows:

	Unit	2023/24	2022/23
Emissions data from gaseous fuel consumption			
Nitrogen oxide (NO_x)	kg	**1,401.32**	1,190.50
Sulphur oxide (SO_x)	kg	**1.58**	1.78
Particulate matter (PM)	kg	**109.19**	92.90

		Unit	2023/24	2022/23
Direct emission or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon dioxide (CO_2)	tonne	**255.62**	288.12
	Methane (CH_4)[1]	tonne	**0.36**	0.40
	Nitrous oxide (N_2O)[1]	tonne	**6.81**	7.75
Indirect emissions from energy (Scope 2)				
Electricity purchased from power companies	Carbon dioxide (CO_2)	tonne	**9.82**	13.06
Total direct and indirect emission (Scope 1 & Scope 2)				
Total emissions		tonne	**272.61**	309.34
Total emission intensity		tonne/number of projects[2]	**10.10**	11.05
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	Carbon dioxide (CO_2)	tonne	**1.84**	2.77
Business travel by employee	Carbon dioxide (CO_2)	tonne	**0.67**	1.33

Note:

1. The total amount of greenhouse gas emissions is the total amount of carbon dioxide emissions equivalent. Methane and nitrous oxide emissions were converted into carbon dioxide emissions based on global warming potential ("**GWP**").

2. The numbers of projects used for above calculation was 27 and 28 as at 31 March 2024 and 31 March 2023 respectively.

3. The methodology adopted for reporting on greenhouse gas emissions set out above was based on "How to Prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

During the Reporting Period, although the number of projects remained at the same level as last year, the distance traveled between projects increased, leading to higher emissions from gaseous fuel consumption. To mitigate negative environmental impact, the Group has made efforts to prioritize the use of ultra-low-sulfur diesel to enhance fuel economy, resulting in a reduction in Scope 1 GHG emissions.

The decrease in Scope 2 emissions was attributable to the reduced usage at one of our warehouses. Please refer to the section "Use of Resources" for further discussion.

To actively control air pollutants, we strictly regulate the use of qualified machinery. We ensure that non-road mobile machinery, such as excavators, bulldozers, forklifts, and generators, have the necessary approved or exemption labels in accordance with the Air Pollution Control Ordinance (Cap. 311). This measure aims to reduce air pollution and protect public health and the environment. To replace the broken and old machinery, we prioritize choosing those with features of lower fuel consumption and better fuel efficiency, which provide greater power. For instance, a higher-efficiency hydraulic system minimizes fuel consumption while maximizing power.

During our daily operations, we have adopted the following strategies to reduce air pollution and greenhouse gas (GHG) emissions:

1. Utilize construction equipment and machinery that incorporate clean technologies, such as low-emission engines or electric-powered machinery.

2. Implement fuel efficiency measures, such as maintaining equipment properly to ensure optimal performance, reducing idling time, and using fuel-efficient routes for transportation.

3. Optimize material use to minimize waste and reduce transportation emissions. Utilize recycled or sustainable materials whenever possible to reduce the carbon footprint of construction projects.

4. Regularly monitor and track emissions from construction activities to identify areas for improvement and ensure compliance with regulatory standards.

5. Provide training and awareness programs to construction site personnel on the importance of reducing emissions, proper equipment operation, and best practices for minimizing environmental impacts.

By implementing these strategies, we aim to reduce air pollution and GHG emissions associated with our daily operations, contributing to a cleaner and more sustainable environment.

During the last reporting period, our target was to reduce the total emission intensity by 2-3% in the current reporting period through the replacement and acquisition of more environmentally friendly machinery and vehicles. We have achieved this goal and aim to further reduce total emission intensity in the coming year.

To the best of our knowledge, during the Reporting Period, the Group does not have any non-compliance issues in relation to laws and regulations that relate to air and greenhouse gas emissions and discharges into water and land which include but not limited to the Air Pollution Control Ordinance (Cap. 311), the Water Pollution Control Ordinance (Cap. 358), the Noise Control Ordinance (Cap. 400), the Environmental Impact Assessment Ordinance (Cap. 499) and other regulations promulgated by the Hong Kong SAR Government and currently applicable to the Group, as well as the environmental requirements of our customers.

WASTE MANAGEMENT

Due to the nature of our business, no hazardous waste has been produced by the Group. During the Reporting Period, the Group mainly produced non-hazardous waste, including construction and demolition materials, as well as general refuse. We continue to reduce the amount of waste by raising staff awareness through internal training and office rules.

During our daily operations, significant amounts of construction and demolition materials (C&D materials) are generated by our activities (i.e., site formation works, foundation works, building construction, and superstructure works), containing both inert and non-inert waste. These materials are to be disposed of at public filling areas and landfills. To reduce waste, our project team carefully plans and estimates materials needed to help minimize excess ordering and reduce waste. Additionally, we have implemented a waste management plan that includes proper segregation and sorting of waste materials. We separate recyclable materials such as metals, wood, concrete, and plastics to facilitate recycling and reduce landfill waste.

When dealing with hazardous waste, we ensure proper handling and disposal to protect both human health and the environment. Therefore, if hazardous waste arises, the Group has established procedures for engaging outsourced contractors who specialize in hazardous waste management and are recognized for their expertise in handling such materials. These contractors typically have the necessary licenses, permits, and training to safely handle hazardous waste in compliance with regulatory requirements.

Throughout the Reporting Period, waste generated at our project sites was primarily managed by the main contractors overseeing the construction projects contracted by the Group. Additionally, there were no further instances of construction waste disposal (2023: Nil). Given that the Group's non-hazardous waste is primarily managed by the main contractor and hazardous waste was not generated, the disclosure of related KPIs and reduction targets is deemed not applicable to the Group.

General refuse such as office waste, paper waste, food waste, and packaging waste, will be collected and temporarily stored on-site before being disposed of at landfills. We encourage our staff and subcontractors to reduce waste at its source by minimizing usage, opting for recyclable materials over single-use ones, and reducing unnecessary packaging. At the head office, recycling boxes have been provided to encourage the employees to sort and recycle waste, aligning with our objectives of waste reduction, reuse, and recycling. Staff are encouraged to maintain a paperless workplace culture to minimize unnecessary usage. We aim to integrate sustainable practices into daily routines to increase staff emphasis on sustainability.

To the best of our knowledge, during the Reporting Period, we did not have any non-compliance issues in relation to laws and regulations relating to the generation of hazardous and non-hazardous waste which includes but not limited to the Waste Disposal Ordinance (Cap. 354), the Dumping at Sea Ordinance (Cap. 466) and other regulations promulgated by the Hong Kong SAR Government and currently applicable to the Group, as well as the environmental requirements of our customers.

USE OF RESOURCES

Conserving energy helps mitigate climate change, reduce adverse environmental impact, and ensure sustainable resource management for future generations. Electricity is our major energy consumption for lighting in offices and warehouses during the Reporting Period.

The Group places great effort in educating its employees on the importance of energy reduction and has adopted the following energy-saving measures:

Office

- Set and maintain regular room temperatures at 24–26º C;
- Switch off idle appliances (e.g. printers, computers, monitors);
- Place eco-friendly labels to raise staffs awareness;
- Priority in purchase of electrical appliances with Grade 1 energy efficiency labelling; and
- Divide lighting systems into small zones, enabling a more flexible approach towards energy saving.

Site

- Switch off non-essential lighting as well as idle machinery and equipment;
- Order work-site materials accurately to avoid waste;
- Enhance the maintenance and overhaul procedures to keep all equipment in optimal condition for effective use of energy; and
- Use various communication channels (posters, signs and memos) to promote energy conservation to raise construction workers' awareness.

Resource consumption by the Group during the Reporting Period is as follows:

	Unit	2023/24	2022/23
Electricity consumption	kWh	**25,188.11**	33,491.65
	kWh/employee	**62.04**	78.43

The total electricity usage and intensity of electricity usage decreased during the Reporting Period due to reduced electricity consumption at one of our warehouses. This reduction was attributable to the termination of the lease for a warehouse that typically performed repair and maintenance operations. Certain maintenance work has been outsourced to external service providers. In previous years, the Group set a target to reduce the intensity of electricity consumption by the warehouse to below 52 kWh per employee for the year ending March 31, 2027. This target is on track to be achieved. The Group will continue to strengthen its energy-conservation measures, as described above, to ensure that only necessary resources are used.

In terms of water resources, as water at our project sites is provided by our main contractor, the Group has no problem sourcing water. Water from our head office was provided and data were recorded by the management office. The Group only consumed and recorded a minimal amount of water during the Reporting Period at our warehouse. Therefore, disclosing KPI data for water usage is not meaningful. Although the Group did not consume a significant amount of water, we advocate for the collection, reuse, and recycling of greywater at construction sites. For instance, wastewater generated from piling works and washing of construction vehicles is treated using sedimentation and flocculation in the wastewater treatment system, enabling its reuse whenever possible.

ENVIRONMENT AND NATURAL RESOURCES

In performing foundation and site formation work, it inevitably results in air and noise pollution that may affect nearby communities. However, the Group is committed to minimizing its negative environmental impact and has established environmental policies and implemented various environmental protection measures.

For example, regarding noise pollution, heavy machinery such as excavators, bulldozers, and pile drivers can produce significant noise levels during operation. We implement a noise monitoring program to assess noise levels at the construction site and in surrounding areas. This helps identify areas where noise mitigation measures may be necessary. Additionally, we install noise barriers and absorptive surfaces around the construction site to reduce noise propagation. This may involve erecting temporary walls or using sound-absorbing materials on fences.

For air pollution, site preparation and excavation activities can generate dust emissions, especially in dry and windy conditions. Dust particles may contain pollutants such as particulate matter ("**PM**"), posing health risks to workers and nearby residents. We implement dust control measures such as watering down the site, using dust suppressants, and covering materials to prevent dust emissions. Additionally, we employ cleaner and more efficient machinery and vehicles, while implementing emission control technologies such as exhaust filters and catalytic converters.

With regards to office supplies, we prioritize the selection of environmentally-friendly products. For instance, we choose to purchase office paper certified under the Programme for the Endorsement of Forest Certification ("**PEFC**"), which is a leading global alliance of national forest certification systems dedicated to promoting sustainable forest management. The PEFC Chain of Custody certification tracks wood from sustainable sources through the supply chain to the final product, demonstrating that each step of the supply chain is closely monitored by an independent auditing entity to ensure that unsustainable sources are excluded.

To enhance environmental awareness among our staff, we have organized several activities during the Reporting Period. These activities are designed to educate and engage our employees on various aspects of environmental protection and sustainability. On March 23, 2024, the Company and our major operating subsidiary supported Earth Hour 2024 by turning off all non-essential interior lights for an hour at 8:30 pm to reduce energy usage.

During the Reporting Period, the Group has organized an educational program to visit the WWF Hong Kong Hoi Ha Marine Life Centre. This program aimed to educate participants about the fascinating characteristics of various fish species and the threats they face, while also teaching them how to protect the ocean. Staff members participated in a coral observation trip aboard a glass-bottomed boat, providing them with a unique opportunity to observe marine life in its natural habitat and gain a deeper understanding of the importance of ocean conservation.

In December 2023, the Group organized another visit to Tung Ping Chau to understand Marine Ecology. During the visit, participants enjoyed viewing the peculiar rock formations carved by the sea over the years, observed coral communities, learned about biodiversity, and gained knowledge on how to protect the ocean. Coral communities create diverse habitats, attracting a variety of marine species, and they play an important role in controlling atmospheric carbon dioxide.

During the Reporting Period, the Group has adhered to all pertinent environmental laws and regulations in Hong Kong, along with other regulations issued by the Hong Kong SAR Government applicable to the Group, as well as the environmental standards outlined by our customers. While our operational activities do not present a substantial environmental risk, we remain vigilant in monitoring and evaluating potential environmental hazards stemming from our operations, and we take proactive steps to mitigate them accordingly.

CLIMATE CHANGE

Extreme weather has emerged as one of the most pressing concerns in recent decades. The Group recognizes its susceptibility to climate change risks and consistently monitors climate-related strategies, policies, and practices, identifying potential risks to the Group. Management is committed to allocating adequate resources to mitigate these identified risks. During the Reporting Period, the Group persisted in its climate change assessment, actively identifying and addressing potential risks stemming from its business operations. These risks include the following dimensions:

Physical risks

Weather-related events such as typhoon and rainstorm may pose acute physical risks to our workers and operations. Management, with the assistance of key personnel from functional departments, has developed relevant policies to identify and mitigate adverse impacts arising from climate change issues. The Group has formulated policies regarding work arrangements and measures to be taken during typhoons and rainstorms. Additionally, emergency plans for work arrangements in the event of extreme weather circumstances such as floods have also been established.

Increasing temperatures is a chronic climate risk to our project site. Extreme temperatures can lead to heat stress and related health issues among workers, including heat exhaustion, heat stroke, and dehydration. Consequently, there is a demand for cooling systems and energy-intensive equipment such as air conditioning units, fans, and refrigeration units in our construction sites. To address this risk, we have implemented proactive measures such as implementing heat stress management programs, providing worker training and education on heat safety, adjusting work schedules to avoid peak heat hours, and incorporating heat-resilient materials into construction projects.

Transition risks

The Group has identified changes in environment-related regulations as a legal risk that may increase operating costs. As environmental regulations evolve and become more stringent, compliance requirements may become more complex and costly to meet. This could include requirements for emissions reductions, waste management, pollution control, and resource conservation, among others. Failure to comply with these regulations could result in fines, penalties, litigation, or reputational damage, all of which could significantly impact the Group's financial performance and operational efficiency. Therefore, the Board stays abreast of changes in environmental regulations and implements proactive measures to ensure compliance, essential for mitigating this legal risk and maintaining the Group's competitiveness in the market.

Potential market risks stemming from altered consumer and customer behavior are also noted by the Group. As the Group's operations have not generated significant amounts of GHG emissions and waste, it is anticipated that the potential transition risks will not materially affect the Group's operations. To ensure that our services adhere to consumer needs and legal requirements, the Group will continue to monitor the market environment closely.

EMPLOYMENT AND LABOUR PRACTICES

The Group recognizes the fundamental role of human resources in sustainable business development, considering them as one of its key competitive advantages. The Group has developed comprehensive employment policies, which are reviewed regularly, covering aspects such as recruitment, remuneration, compensation, working hours, rest periods, diversity, and equal opportunities to safeguard the rights of its employees.

During the recruitment process, candidates are assessed solely on their experience and credentials, without consideration of race, gender, religion, age, or disability status. Child or forced labor is strictly prohibited. Our Human Resources Department carries out a strict background check procedure to ensure that the applicant meets the legal requirements and is suitable for us. All information collected during recruitment will be used exclusively for hiring purposes and accessed only by authorized personnel to safeguard sensitive personal data. Additionally, we pledge to cultivate a work environment devoid of any discrimination based on ethnicity, gender, religion, age, disability, or sexual orientation, aiming to attract professionals from diverse backgrounds to join the Group.

We have maintained the effectiveness of our employment management system to foster a mutually respectful work environment. With the aim of motivating employees, acknowledging their contributions and performance, and supporting their career advancement within the Group, we have implemented a performance appraisal system to assess staff performance and compensation annually. All staff are entitled to undergo performance reviews to ensure equality. Promotion opportunities and compensation align with prevailing market standards.

The management conducts regular evaluations of the Group's compensation plans and policies. Discretionary bonuses are awarded to eligible employees based on their performance and our operational results. The Group strictly prohibits any improper or unfair termination of employees. Only major breaches of the Group's rules or misconduct are grounds for dismissal.

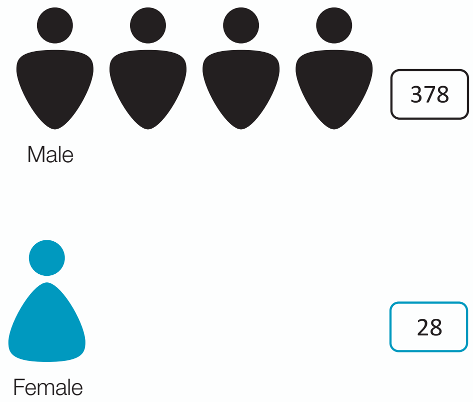
We ensure that our employment and labour practices comply with anti-discrimination ordinances and the guidance under the Employment Ordinance (Cap. 57), the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and the Minimum Wage Ordinance (Cap. 608), as well as construction industry features and practices.

Staff Composition

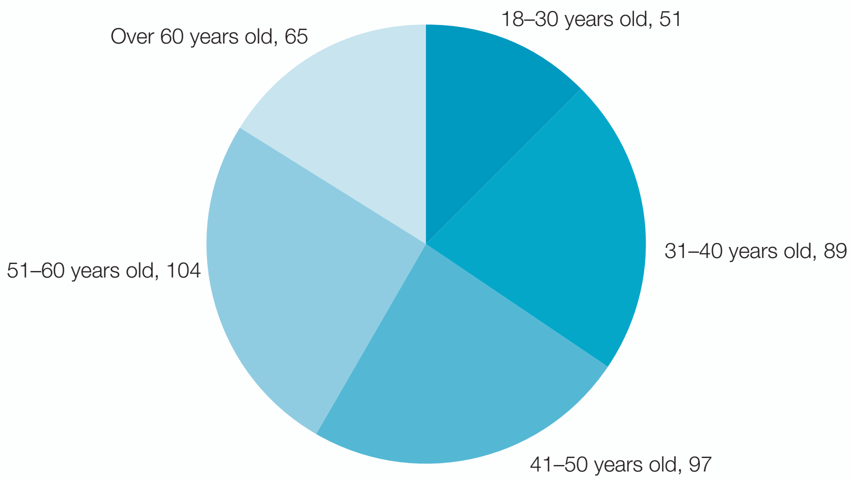
As of 31 March 2024, we employed a total of 406 back-office and site staff (56 full-time staff and 350 casual employees), all located in Hong Kong. The gender ratio of our workforce is 7% female and 93% male. This disparity is largely due to the physical strength requirements prevalent in the construction services sector, which typically attracts more male personnel. Despite this, the Group does not exhibit any hiring preference based on gender.

The gender ratio for our Board and senior management stands at 6 males to 2 female as of the same date. While the supply of female staff in the industry is limited, making it challenging to set specific plans or objectives for achieving gender diversity within our workforce, we recognize the importance of diversity. The Group is committed to fostering gender diversity and will continue to promote it actively. We aim to hire suitable female staff whenever appropriate across all positions, reinforcing our dedication to creating a more balanced and inclusive workplace.

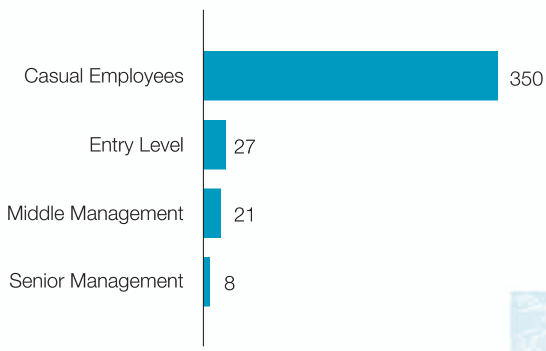
Employees by Gender



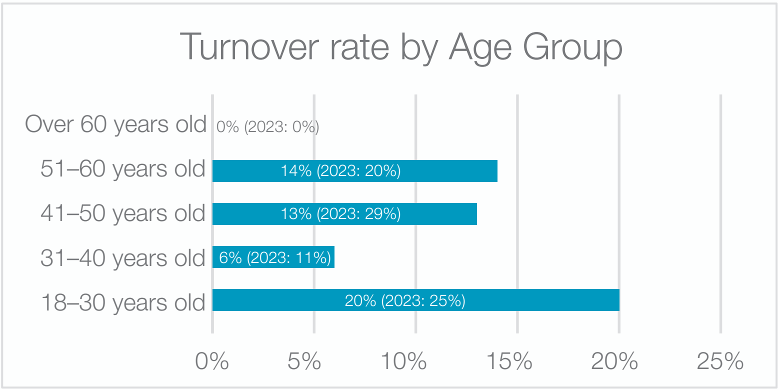
Employees by Age Group



Employees by Employment Category



Throughout the Reporting Period, a total of 6 full-time employees departed from the Group, resulting in an overall turnover rate of 11% (2023:19%). The turnover rate for casual employees is not considered significant as they frequently join and leave the Group throughout the year. Furthermore, the turnover rates for male and female staff are 9% and 22%, respectively (2023: 16% and 33%). As all our employees are based in Hong Kong, turnover rates in relevant geographical regions are not applicable to the Group.



For the Reporting Period, the Group is not aware of any cases of non-compliance with laws and regulations in relation to compensation and dismissal, recruitment and promotion, work hours, rest periods, equal opportunities, diversity, antidiscrimination, or other benefits and welfare.

HEALTH AND SAFETY

The health and safety of our employees ranks as the highest priority within the Group's operations. Consequently, the Group has established high-standard safety and health system, which are certified under ISO 45001:2018. The established occupational health and safety system delivers safety initiatives aimed at minimizing the detrimental impact of industrial accidents and potential health and safety risks at worksites.

Before commencement of work, the project teams will identify and assess potential hazards on construction sites, such as site environment and heavy machinery operation. Project teams will then assess the level of risk associated with each hazard. This involves considering factors such as the likelihood of an accident occurring and the potential severity of the consequences. Then, control measures will be developed to mitigate or eliminate the identified risks, such as safety barriers, implementing safe work procedures, or providing training. This risk assessment is an ongoing process and is regularly reviewed and revised throughout the duration of the construction project.

Periodic safety meetings are convened among safety officers, site supervision teams, subcontractors, and workers' representatives to exchange the most recent information and best practices concerning occupational health and safety. Safety officers oversee site inspections to check that whether the Group's ongoing business operations and working procedures adhere to health and safety standards. These procedures undergo regular review, and pertinent laws and regulations are periodically checked for updates.

To enhance health and safety awareness among our workers, warning signs about the potential detrimental impacts of construction activities, proper handling techniques, and preventive measures have been placed in project sites in prominent places. Additionally, occupational health and safety training is provided to workers. For instance, safety induction training, safety toolbox talks, specific training for high-risk activities, and regular emergency contingency drills are conducted. Workers are also able to receive refresher training to remind them of the significance of complying with safety rules, as the Group requires them to adhere strictly to the safety policies and guidelines maintained by the Group.

Employees working at project sites must wear personal protective equipment, including safety helmets, goggles, shoes, and high-visibility clothing provided by the Group. Staff in designated positions are tasked with overseeing the implementation of these measures. To safeguard the health and safety of our workers, ample first-aid supplies are accessible, and machinery and equipment undergo regular inspections and maintenance.

For the Reporting Period, the work injury statistics for the Group are as follows:

Work-related fatalities Statistics	Unit	2023/24	2022/23	2021/22
Number of work-related fatalities	Case(s)	**0**	0	0
Rate of work-related fatalities	Percentage	**0%**	0%	0%

Work-related fatalities Statistics	Unit	2023/24	2022/23
Number of reported accidents (sick leave > 3 days)	Case(s)	**8**	9
Days lost due to work injury	Day(s)	**2,813**	1,595

The number of injury cases slightly decreased during the Reporting Period due to the implementation of strict safety measures. However, because the work injury cases incurred required longer recovery periods, more days were lost due to these injuries. Following these incidents, we provided relevant safety reminders and tips to all workers to reinforce our safety policies and increase awareness of the adopted safety measures.

In addition, the Group continues to optimise its work practices for the sake of staff health and safety with the aim of creating a safe, healthy and comfortable work environment. We comply strictly with the applicable laws and regulations such as the Occupational Safety and Health Ordinance (Cap. 509), the Employees' Compensation Ordinance (Cap. 282), and the Factories and Industrial Undertakings Ordinance (Cap. 59).

During the Reporting Period, the Group is not aware of any cases of non-compliance with laws and regulations which provide a safe work environment and protect employees from occupational hazards. However, a number of work injury litigation cases are still in progress and the result of the litigation is unknown for the time being as the lawsuit process usually takes a few years.

DEVELOPMENT AND TRAINING

The Group strives to nurture its employees and assist them in achieving their career and personal growth, believing that this could increase their job satisfaction and motivation while decreasing staff turnover.

The Group has provided a variety of internal training programmes for its employees at different career levels, as well as external training courses to improve their professional proficiency and technical competencies. For instance, we regularly organize sessions where experienced employees offer instruction and mentorship to junior colleagues, thereby enhancing the technical proficiency and presentation skills of the experienced staff and the junior staff have the opportunity to enhance their professional knowledge and skills. This initiative also boosts morale across all ranks and promotes improved teamwork and communication among staff. With regards to new recruits, the Group provides comprehensive on-the-job training to help them understand the Group's corporate culture and development, management systems, work health-and-safety measures and business processes.

The Group's directors and managerial staff participate in a range of training sessions, conducted both internally and externally by professional organizations, aimed at fostering their ongoing professional development and enriching their expertise. These training sessions cover updates on regulations for listed companies, relevant laws and regulations, corporate governance practices, and the latest information on ESG practices.

We are committed to providing our employees with a suitable and appropriate platform for their career development, professionalism, and promotion opportunities, and to encourage them to seek development to fulfill their personal and career aspirations. Annual performance appraisals are conducted between management and employees for continuous improvement. During these appraisals, constructive feedback is exchanged between management and employees, allowing for an in-depth review of individual performance, accomplishments, and areas for development.

14% (2023: 13%) of our staff members took part in training throughout the Reporting Period. 12% of our male employees and 36% of our female employees have participated in training, which has an average duration of about 0.2 hours and 1.6 hours respectively. The percentage of employees who have participated in training for senior employees, middle-level employees, entry-level employees, and casual employees was approximately 63%, 100%, 52%, and 4%, respectively. This is in addition to the compulsory safety training provided to site workers, such as safety toolbox talks and safety induction training prior to the start of work. Each of the aforementioned groups had an average training time of about 6.06 hours, 1.56 hours, 0.54 hours, and 0.07 hours, respectively. The management plans the training themes and frequency taking into consideration staff needs, business development, and industry trends.

LABOUR STANDARDS

The Group respects human rights and freedoms and strictly prohibits the use of child and forced labour in our workplace by adhering to the Employment of Children Regulations and Employment of Young Persons (Industry) Regulations under the Employment Ordinance (Cap. 57) of Hong Kong.

We implement rigorous candidate screening and age verification procedures in our recruitment process to prevent the employment of child labor. Before finalizing employment, our Human Resources Team will request valid identity documents from job applicants to verify their age and confirm their eligibility for employment. Once verified, employment contracts are signed between the Group and the applicants. These contracts cover comprehensively detail working hours, rights and responsibilities, rest days, holidays, and other pertinent aspects in accordance with Hong Kong labor laws and relevant criteria.

The terms of employment contracts prohibit any labor exploitation or forced labor. In the event that any irregularities in age or validity of employment status are found, the Group will conduct an investigation and take remedial action. To align with the relevant laws and regulations, employment arrangements which include the work location, terms of employment, working hours, rest days, and holidays, are subject to periodic review.

For the Reporting Period, the Group is not aware of any cases of non-compliance with laws and regulations regarding the prevention of child and forced labor.

SUPPLY CHAIN MANAGEMENT

The Group strives to maintain long-term partnerships with our suppliers and subcontractors, recognizing the direct influence of their products and services on our service quality. The Group has implemented a robust supplier management system aimed at standardizing the selection, engagement, and performance evaluation of both new and existing suppliers and subcontractors.

When selecting suppliers or subcontractors, the Group will evaluate them based on their compliance with environmental, social, and safety requirements, pricing, reliability, and quality of work. Suppliers and subcontractors who are equipped with environmental or social accreditation will be prioritized for selection. We require our suppliers and subcontractors to maintain robust social responsibility systems for managing environmental and social issues, which include environmental protection, occupational health and safety, product responsibility, and human rights. The newly assessed supplier with satisfactory results will be included in the list of approved suppliers so that management can keep track of their performance. Only suppliers and subcontractors from this approved list can be selected. Exceptions can be considered only if individually reviewed and approved by management, or if the relevant vendor is specifically requested by a client of the Group. Subsequently, all vendors and subcontractors are monitored, evaluated, and reviewed regularly.

We incorporate our environmental and social requirements into contracts with suppliers and subcontractors, where applicable. Suppliers and subcontractors with a record of violations against our requirements will not be accepted. We may consider terminating cooperation with suppliers and subcontractors if we observe any significant negative environmental or social impact caused by them. During the Reporting Period, the Group has maintained close ties with a total of 187 suppliers and 50 subcontractors (2023: 199 suppliers and 40 subcontractors), which are mainly based in Hong Kong. Local delivery promotes local economic development and reduces carbon footprints.

To ensure that suppliers and subcontractors efficiently manage environmental and social risks throughout the supply chain, the Group frequently conducts reviews. Designated staff are responsible for monitoring our subcontractors' strict adherence to the Group's requirements on environmental and social policy to prevent breaches of necessary regulations. The Group's site agents will perform inspections of materials delivered to project sites to verify the quality of materials provided by suppliers. In the case of any quality issues, the suppliers concerned should provide a replacement or exchange service after negotiation. The Group also engages in ongoing communication with its clients to ensure their needs are understood and their expectations are satisfied, as well as constantly improving its services.

The Group strives to develop a reliable supply chain management system that has minimal negative impact on the environment and society. Therefore, we liaise periodically with our suppliers and subcontractors to ensure their consistent performance in accordance with their service commitments.

PRODUCT RESPONSIBILITY

We are committed to consistently delivering reliable, top-tier service to our clients by adhering to a Quality Management System ("**QMS**") certified to the ISO 9001:2015 standard. This certification guarantees that we uphold exceptional high standards across our processes and services. Under this QMS system, We have established standard policies, work handling procedures, and a Staff Handbook to provide a framework that guides both our employees and subcontractors, ensuring that the work performed is of high quality and consistent. We also perform regular reviews to maintain these standards.

With the implementation of our QMS, we carry out a robust quality control process to monitor and ensure adherence to standards and specifications at every stage of the construction process. This includes regular inspections and testing. Our project teams closely monitor construction progress by implementing stringent quality-control procedures and conducting regular on-site inspections. We inspect the work carried out by both our team and subcontractors regularly to closely monitor the quality of our work, adherence to the work schedule, and the accuracy of work specifications agreed upon with the customer. In case of non-compliance, we will promptly rectify the issues until the quality specifications are met. We make every effort to comply with all applicable statutory and regulatory standards, as well as our clients' specifications and requirements. Additionally, we implement efficient project management practices to streamline processes, minimize errors, and maximize productivity. This involves clear project planning, scheduling, resource allocation, and regular monitoring and reporting.

Additionally, we believe that effective communication with our customers throughout the project period will improve the quality of our services. We prioritize understanding their needs and expectations and actively seek their feedback throughout the project lifecycle.

We respond to their concerns and handle their complaints with prudence and fairness. To manage and resolve complaints efficiently, the Group has formulated complaint-handling procedures that clearly stipulate the responsibilities of the relevant personnel. When a customer lodges a complaint, our site supervisor will promptly investigate the matter to ascertain its cause and propose a solution. We will address and resolve the issue before communicating the resolution to the client. After resolving the problem, we will ensure that all project team members are made aware of the issue. If necessary, we will provide training programs to help staff understand and improve upon the matter.

We are pleased to report that no material service-related complaints or claims related to quality issues have been received for work performed either by us or by our subcontractors during the Reporting Period. Also, due to the nature of our business, the services we provide are not subject to recalls for safety and health reasons; therefore, no such statistics are available.

We ensure the strict confidentiality of any business data collected from our clients, adhering to the regulations outlined in Hong Kong's Personal Data (Privacy) Ordinance (Cap. 486). Access to our clients' data is restricted to authorized personnel only, and supervisory employees oversee data processing to safeguard clients' information against improper disclosure, misuse, unauthorized access, loss, damage, or corruption. To reinforce confidentiality obligations and prevent data leakage, the Group conducts internal training sessions and implements confidentiality agreements.

The Group is committed to safeguarding and upholding its own intellectual property ("**IP**") rights, along with those of other entities. It has acquired licensed software and information from authorized suppliers for its business activities. Employees are expected to refrain from violating copyrights and using unlicensed computer software on their work computers.

Due to the nature of our business, we do not publish advertisements. However, our clients are typically referred to us through word-of-mouth. Satisfied clients often share their positive experiences with others, leading to further referrals. For the Reporting Period, the Group is not aware of any cases of non-compliance with laws and regulations in relation to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.

ANTI-CORRUPTION

The Group requires every employee to act with a high standard of ethical behavior at all times. The Group maintains a zero-tolerance policy against corruption, bribery, extortion, fraud, money laundering, insider trading, monopoly, and anticompetitive behavior.

The Group has established policies that prohibit all forms of fraud and corruption which include bribery, extortion, illegal inducement, and the offering or acceptance of prohibited gifts, kickbacks, or other advantages. These policies have effectively been communicated to our employees to ensure their understanding and compliance with all relevant anti-corruption laws and regulations. During the Reporting Period, the Group has conducted anti-corruption training for management (including Directors) and office staffs to enhance their knowledge and ensure their compliance with regulatory obligations. During the training session, we have revisited our internal policies and practical guidelines issued by the Independent Commission Against Corruption ("**ICAC**"). This encompassed crucial information such as our Anti-corruption Policy, code of conduct, and Whistle-blowing Policies. These materials serve as essential resources to ensure that all the employees understand and adhere to the highest ethical standards in their daily activities.

A Whistle-blowing Policy has been established by the Group as part of its commitment to upholding the highest levels of accountability, transparency, and integrity. Additionally, it serves as a mechanism for identifying suspected cases of corruption, money laundering, and other misconducts by allowing employees to confidentially report relevant information. Employees have the option to report suspected misconduct to senior management verbally or in writing, providing full details and supporting evidence.

The Group advocates for a confidentiality mechanism through security protocols to protect whistle-blowers from unfair dismissal or victimization. Independent investigations will be conducted on reported cases, and appropriate follow-up actions will be taken. The Group is also fully aware of its obligation to refer matters to legal enforcement parties or regulators and is prepared to take disciplinary action where necessary.

During the Reporting Period, there is no concluded legal cases regarding corrupt practices against us or our employees. Additionally, the Group is not aware of any cases of non-compliance with laws and regulations related to bribery, extortion, fraud, and money laundering, such as the Prevention of Bribery Ordinance (Cap. 201) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).

GIVING BACK TO THE COMMUNITY

Adhering to our mission of generating value for stakeholders, the Group is committed to making a positive contribution to the community by fostering a better environment. We encourage our staff to participate in various voluntary work and charitable activities. Additionally, the Group actively engages in social responsibility efforts, particularly in supporting underprivileged communities, protecting children, and supporting environmental-related activities during the Reporting Period. We aim to be a responsible corporate citizen.

During the Reporting Period, we have donated to Friends of the Earth (HK) Charity Ltd, one of Hong Kong's most prominent green groups. This organization works to protect the environment through various initiatives such as conservation projects, environmental education programs, and advocacy for sustainable practices. Additionally, it conducts educational programs and campaigns to raise awareness about environmental issues and empower individuals to take action. We believe that our general donation fund will contribute to educating the community about the importance of environmental conservation and sustainable living.

To further support environmental-related activities, the Group has also participated in the "Green Low Carbon Day 2023" organized by the Community Chest, a well-known charitable organization in Hong Kong. This activity aims to promote the sharing, enjoyment, and appreciation of green initiatives. The funds raised from this activity will benefit green-related projects supported by the Community Chest. The purpose of Green Low Carbon Day 2023 is to raise awareness about environmental issues such as climate change and air pollution, and to inspire individuals and the community to adopt environmentally friendly practices in their daily lives. This may include activities such as using public transportation and reducing energy consumption.

Continuing our commitment to social responsibility, the Group has also actively participated in other charitable activities aimed at protecting children and supporting underprivileged communities.

This year, the Community Chest collaborated with the Hong Kong Police Force's Child Protection Campaign to enhance public awareness of child protection in the fundraising activities of "Dress Casual Day 2023." Participants of this event are encouraged to dress in casual attire instead of their usual formal or professional attire in the workplace, in exchange for donating to the Community Chest or a designated charity. This event aims to promote a casual and relaxed atmosphere in workplaces and communities by encouraging casual dressing. The Group finds participation in this event meaningful as it provides an opportunity for individuals and organizations to come together and make a meaningful difference in the lives of those in need within their communities.

To support underprivileged communities, the Group has participated in the "Skip Lunch Day 2024" organized by the Community Chest. The purpose of "Skip Lunch Day 2024" is to raise awareness about hunger and poverty issues in the community while fundraising for charitable causes. During the Skip Lunch Day, participants are encouraged to skip their lunch and donate to the Community Chest the money they would have spent on lunch. By voluntarily skipping a meal and donating the cost of that meal, participants have demonstrated their support for those experiencing hunger and poverty. The funds raised by this event will be used to support the program named "Services for Street Sleepers, Residents in Cage Homes, and Cubicles," supported by the Community Chest which helps and assists underprivileged communities.

In the Reporting Period, we have also extended our support to providing charitable assistance to distressed individuals within the industry. We have sponsored an event held by The Lighthouse Club Hong Kong Benevolent Fund named the "Lap Dog Challenge 2023" through a lump sum sponsorship. The "Lap Dog Challenge 2023" is an event organized by The Lighthouse Club Hong Kong, aimed at raising funds to support individuals and families within the construction industry who are facing financial hardships. This donation directly supports members of the construction industry who may be experiencing financial difficulties. We believe it helps provide much-needed assistance to construction workers and their families during times of hardship, enabling them to overcome challenges.

In conclusion, our commitment to being a responsible corporate citizen remains steadfast. We are dedicated to continuing our efforts to support our community and uphold environmental and social standards. By actively participating in charitable activities, supporting those in need, and promoting sustainability initiatives, we strive to make a positive impact on the society. Moving forward, we will continue to prioritize ethical practices, environmental stewardship, and community engagement, to ensure that we will continue to contribute to building a better and more sustainable future for all.

PERFORMANCE DATA SUMMARY

Air Emissions	Unit	2023/24	2022/23
Nitrogen Oxide (NO_x)	kg	**1,401.32**	1,190.50
Sulphur Oxide (SO_x)	kg	**1.58**	1.78
Particulate Matter (PM)	kg	**109.19**	92.90

GHG Emissions		Unit	2023/24	2022/23
Direct emission or removals from sources (Scope 1)				
GHG emissions from mobile combustion sources	Carbon Dioxide (CO_2)	tonne	**255.62**	288.12
	Methane (CH_4)	tonne	**0.36**	0.40
	Nitrous oxide (N_2O)	tonne	**6.81**	7.75
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	Carbon Dioxide (CO_2)	tonne	**9.82**	13.06
Total direct and indirect emission (Scope 1 & Scope 2)				
Total emissions		Tonne	**272.61**	309.34
Total emission intensity		Tonne/number of projects*	**10.10**	11.05
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	Carbon Dioxide (CO_2)	tonne	**1.84**	2.77
Business travel by employee	Carbon Dioxide (CO_2)	tonne	**0.67**	1.33

* The numbers of projects completed during the Reporting Period was used for above calculation was 27 and 28 as at 31 March 2024 and 31 March 2023 respectively

Resources Consumption	Unit	2023/24	2022/23
Electricity Consumption	kWh	**25,188.11**	33,491.65
	kWh/employee	**62.04**	78.43

	Total Workforce No. of People in FY2023/24	Total Workforce No. of People in FY2022/23
By Gender		
Male	378	405
Female	28	22
By Age Group		
18–30 years old	51	61
31–40 years old	89	93
41–50 years old	97	109
51–60 years	104	91
Over 60 years old	65	73
By Geographical Region		
Hong Kong	406	427
By Employee Category		
Senior Management	8	7
Middle Management	21	27
Entry Leve	27	19
Casual Employees	350	374

Work-related fatalities Statistics	Unit	2023/24	2022/23	2021/22
Number of work-related fatalities	Case	0	0	0
Rate of work-related fatalities	Percentage	0%	0%	0%

Work Injury Statistics	Unit	2023/24	2022/23
Number of reported accidents (sick leave > 3 days)	Case	8	9
Lost days due to work injury	Day	2,813	1,595

	Percentage of employees being trained in FY2023/24 Rate	Percentage of employees being trained in FY2022/23 Rate
By Gender		
Male	**12%**	12%
Female	**36%**	36%
By Category		
Senior Management	**63%**	86%
Middle Management	**100%**	100%
Entry Level	**52%**	47%
Casual Employees	**4%**	4%

	Average training hours completed in FY2023/24 No. of Hours	Average training hours completed in FY2022/23 No. of Hours
By Gender		
Male	**0.20**	0.18
Female	**1.60**	0.18
By Category		
Senior Management	**6.06**	1.00
Middle Management	**1.56**	1.81
Entry Level	**0.54**	0.58
Casual Employees	**0.07**	0.03

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTENT INDEX

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix C2 to the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The following table provides an overview of the general disclosures and KPIs of various aspects under each subject area, which are either cross-referenced to the relevant chapters of the Report or supplementing the Report with additional information.

Description		Reference	Remark
ENVIRONMENTAL			
Aspect A1: EMISSIONS			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG, discharges into water and land, and generation of hazardous and non-hazardous waste.	Protecting the Environment, Emissions & Waste Management	
KPI A1.1	The types of emissions and respective emissions data.	Emissions	
KPI A1.2	GHG in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	We do not generate hazardous waste in our operations.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	

Description		Reference	Remark
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 (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	N/A	The Group only consumed minimal amount of water
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	Water was provided by main contractor in project sites, water efficiency target is not applicable to the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	We do not generate significant packaging material waste in our operations.
Aspect A3: THE ENVIRONMENT AND NATURAL RESOURCES			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	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.	Environment and Natural Resources	
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	

Description		Reference	Remark
EMPLOYMENT AND LABOUR PRACTICES			
Aspect B1: EMPLOYMENT			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hour, rest periods, equal opportunity, diversity, antidiscrimination, other benefits and welfare.	Employment and Labour Practices	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment and Labour Practices – Staff Composition	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices – Staff Composition	
Aspect B2: HEALTH AND SAFETY			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employee from occupational hazards.	Health and Safety	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	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 gender and employee category.	Development and Training	

Description		Reference	Remark
Aspect B4: LABOUR STANDARDS			
General Disclosure	Information on: (a) the policies; and (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, 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	

Description		Reference	Remark
Aspect B6: PRODUCT RESPONSIBILITY			
General Disclosure	Information on: (a) the policies; and (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 to total products sold or shipped subject to recalls for safety and health reasons.	N/A	There were no recalls concerning the provision.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility	There were no validated complaints received during the Reporting Period.
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.	N/A	Recall procedures are not relevant to our operations.
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 (a) the policies: and (b) compliance with relevant laws and regulations that they 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 outcome of the cases.	Anti-corruption	No concluded legal cases regarding corrupt practices noted
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-Corruption	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption	

Description		Reference	Remark
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.	Giving Back to the Community	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to the Community	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving Back to the Community	

DIRECTORS' REPORT

The directors of the Company (the "**Directors**") presents to the Shareholders their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company while its principal subsidiaries are principally engaged in the provision of foundation and site formation works and machinery leasing. Details of the principal activities of its subsidiaries are set out in notes 1 and 33 to the consolidated financial statements. There was no significant change in the Group's principal activities during the year ended 31 March 2024.

BUSINESS REVIEW

A review on the Group's business for the year ended 31 March 2024 is set out under the section headed "Chairman's Statement" on page 3 and "Management Discussion and Analysis" on pages 4 to 10 in this annual report.

A discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position are set out in the "Five Year Financial Summary" on page 124 and in the "Management Discussion and Analysis" on pages 4 to 10 in this annual report.

There is no important event affecting the Group that had occurred since the end of the Reporting Period and up to the date of this annual report.

In addition, discussion on the Group's environmental policies and performance, key relationships with the Company's key stakeholders as well as compliance with relevant laws and regulations which have significant impact on the Company are set out in the "Environmental, Social and Governance Report" on pages 28 to 55 in this annual report.

RESULTS AND DIVIDENDS

During the Reporting Period, no interim dividend (2023: nil) has been declared and paid.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil). There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Directors are of the view that our employees, customers, sub-contractors and suppliers are the keys to the sustainable development of the Group. The Group strive to achieve corporate sustainability through engaging employees, providing quality products and services to our customers, collaborating with suppliers to deliver quality sustainable products and services and supporting our community.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Group during the Reported Period, is set out under the subsection headed "Risks and Uncertainties" on page 7 in this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss on page 72 of this annual report.

ANNUAL GENERAL MEETING ("AGM")

The 2024 AGM of the Company will be held on Friday, 16 August 2024. The notice of the 2024 AGM of the Company will be published and despatched to the Shareholders of the Company in the manner as required by the Listing Rules and the articles of association of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The 2024 AGM of the Company has been scheduled to be held on Friday, 16 August 2024 to determine the persons who are entitled to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Friday, 9 August 2024 to Friday, 16 August 2024 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the Company's branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 August 2024.

PLANT AND EQUIPMENT AND RIGHT-OF-USE-ASSETS

Details of movements in plant and equipment and right-of-use-assets of the Group during the year ended 31 March 2024 are set out in notes 14 and 15 to the consolidated financial statements in this annual report, respectively.

DONATION

During the Reporting Period, HK$26,000 charitable donation had been made by the Group (2023: HK$26,000).

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years are set out on page 124 of this annual report.

SHARE CAPITAL

Details of movement in the Company's share capital during the year ended 31 March 2024 are set out in note 22 to the consolidated financial statements in this annual report.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2024 are set out in the consolidated statement of changes in equity on page 74 of this annual report. The Group had retained profit amounted to approximately HK$5.9 million as at 31 March 2024.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements have been entered into during the year ended 31 March 2024 or subsisted at the end of the reporting period.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

As at 31 March 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in this annual report, the Directors are not aware of any change in the information of Directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this annual report.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Since 20 October 2017 (the "**Listing Date**"), the Company has arranged appropriate Directors' and Officers' Liability Insurance coverage for all the Directors and senior management of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 21 September 2017. The principal terms of the Share Option Scheme have been summarised in Appendix V to the Prospectus dated 30 September 2017 and set out in note 31 to the consolidated financial statements. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

Since the date of the adoption of the Share Option Scheme on 21 September 2017, no share option has been granted, exercised, expired, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme. Therefore the weighted average closing price of the shares immediately before the dates on which the options were exercised or vested pursuant to Rule 17.07(1) (d) of the Listing Rules is not available.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 1 April 2023 and 31 March 2024 were 90,000,000 and 90,000,000 respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 31 March 2024 was 90,000,000 shares, representing approximately 10% of the ordinary shares of the Company at issue on the Listing Date.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 31 March 2024, the remaining life of the Share Option Scheme is 3 years and 6 months.

DIRECTORS

The Directors who held office during the year ended 31 March 2024 and up to the date of this annual report were:

Executive Directors

Mr. Li Cheuk Kam
Ms. Chau Man Chun *(Appointed to serve as Executive Director on 20 March 2024)*
Mr. Li Wai Fong *(Ceased to serve as Executive Director on 30 November 2023)*

Independent Non-executive Directors ("INEDs")

Mr. Wong Chik Kong
Mr. Chan Chung Kik, Lewis
Mr. Lee Kwok Lun

The appointment and re-election of Directors are set out in the subsection headed "Appointment, Re-election and Removal of Directors" in this annual report.

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

Information regarding Directors' emoluments and the five highest paid individual's remuneration is set out in note 10 and note 11 respectively to the consolidated financial statements of this annual report. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the INEDs. The Group considers all INEDs are independent under the Listing Rules.

DIRECTORS' SERVICE CONTRACT

Each of the Executive Directors has entered into a service contract with the Company for an initial fixed term of three years, renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then term of employment under the service contract but subject to retirement by rotation and eligible for re-election pursuant to the Articles of Association and the termination provisions of the service agreement.

Each of the INEDs has entered into a letter of appointment with the Company for an initial term of three years commencing from 20 September 2020 and the appointment shall be renewed automatically for successive terms of one year each commencing from the next day after the expiry of the then term of appointment unless terminated by either party giving not less than one month's notice in writing or in accordance with the articles of association of the Company and the termination provisions of the service agreement.

None of the Directors who are being proposed for re-election at the forthcoming AGM has a service contract with any member of the Group, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company has been entered into or existed during the year ended 31 March 2024.

DIRECTORS'/CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Lease Agreements for Office Premises

On 10 June 2019, Lik Shing Engineering Company Limited, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement with a company wholly-owned by Mr. Li Cheuk Kam (an Executive Director, the Chairman of the Board and the controlling shareholder of the Company as defined in the Listing Rules), for leasing an office premises located at "Room 3010, 30/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong" for a term of three years commencing from 1 July 2019 to 30 June 2022 at a monthly rental of HK$40,000 (exclude Government rent, rates, management fee and electricity expenses) (the "**2019 Lease Transaction**"). The 2019 Lease Transaction which had been approved by the Board on 6 June 2019 constitutes a de minimis connected transaction of the Company, that is fully exempt from the reporting, annual review, announcement, circular and shareholders' approval requirements as all the percentage ratios (other than the profits ratio because net loss incurred for the Company for the year ended 31 March 2019) are less than 5% and the total consideration is less than HK$3,000,000. An independent professional third party has been engaged to provide a market rental value opinion.

On 10 June 2022, the Board approved the extension of the 2019 Lease Transaction for a term of 3 years commencing from 1 July 2022 and ending on 30 June 2025 at a monthly rental of HK$50,000 (exclude Government rent, rates, management fee and electricity expenses) ("**2022 Lease Transaction**"). An independent professional third party has been engaged to provide a market rental value opinion.

The 2022 Lease Transaction is conducted on normal commercial terms or better and the monetary amount involved on its own fall within de minimis transactions. According to Chapter 14A.76(1)(c) of the Listing Rules, this lease transaction is fully exempt from the reporting, annual review, announcement, circular and shareholders' approval requirements as all the percentage ratios (other than the profits ratio) are less than 5% and the total consideration is less than HK$3,000,000.

Lease Agreements for Motor Vehicle Parking Spaces

On 19 February 2024, Lik Shing Engineering Company Limited, an indirect wholly-owned subsidiary of the Company, entered into four lease agreements with companies wholly-owned by (i) Mr. Li Cheuk Kam (an Executive Director, the Chairman of the Board and the controlling shareholder of the Company as defined in the Listing Rules) and (ii) Ms. Chau Man Chun (an Executive Director of the Company and the spouse of Mr. Li Cheuk Kam, an Executive Director, the Chairman of the Board and the controlling shareholder of the Company as defined in the Listing Rules), for leasing four motor vehicle parking spaces located at "International Enterprise Centre I, No. 11 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong" for a term of three years commencing from 19 February 2024 to 18 February 2027 at a monthly rental of HK$4,000 each (exclude Government rent, rates, management fee and electricity expenses) (the "**2024 Lease Transaction**"). The 2024 Lease Transaction which had been approved by the Board on 19 February 2024 constitutes a de minimis connected transaction of the Company, that is fully exempt from the reporting, annual review, announcement, circular and shareholders' approval requirements as all the percentage ratios (other than the profits ratio) are less than 5% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is less than HK$3,000,000. An independent professional third party has been engaged to provide a market rental value opinion.

The 2024 Lease Transaction is conducted on normal commercial terms or better and the monetary amount involved on its own fall within de minimis transactions. According to Chapter 14A.76(1)(c) of the Listing Rules, this lease transaction is fully exempt from the reporting, annual review, announcement, circular and shareholders' approval requirements as all the percentage ratios (other than the profits ratio)are less than 5% and the total consideration is less than HK$3,000,000.

Save as disclosed above, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director or controlling shareholders of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2024.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group since the Listing Date and up to 31 March 2024.

NON-COMPETITION UNDERTAKING

In order to avoid any future competition among our Group with Mr. Li Cheuk Kam and Colourfield Global Limited (collectively, the "**Controlling Shareholders**"), the Controlling Shareholders as covenantors (each of them, a "**Covenantor**" and collectively, the "**Covenantors**") have executed a deed of non-competition dated 21 September 2017 in favour of our Company (for itself and as trustee for and on behalf of its subsidiaries) (the "**Deed of Non-Competition**").

In accordance with the Deed of Non-competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earliest of (i) the date on which the shares of the Company cease to be listed on the Stock Exchange; or (ii) the date on which that Covenantor and his/its close associates (individually or taken as a whole) cease to be a Controlling Shareholder:

1. Non-competition

Each Covenantor jointly and severally and irrevocably undertakes and covenants to our Company (for itself and as trustee for and on behalf of its subsidiaries) that each of them will not, and will procure that its/his close associates (except any members of our Group) will not, either on his/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, amongst other things, carry on, participate or be interested or engaged in or acquire or hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent or otherwise and whether for profit, reward, interest or otherwise), or otherwise be involved in any business which is or may be in competition, whether directly or indirectly, with the business carried on by any member of our Group including but not limited to the provision of (i) foundation and site formation works; and (ii) construction machinery rental services or contemplated to be carried on by any member of our Group, in Hong Kong or any other jurisdiction where our Group has conducted business as at the date of the Deed of Non-competition or may conduct business from time to time in the future ("**Restricted Business**").

2. New business opportunity

Each of the Covenantors represents and warrants that neither it/he nor any of its/his close associates currently carries out, participates in or is interested or engaging in, invests in, acquires or holds, directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward, interest or otherwise) or otherwise is involved in the Restricted Business other than through our Group.

Each of the Covenantors further undertakes to refer to our Company within 10 days any and all new opportunities in connection with the Restricted Business ("**New Business Opportunity**") which are identified by or made available to any of them.

Details of the Deed of Non-competition have been disclosed in the prospectus dated 30 September 2017 published by the Company.

The Company has received from each of the Controlling Shareholders an annual declaration declaring that he/it has complied with the terms of the Deed of Non-competition during the year ended 31 March 2024 for disclosure in this annual report (the "**Annual Declaration**"). The Independent Non-executive Directors have reviewed the Annual Declaration and the implementation of the Deed of Non-Competition during the year ended 31 March 2024 and confirmed that they are not aware of any non-compliance of the Deed of Non-competition by the Controlling Shareholders during the year ended 31 March 2024. The Independent Non-executive Directors had not been called to make any decisions in relation to any Restricted Business during the year ended 31 March 2024 and up to the date of the Annual Declaration.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2024, the interests and short positions in the Shares, underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers are as follows:

(i) Long position in the Shares

Name	Capacity/nature	Total number of Shares Held/Interested	Percentage of Shares in issued
Mr. Li Cheuk Kam	Interest in a controlled corporation (Note)	484,998,000	51.94%

Note: The 484,998,000 Shares are held by Colourfield Global Limited ("**Colourfield Global**"). Mr. Li Cheuk Kam beneficially owns 100% of the entire issued share capital of Colourfield Global and is deemed, or taken to be, interested in all the Shares held by Colourfield Global for the purposes of the SFO. Mr. Li Cheuk Kam is the sole director of Colourfield Global.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Total number of Shares Held/Interested	Percentage of Shares in issued
Mr. Li Cheuk Kam	Colourfield Global	Beneficial owner (Note)	5	100%

Note: The 484,998,000 Shares are held by Colourfield Global. Mr. Li Cheuk Kam beneficially owns 100% of the entire issued share capital of Colourfield Global and is deemed, or taken to be, interested in all the Shares held by Colourfield Global for the purposes of the SFO. Mr. Li Cheuk Kam is the sole director of Colourfield Global.

(iii) Short position

As at 31 March 2024, none of the Directors nor chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2024, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than a Director or chief executive of the Company) who had or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long position in the Shares of the Company

Name	Capacity/nature	Total number of Shares	Percentage of Shares in issued
Colourfield Global	Beneficial owner (Note 1)	484,998,000	51.94%
Ms. Chau Man Chun	Interest of spouse (Note 2)	484,998,000	51.94%
Great Pride Global Limited	Beneficial Owner (Note 3)	190,002,000	20.35%
Ms. Yam Yuen Nina	Interest in a controlled corporation (Note 4)	190,002,000	20.35%

Notes:

1. 484,998,000 Shares are beneficially owned by Colourfield Global, which is wholly-owned by Mr. Li Cheuk Kam.

2. Ms. Chau Man Chun is the spouse of Mr. Li Cheuk Kam and is deemed or taken to be interest in all the Shares in which Mr. Li Cheuk Kam has, or is deemed to have, an interest for the purposes of the SFO.

3. 190,002,000 Shares are beneficially owned by Great Pride Global Limited which is wholly-owned by Ms. Yam Yuen Nina.

4. 190,002,000 Shares are held by Great Pride Global Limited. Ms. Yam Yuen Nina beneficially owns 100% of the entire issued share capital of Great Pride Global Limited and is deemed, or taken to be, interested in the Shares held by Great Pride Global Limited for the purposes of the SFO.

Save as disclosed above, as at 31 March 2024, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transaction, arrangement or contracts of significance to which the Company or any of its subsidiaries and the controlling shareholders was a party and in which a Director had a material interest subsisted during and at the end of the year ended 31 March 2024.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save for the Share Option Scheme of the Company, at no time during the Reporting Period was the Company, its or any of its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors and the Chief Executive (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

MAJOR CUSTOMERS AND SUPPLIERS

The approximate percentages of revenue and cost of services during the year ended 31 March 2024 attributable to the Group's major customers and suppliers are as follows:

Revenue

– the largest customer	53.6%
– five largest customers	95.8%

Purchase

– the largest supplier	34.3%
– five largest suppliers	62.3%

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors who owned more than 5% of the Company's share capital) had any interest in the top five largest customers nor suppliers during the year ended 31 March 2024.

KEY PERFORMANCE INDICATORS

The following table sets forth key performance indicators of the Group as at the dates or for the years indicated:

	As at or for the year ended 31 March	
	2024	2023
Current Ratio (Note 1)	**1.4**	2.0
Gearing ratio (Note 2)	**19.1%**	16.0%
Return on total assets (Note 3)	**1.1%**	4.2%
Return on equity (Note 4)	**2.8%**	7.7%
Interest coverage (Note 5)	**8.2**	7.6

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of each reporting period.

2. Gearing ratio is calculated based on the total debts (defined as the sum of the lease liabilities and bank borrowings) divided by the total equity as at the end of each reporting period and multiplied by 100%.

3. Return on total assets is calculated by the profit/(loss) attributable to owners of our Company for the year divided by the total assets as at the end of each reporting period and multiplied by 100%.

4. Return on equity is calculated by the loss attributable to owners of our Company for the year divided by the total equity as at the end of each reporting period and multiplied by 100%.

5. Interest coverage is calculated by the profit/(loss) before interest and tax divided by the interest for the respective year.

Current ratio

The Group's current ratio decreased from approximately 2.0 times as at 31 March 2023 to approximately 1.4 times as at 31 March 2024. Such decrease was primarily due to the decrease in trade and other receivables as classified under current assets as at 31 March 2024.

Gearing ratio

The Group's gearing ratio increased from approximately 16.0% as at 31 March 2023 to 19.1% as at 31 March 2024. The increase was primarily due to more fixed assets acquisition were financed by lease arrangement and bank borrowings, hence, total debt increased during the year ended 31 March 2024.

Return on total assets and return on equity

As at 31 March, 2024, the Group's return on total assets is approximately 1.1% (a return on total assets of approximately 4.2% as at 31 March 2023) and the return on equity is approximately 2.8% (a return on equity of approximately 7.7% as at 31 March 2023). The profit attributable to owners of the Company for the year ended 31 March 2024 is approximately HK$3.7 million as compared to the profit attributable to owners of the Company of approximately HK$9.8 million for the year ended 31 March 2023.

This decrease in the results for the year ended 31 March 2024 is mainly attributable to (i) the absence of a subsidy from the Employment Support Scheme which is funded by the Hong Kong Special Administrative Region Government during the year ended 31 March 2024 (receipt of subsidy from the Employment Support Scheme during the year ended 31 March 2023: approximately HK$6.0 million) and (ii) severe competition in the foundation and site formation market which leads to the decrease in the gross profit margin during the year ended 31 March 2024.

Interest coverage

The Group's interest coverage increased from 7.6 times as at 31 March 2023 to 8.2 times as at 31 March 2024. Such increase was primarily due to the decrease in interest expenses during the year ended 31 March 2024.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions as disclosed in note 28 to the consolidated financial statements of this annual report, and none of which constitute a disclosable and/or connected transaction as defined under the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 33 to the consolidated financial statements.

MARKET CAPITALISATION

As at 31 March 2024, the market capitalisation of the listed securities of the Company was approximately HK$43,886,250 based on the total number of 933,750,000 issued shares of the Company and the closing price of HK$0.047 per share.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares are held by the public as at the date of this annual report.

RETIREMENT SCHEME

The Group participates in a mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Save as the aforesaid, the Group did not participate in any other pension schemes for the year ended 31 March 2024.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely, Mr. Chan Chung Kik, Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. The Audit Committee has reviewed the audited financial statements for the year ended 31 March 2024 in conjunction with the Company's Auditors and management and has also discussed auditing, risk management, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

DIRECTORS' REPORT

INDEPENDENT AUDITORS

The consolidated financial statements for the year ended 31 March 2024 have been audited by SHINEWING (HK) CPA Limited, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE CODE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 14 to 27 in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group during the Reporting Period.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company recognises its responsibility to protect the environment from its business activities. The Company is committed to the sustainable development of the environment and our society. The Group has endeavored to comply with the laws and regulations regarding environmental protection and adopted effective environmental practices to ensure that our business meet the required standards and ethics in respect of environmental protection. Information on environmental policies and performance of the Group are set out in the section headed "Environment, Social and Governance Report" on pages 28 to 55 in this annual report.

DIVIDEND POLICY

The Company has adopted a Dividend Policy that aims to provide guidelines for the Board to determine whether dividends are to be declared and paid to the Shareholders and the level of dividend to be paid. Under the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account a number of factors, including the financial performance, the distributable reserves, the operations and liquidity position, the current and future development plans of the Company and any other factors that the Board deems appropriate.

The declaration and payment of dividends by the Company shall remain to be determined at the sole discretion of the Board and is also subject to any restrictions under the Companies Act of the Cayman Islands, the Listing Rules, the laws of Hong Kong and the Company's Memorandum and Articles of Association and any other applicable laws and regulations. The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The Company will review the Dividend Policy periodically and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

By Order of the Board
Wing Chi Holdings Limited
Li Cheuk Kam
Chairman
Hong Kong, 21 June 2024

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

To the Members of
WING CHI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wing Chi Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 72 to 123, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Key audit matters identified in our audit are summarised as follows:

- Accounting for construction contracts
- Impairment of trade receivables and contract assets

KEY AUDIT MATTERS (Continued)

Accounting for construction contracts

Refer to note 5 to the consolidated financial statements and the accounting policies on pages 82 – 83.

The key audit matter	How the matter was addressed in our audit
The Group recorded revenue from the provision of foundation and site formation works in Hong Kong approximately HK$651,183,000 for the year ended 31 March 2024. Contract revenue is recognised progressively over time using output method, based on direct measurements of the value of services delivered and the estimated total revenue for the contracts entered into by the Group. When the outcome of a construction contract cannot be reasonably measured, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised when work is performed, together with any provisions for expected contract losses. Management reviews and revises the estimation of contract revenue, contract costs and variation orders for each construction contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses. We identified accounting for construction contracts as a key audit matter because the estimation of the total contract revenue, total costs to complete contracts and value of works performed by the Group is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and contract costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.	We have assessed the design, implementation and operating effectiveness of key internal controls over the contract revenue recognition processes. We have obtained a detailed breakdown of the total estimated costs to completion for all contracts in progress during the year and comparing, on a sample basis, actual costs incurred to the reporting date and future cost estimates with agreements and certificate of completion stage issued by customers when assessing the estimated costs to completion made by the management. We have assessed whether the construction revenue and cost recognised was reasonable through the inspection of the certificate of completion stage issued by customers and critically challenged the forecasted costs to complete, contract costs, and the completeness and validity of provisions. We have assessed reliability of management's assessment in forecasted costs by considering the historical actual costs and estimation of budgeted costs of completed projects.

KEY AUDIT MATTERS (Continued)

Impairment of trade receivables and contract assets

Refer to notes 17 and 16 to the consolidated financial statements and the accounting policies on pages 87 – 90.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2024, the Group has trade receivables and contract assets of approximately HK$19,031,000 and HK$205,862,000 respectively. We identified the impairment of trade receivables and contract assets as a key audit matter due to the significance to the Group's consolidated financial statements and the involvement of subjective judgement and management estimates based on the historical default rates, past-due status and ageing information of the grouped debtors and the forward-looking information in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables and contract assets at the end of the reporting period.	Our procedures were designed to obtain and review the management's assessment of the impairment of trade receivables and contract assets. We have assessed the design and implementation of key internal controls over the management estimates on the loss allowance for trade receivables and contract assets. We have tested the accuracy of the ECL allowance made by the Group at the end of the reporting period and the information used by management to develop the provision matrix, including trade receivables ageing analysis, on a sample basis, by comparing individual items in the analysis with the relevant contracts, invoices and other supporting documents. We have challenged management's basis and judgement in determining ECL allowance on trade receivables and contract assets at the end of the reporting period, including the reasonableness of management's grouping of trade debtors into different categories of revenue in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information).

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 OF THE COMPANY AND AUDIT COMMITTEE 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee is 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.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

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

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

- Conclude on the appropriateness of the Company's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with audit committee 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 audit committee 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.

From the matters communicated with audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Hon Kei, Anthony.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
21 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	5	**671,910**	537,299
Cost of sales		**(630,591)**	(493,976)
Gross profit		**41,319**	43,323
Other income and gains	6	**1,680**	6,606
Administrative expenses		**(36,297)**	(39,264)
Finance costs	7	**(815)**	(1,401)
Profit before taxation		**5,887**	9,264
Income tax (expense) credit	8	**(2,188)**	559
Profit for the year	9	**3,699**	9,823
Earnings per share:			
Basic and diluted	13	**0.4 cents**	1.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Plant and equipment	14	**44,473**	24,214
Right-of-use assets	15	**19,392**	26,310
Deposits paid for acquisition of plant and equipment		**3,051**	–
		66,916	50,524
Current assets			
Contract assets	16	**205,862**	107,632
Trade and other receivables	17	**26,055**	30,366
Tax recoverable		**11**	137
Bank balances	18	**45,630**	45,584
		277,558	183,719
Current liabilities			
Trade and other payables	19	**182,383**	82,651
Lease liabilities	15	**7,922**	9,499
Bank borrowings	20	**12,160**	–
		202,465	92,150
Net current assets		**75,093**	91,569
Total assets less current liabilities		**142,009**	142,093
Non-current liabilities			
Deferred tax liabilities	21	**6,271**	4,096
Lease liabilities	15	**4,913**	10,871
		11,184	14,967
Net assets		**130,825**	127,126
Capital and reserves			
Share capital	22	**9,338**	9,338
Reserves		**121,487**	117,788
		130,825	127,126

The consolidated financial statements on pages 72 to 123 were approved and authorised for issue by the board of directors on 21 June 2024 and are signed on its behalf by:

Li Cheuk Kam
Director

Chau Man Chun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital HK$'000	Share Premium HK$'000	Merger reserve (Note) HK$'000	(Accumulated losses) retained profits HK$'000	Total HK$'000
At 1 April 2022	9,338	115,593	10	(7,638)	117,303
Profit for the year	–	–	–	9,823	9,823
At 31 March 2023 and 1 April 2023	**9,338**	**115,593**	**10**	**2,185**	**127,126**
Profit for the year	**–**	**–**	**–**	**3,699**	**3,699**
At 31 March 2024	**9,338**	**115,593**	**10**	**5,884**	**130,825**

Note:

Merger reserve represented the difference between the nominal value of the shares issued by the Company and the amount of issued share capital of the subsidiaries acquired pursuant to the group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	5,887	9,264
Adjustments for:		
Bank interest income	(98)	–
Finance costs	815	1,401
(Gain) loss on disposal of plant and equipment	(334)	513
Loss on written off of plant and equipment	–	10
Impairment loss (reversed) recognised on trade receivables	(103)	88
Impairment loss (reversed) recognised on contract assets	(1,094)	1,946
Gain on early termination of lease agreement	(19)	–
Government grants	–	(6,465)
Depreciation of plant and equipment	10,943	13,081
Depreciation of right-of-use assets	7,051	7,239
Operating cash flows before movements in working capital	23,048	27,077
(Increase) decrease in contract assets	(97,136)	2,241
Decrease (Increase) in trade and other receivables	4,414	(6,106)
Increase in trade and other payables	95,148	2,277
Cash from operations	25,474	25,489
Income taxes refunded	113	236
NET CASH FROM OPERATING ACTIVITIES	25,587	25,725
INVESTING ACTIVITIES		
Purchase of plant and equipment	(25,318)	(8,942)
Deposits paid for acquisition of plant and equipment	(3,051)	–
Payments for right-of-use assets	(184)	(370)
Proceeds from disposal of plant and equipment	1,330	2,882
Interest received	98	–
NET CASH USED IN INVESTING ACTIVITIES	(27,125)	(6,430)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES		
New bank borrowing raised	**12,160**	3,000
Repayment of lease liabilities	**(9,761)**	(12,644)
Interest paid for lease liabilities	**(815)**	(1,392)
Proceeds from new finance leases entered	**–**	8,506
Government grants received	**–**	6,465
Repayment of bank borrowings	**–**	(3,000)
Interest paid for bank borrowings	**–**	(9)
NET CASH FROM FINANCING ACTIVITIES	**1,584**	926
NET INCREASE IN CASH AND CASH EQUIVALENTS	**46**	20,221
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**45,584**	25,363
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances	**45,630**	45,584

For the year ended 31 March 2024

1. GENERAL INFORMATION

Wing Chi Holdings Limited ("**the Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 13 March 2017. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company and immediate holding company is Colourfield Global Limited, a limited company incorporated in the British Virgin Islands ("**BVI**"). Its ultimate controlling party is Mr. Li Cheuk Kam (the "**Controlling Shareholder**"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company is an investment holding company, while the principal subsidiaries are principally engaged in the provision of foundation and site formation works and machineries leasing.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**").

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning on 1 April 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of new and the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies as set out in note 3.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

Impact on application of Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

New HKICPA guidance on the accounting implications of the abolition of the mandatory provident fund ("MPF") – long service payment ("LSP") offsetting mechanism

As disclosed in note 25, in June 2022, the Hong Kong SAR Government (the "**Government**") gazetted 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 MPF scheme to reduce the 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.

The Group has considered 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. Based on the HKICPA guidance, upon the enactment of the Amendment Ordinance in June 2022, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying HKAS19.93(a).

The Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. There is no material impact on the Group's results and financial position for the current or prior periods.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

Amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020); Amendments to HKAS 1 –Non-current Liabilities with Covenants

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current issued in 2020 (the "**2020 Amendments**") clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments specify that an entity's right to defer settlement must exist at the end of the reporting period. Classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement. The amendments also clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

Amendments to HKAS 1 Non-current Liabilities with Covenants issued in 2022 (the "**2022 Amendments**") further clarify how an entity determines the current or non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group's outstanding liabilities as at 31 March 2024, the application of the amendments will not result in change in the classification of the Group's liabilities.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of consolidation

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

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

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

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives 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 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 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are 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 for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Impairment losses on plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of plant and equipment, and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

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

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

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 asset is created or enhanced; 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 service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties.

Contract assets

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. 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.

The Group recognised revenue from the following major sources:

- Provision of foundation and site formation works (Construction contract)
- Machineries leasing

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on an asset under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

Where the outcome of a construction contract can be estimated reliably, revenue from contract work is recognised based on the progress of the contracts, provided that the progress contract completion and the gross billing value of contracting work can be measured reliably. The progress of a contract is established according to the certificate of completion stage issued by the customers. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with an onerous contract. An onerous contract exists when 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. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at 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 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.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities

At the commencement date, the Group measures lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options, the carrying amount of the relevant right-of-use assets is transferred to plant and equipment.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its machineries. Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Employee benefits

Retirement benefits cost

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

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax assets related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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. 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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. 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. If, in subsequent reporting periods, 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.

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (Note 6).

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless 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 increase in the likelihood or risk of a default occurring since initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group concludes 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 rebutted the presumption of significant increase in credit risk under ECL model for trade debtors over 30 days past due based on the industry habits, continuous business with the Group and/or other reasonable and supportable information.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if i) it has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'low risk'. Low risk means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 2 years past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial 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 is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, etc, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Measurement and recognition of ECL

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 adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as 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 original effective interest rate. For a lease receivable (included in "Trade receivables" as disclosed in note 17), the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only 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 party.

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.

Financial liabilities and equity instruments

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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, value in use of plant and equipment and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Provision

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 that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at 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 (where the effect of the time value of money is material).

Onerous contracts

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 under it.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated 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 ongoing 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.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Judgments in determining the timing of satisfaction of performance obligations

The recognition of each of the Group's revenue stream requires judgment by the directors of the Company in determining the timing of satisfaction of performance obligations.

In making their judgment, the directors of the Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Group has satisfied all performance obligations over time or at a point in time with reference to the details terms of transactions as stipulated in the contracts entered into with its customers.

For the Group's provision of foundation and site formation works business, the directors of the Company has assessed that the Group's performance creates and enhances an asset that the customer controls as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the construction period.

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

Key sources of estimation uncertainty

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

Accounting for construction contracts

Contract revenue is recognised progressively over time using output method, based on direct measurements of the value of services delivered and the estimated total revenue for the contracts entered into by the Group. Most construction works take 1 to 2 years to complete and the scope of work may change during the construction period. Management estimates the revenue and budgeted costs by considering the historical actual costs and estimation of budgeted costs of completed projects at the commencement of the construction contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. The management's estimate of revenue and the completion status of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The construction works performed by the Group would be certified by the customers periodically according to the construction contracts.

When the outcome of a construction contract cannot be reasonably measured (uncertified work or unagreed income), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised when work is performed, together with any provisions for expected contract losses.

The management regularly reviews and revises the estimation of contract revenue, contract costs and variation orders for each construction contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses.

Onerous contracts

The Group determines whether contracts with customers are onerous contracts based on the latest available budgets of those contracts with reference to the overall contracts consideration of each contract which requires management's best estimates and judgements. Construction revenue is estimated in accordance with the terms set out in the relevant contracts. Because of the nature of the construction industry, the management regularly reviews the progress of the contracts and the estimated construction revenue and budgeted costs. Any change in the estimates of construction revenue or budgeted cost will affect the amount of foreseeable losses arising from onerous contracts recognised in the profit or loss in the year of the change. No provision was made for the year ended 31 March 2024 (2023: nil).

Depreciation of plant and equipment and right-of-use assets

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Right-of-use assets (i.e. motor vehicles and machineries) are depreciated using the straight-line method over the estimated useful life of the underlying assets. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the plant and equipment and right-of-use assets (i.e. motor vehicles and machineries) and if the expectation differs from the original estimates, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

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

Key sources of estimation uncertainty (Continued)

Impairment of trade receivables and contract assets

The Group uses provision matrix to calculate ECL allowance for trade receivables and contract assets. The provision matrix is based on the Group's historical default rates taking into consideration of those grouped debtors' past-due status and their ageing information as they have similar loss patterns and forward-looking information that is reasonable and supportable available without undue costs or effort. Contract assets with mutual agreement of longer processing period to obtain the certification of the completed construction work from the customers are assessed for ECL allowance individually. The remaining contract assets are assessed collectively. At each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The information about the ECL allowance on the Group's trade receivables and contract assets are disclosed in notes 17 and 16 respectively.

The carrying amount of trade receivables at 31 March 2024 is approximately HK$19,031,000 (2023: HK$26,004,000), net of accumulated loss allowance of approximately HK$551,000 (2023: HK$654,000). During the year ended 31 March 2024, reversal of impairment loss on trade receivables of approximately HK$103,000 (2023: impairment loss of HK$88,000) was recognised.

The carrying amount of contract assets at 31 March 2024 is approximately HK$205,862,000 (2023: HK$107,632,000), net of accumulated loss allowance of approximately HK$2,232,000 (2023: HK$3,326,000). During the year ended 31 March 2024, reversal of impairment loss for contract assets of approximately HK$1,094,000 (2023: impairment loss of HK$1,946,000) was recognised.

Impairment of plant and equipment and right-of-use assets

At the end of the reporting period, the directors of the Company review the carrying amounts of its plant and equipment and right-of use assets of approximately HK$44,473,000 and HK$19,392,000 (2023: HK$24,214,000 and HK$26,310,000) respectively. The recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss. The estimates of the recoverable amounts of the assets require the use of assumptions such as cash flow projections and discount rates. Based on the estimated recoverable amounts, no impairment has been recognised in profit or loss for the year ended 31 March 2024 (2023: nil).

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from provision of foundation and site formation works and machineries leasing for the year. An analysis of the Group's revenue for the year is as follows:

	2024 **HK$'000**	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
— Provision of foundation and site formation works	**651,183**	523,883
Revenue from other sources		
— Rental income from machineries leasing	**20,727**	13,416
	671,910	537,299

For the year ended 31 March 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers by timing of recognition:

	2024 HK$'000	2023 HK$'000
Timing of revenue recognition from contracts with customers		
Over time	**651,183**	523,883

Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 March 2024, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$592,254,000 (2023: HK$482,610,000). The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 1 to 16 months (2023: 1 to 10 months).

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**") (the directors of the Company) in order to allocate resources to segments and to assess their performance.

The Group's operating activity is attributable to a single operating segment focusing on the provision of foundation and site formation works and machineries leasing. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the CODM. The CODM monitors the revenue from provision of foundation and site formation works and machineries leasing for the purpose of making decisions about resources allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Geographical information

The Group's revenue from external customers presented based on the location of the operations is derived solely in Hong Kong (country of domicile). Non-current assets of the Group presented based on the location of the assets are all located in Hong Kong. As a result, geographical information has not been presented.

Information about major customers

Revenues from external customers contributing over 10% of the total revenue of the Group of the corresponding year are as follows:

	2024 HK$'000	2023 HK$'000
Customer A	**360,254**	67,363
Customer B	**115,234**	145,039
Customer C	**74,682**	100,162
Customer D	**N/A***	74,030
Customer E	**N/A***	65,187

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

For the year ended 31 March 2024

6. OTHER INCOME AND GAINS

	2024 HK$'000	2023 HK$'000
Bank interest income	**98**	–
Gain on disposal of plant and equipment	**334**	–
Gain on early termination of lease agreement	**19**	–
Impairment loss reversed on trade receivables	**103**	–
Impairment loss reversed on contract assets	**1,094**	–
Government grants (Note)	**–**	6,465
Sundry income	**32**	141
	1,680	6,606

Note:

During the year ended 31 March 2023, approximately HK$6,000,000 (2024: nil) were cash subsidies from the Employment Support Scheme ("**ESS**") under Anti-epidemic Fund granted by the Government of Hong Kong Special Administrative Region (the "**Government**") respectively as part of the relief measures on COVID-19 pandemic, approximately HK$448,000 (2024: nil) were cash subsidies from the Ex-gratia Payment Scheme for Phasing Out Euro IV Diesel Commercial Vehicles granted by the Government to phase out Euro IV diesel commercial vehicles, while approximately HK$17,000 (2024: nil) were cash subsidies from the Reimbursement of Maternity Leave Pay Scheme granted by the Government to reimburse maternity leave pay. The Group had complied with all attached conditions during the year ended 31 March 2023 and recognised the amounts in profit or loss in "other income and gains".

7. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interests on:		
— bank borrowings	**–**	9
— lease liabilities	**815**	1,392
	815	1,401

8. INCOME TAX EXPENSE (CREDIT)

	2024 HK$'000	2023 HK$'000
Current year taxation		
Hong Kong Profits Tax	**13**	6
Deferred taxation (Note 21)	**2,175**	(565)
	2,188	(559)

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI for the year ended 31 March 2024 (2023: nil).

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the years ended 31 March 2024 and 2023, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

For the year ended 31 March 2024

8. INCOME TAX EXPENSE (CREDIT) (Continued)

Income tax expense (credit) for the years can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2024 HK$'000	2023 HK$'000
Profit before taxation	**5,887**	9,264
Tax calculated at the tax rate of 16.5% (2023: 16.5%)	**971**	1,529
Tax effect of expenses not deductible for tax purpose	**518**	854
Tax effect of income not taxable for tax purpose	**(219)**	(994)
Tax effect of deductible temporary difference not recognised	**26**	40
Tax effect of tax losses not recognised	**993**	82
Utilisation of tax losses previously not recognised	**(82)**	(2,052)
Effect of two-tiered profits tax rates regime	**(16)**	(12)
Effect of tax exemption granted (Note)	**(3)**	(6)
Income tax expense/(credit) for the year	**2,188**	(559)

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the year of assessment 2023/2024 by 100% (2022/2023: 100%), subject to a ceiling of HK$3,000 (2023: HK$6,000) per company.

Details of deferred taxation are set out in note 21.

9. PROFIT FOR THE YEAR

	2024 HK$'000	2023 HK$'000
Profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments (Note 10)	**4,208**	4,590
Staff costs (excluding directors' and chief executive's emoluments)		
— Salaries, wages, allowances and other benefits	**182,481**	161,802
— Contributions to retirement benefits scheme	**4,972**	4,489
Total staff costs	**187,453**	166,291
Impairment loss recognised on trade receivables	**–**	88
Impairment loss recognised on contract assets	**–**	1,946
Auditor's remuneration	**880**	880
Depreciation of plant and equipment	**10,943**	13,081
Depreciation of right-of-use assets	**7,051**	7,239
Loss on disposal of plant and equipment	**–**	513
Loss on written off of plant and equipment	**–**	10

For the year ended 31 March 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of emoluments paid or payable to each of the directors and chief executive of the Company are as follows:

	Year ended 31 March 2024			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
Executive directors				
Mr. Li Cheuk Kam ("**Mr. Li**") (Note i)	–	3,435	18	3,453
Ms. Chau Man Chun (the spouse of Mr. Li ("**Mrs. Li**")) (appointed on 20 March 2024)	–	11	1	12
Mr. Li Wai Fong (ceased to serve on 30 November 2023)	–	281	12	293
Independent non-executive directors				
Mr. Wong Chik Kong	150	–	–	150
Mr. Chan Chung Kik, Lewis	150	–	–	150
Mr. Lee Kwok Lun	150	–	–	150
	450	3,727	31	4,208

For the year ended 31 March 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Details of emoluments paid or payable to each of the directors and chief executive of the Company are as follows: (Continued)

	Year ended 31 March 2023			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
Executive directors				
Mr. Li (Note i)	–	3,515	18	3,533
Mr. Li Wai Fong	–	497	18	515
Non-executive director				
Mr. Poon Wai Kong (ceased to serve on 19 August 2022)	92	–	–	92
Independent non-executive directors				
Mr. Wong Chik Kong	150	–	–	150
Mr. Chan Chung Kik, Lewis	150	–	–	150
Mr. Lee Kwok Lun	150	–	–	150
	542	4,012	36	4,590

Note:

i) Mr. Li is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Neither the chief executive nor any of the directors of the Company have waived or agreed to waive any emoluments during the year ended 31 March 2024 (2023: nil).

Neither the chief executive nor any of the directors of the Company have received any inducement to join or upon joining the Group or compensation for loss of office during the year ended 31 March 2024 (2023: nil).

11. EMPLOYEES EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2023: one) of them was the director and chief executive of the Company. The emolument of the director and chief executive of the Company are included in the disclosures in note 10 above. The emoluments of the remaining four (2023: four) individuals were as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and other benefits	5,322	4,303
Contributions to retirement benefits scheme	72	69
	5,394	4,372

Their emoluments were within the following bands:

	2024 No. of employees	2023 No. of employees
Nil to HK$1,000,000	–	2
HK$1,000,001 to HK$1,500,000	3	2
HK$1,500,001 to HK$2,000,000	1	–
	4	4

None of the five highest paid individuals have received any inducement to join or upon joining the Group or compensation for loss of office during the year ended 31 March 2024 (2023: nil).

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

13. EARNINGS PER SHARE

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

	2024 HK$'000	2023 HK$'000
Earnings:		
— Profit for the year attributable to the owners of the Company	3,699	9,823

	2024	2023
Number of shares		
— Weighted average number of ordinary shares for the purpose of basic earnings per share	933,750,000	933,750,000

Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2024 and 2023.

14. PLANT AND EQUIPMENT

	Machineries and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Computer equipment HK$'000	Total HK$'000
COST					
At 1 April 2022	80,237	13,560	1,477	220	95,494
Additions	8,381	525	–	36	8,942
Transfer from right-of-use assets (Note 15)	6,390	–	–	–	6,390
Transfer to right-of-use assets (Note 15)	(12,833)	–	–	–	(12,833)
Disposals	(3,970)	(1,084)	–	–	(5,054)
Written off	(358)	(175)	–	(33)	(566)
At 31 March 2023	**77,847**	**12,826**	**1,477**	**223**	**92,373**
Additions	**29,757**	**1,985**	**–**	**–**	**31,742**
Transfer from right-of-use assets (Note 15)	**3,500**	**1,285**	**–**	**–**	**4,785**
Transfer to right-of-use assets (Note 15)	**(1,840)**	**–**	**–**	**–**	**(1,840)**
Disposals	**–**	**(4,599)**	**–**	**–**	**(4,599)**
Written off	**(308)**	**–**	**–**	**–**	**(308)**
At 31 March 2024	**108,956**	**11,497**	**1,477**	**223**	**122,153**
ACCUMULATED DEPRECIATION					
At 1 April 2022	43,736	8,859	1,359	153	54,107
Charge for the year	11,064	1,881	118	18	13,081
Transfer from accumulated depreciation of right-of-use assets (Note 15)	3,398	–	–	–	3,398
Transfer to accumulated depreciation of right-of-use assets (Note 15)	(212)	–	–	–	(212)
Eliminated on disposals	(768)	(891)	–	–	(1,659)
Eliminated on written off	(358)	(175)	–	(23)	(556)
At 31 March 2023	**56,860**	**9,674**	**1,477**	**148**	**68,159**
Charge for the year	**9,689**	**1,231**	**–**	**23**	**10,943**
Transfer from accumulated depreciation of right-of-use assets (Note 15)	**1,820**	**761**	**–**	**–**	**2,581**
Transfer to accumulated depreciation of right-of-use assets (Note 15)	**(92)**	**–**	**–**	**–**	**(92)**
Eliminated on disposals	**–**	**(3,603)**	**–**	**–**	**(3,603)**
Eliminated on written off	**(308)**	**–**	**–**	**–**	**(308)**
At 31 March 2024	**67,969**	**8,063**	**1,477**	**171**	**77,680**
CARRYING VALUES					
At 31 March 2024	**40,987**	**3,434**	**–**	**52**	**44,473**
At 31 March 2023	20,987	3,152	–	75	24,214

For the year ended 31 March 2024

14. PLANT AND EQUIPMENT (Continued)

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Machineries and equipment	20% per annum
Motor vehicles	20% per annum
Leasehold improvement	Over the shorter of lease term or 3 years
Computer equipment	20% per annum

As at 31 March 2024, certain Group's machineries with an aggregate carrying amounts of approximately HK$15,010,000 (2023: nil) were pledged to secure the bank borrowings granted to the Group (Note 35).

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	2024 HK$'000	2023 HK$'000
Premises	4,290	5,914
Motor vehicles	–	760
Machineries	15,102	19,636
	19,392	26,310

The Group has lease arrangement for premises, motor vehicles and machineries. The lease terms are generally over two to five years (2023: two to five years) for the years ended 31 March 2024.

In respect of lease arrangement for renting motor vehicles and machineries, the Group has options to purchase motor vehicles and machineries for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such lease.

Additions to the right-of-use assets for the year ended 31 March 2024 amounted to approximately HK$1,271,000 and HK$1,840,000, due to new leases of premises and machineries respectively (2023: approximately HK$2,995,000 and HK$21,863,000, due to new leases of premises and machineries respectively).

During the year ended 31 March 2024, the Group transferred the leased machineries and motor vehicle of approximately HK$1,680,000 and HK$524,000 (2023: HK$2,992,000 and nil) from right-of-use assets to plant and equipment upon the end of lease terms.

During the year ended 31 March 2024, the Group transferred the leased machineries of approximately HK$1,748,000, with cost of HK$1,840,000 less accumulated depreciation of HK$92,000 (2023: leased machineries of approximately HK$12,621,000, with cost of HK$12,833,000 less accumulated depreciation of HK$212,000), from plant and equipment to right-of-use assets at the commencement of lease term.

During the year ended 31 March 2024, the Group early terminated a lease of premise and derecognised right-of-use assets and lease liabilities of approximately HK$682,000 and HK$701,000 respectively, resulting in a gain on early termination of lease agreement of approximately HK$19,000 being recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

For the year ended 31 March 2024

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(ii) Lease liabilities

	2024 HK$'000	2023 HK$'000
Non-current	**4,913**	10,871
Current	**7,922**	9,499
	12,835	20,370

Amounts payable under lease liabilities	2024 HK$'000	2023 HK$'000
Within one year	**7,922**	9,499
After one year but within two years	**3,185**	7,671
After two years but within five years	**1,728**	3,200
	12,835	20,370
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(7,922)**	(9,499)
Amount due for settlement after 12 months	**4,913**	10,871

For the year ended 31 March 2024, the Group entered into new lease agreements for premises and machineries and recognised lease liabilities of approximately HK$1,271,000 and HK$1,656,000 respectively (2023: premises and machineries of approximately HK$2,995,000 and HK$21,828,000 respectively).

As at 31 March 2024, the lease liabilities in respect of leased machineries under hire purchase agreements amounted to approximately HK$8,318,000 (2023: motor vehicle and machineries of approximately HK$302,000 and HK$14,000,000 respectively) was secured by the lessor's title to the leased assets. Machineries under hire purchase agreements amounted to approximately HK$8,318,000 have been guaranteed by the Company (2023: Machineries and a motor vehicle of approximately HK$14,000,000 and HK$302,000 have been guaranteed by the Company and Mr. Li respectively).

(iii) Amounts recognised in profit and loss

	2024 HK$'000	2023 HK$'000
Depreciation on right-of-use assets		
— Premises	**2,213**	1,499
— Motor vehicles	**236**	257
— Machineries	**4,602**	5,483
Interest expense on lease liabilities	**815**	1,392

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(iv) Others

For the year ended 31 March 2024, the total cash outflow for leases amounted to approximately HK$10,576,000 (2023: approximately HK$14,036,000).

Restrictions or covenants on leases

As at 31 March 2024, lease liabilities of approximately HK$12,835,000 are recognised with related right-of-use assets of approximately HK$19,392,000 (2023: lease liabilities of approximately HK$20,370,000 are recognised with related right-of-use assets of approximately HK$26,310,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. CONTRACT ASSETS

	2024 HK$'000	2023 HK$'000
Analysed as current:		
Unbilled revenue of construction contracts (Note a)	**156,912**	65,739
Loss allowance	**(116)**	(469)
	156,796	65,270
Retention receivables of construction contracts (Note b)	**51,182**	45,219
Loss allowance	**(2,116)**	(2,857)
	49,066	42,362
Total contract assets	**205,862**	107,632

As at 1 April 2022, contract assets amounted to HK$111,819,000.

Notes:

a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers. The balance of unbilled revenue of construction contracts is expected to be recovered within one year. The significant increase in unbilled revenue of construction contracts in 2024 is the result of the increase in ongoing foundation and site formation works at the end of the year.

b) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and 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. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. Included in retention receivables of construction contracts of approximately HK$12,596,000 (2023: HK$19,937,000) is expected to be recovered after one year. The increase in retention receivables of construction contracts in 2024 is the result of the increase in projects completion during the year.

The Group classifies these contract assets under current assets because the Group expects to realise them in its normal operating cycle.

16. CONTRACT ASSETS (Continued)

The Group has applied the simplified approach permitted by HKFRS 9 to measure the allowance for credit losses at lifetime ECL. The ECL on contract assets are estimated using a provision matrix by reference to historical credit loss experience, adjusted for factors that are specific to the retention receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate, at the reporting date.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customers, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

There has been no change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance for contract assets.

The movement in the loss allowance of unbilled revenue is set out below:

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**469**	341
(Decrease) increase during the year	**(353)**	128
At the end of the year	**116**	469

During the year ended 31 March 2024, the change in loss allowance of unbilled revenue was due to a decrease in expected loss rate of unbilled revenue.

The movement in the loss allowance of retention receivables is set out below:

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**2,857**	1,039
(Decrease) increase during the year	**(741)**	1,818
At the end of the year	**2,116**	2,857

During the year ended 31 March 2024 and 2023, the change in loss allowance of retention receivables was due to a decrease in expected loss rate of the retention receivables.

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17. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Receivables at amortised cost comprise:		
Trade receivables (Note)	19,582	26,658
Loss allowance	(551)	(654)
	19,031	26,004
Other receivables	5,364	2,709
Prepayments and deposits	1,660	1,653
	26,055	30,366

Note:

As at 31 March 2024, gross amount of approximately HK$10,500,000 (2023: HK$22,220,000) included in the trade receivables arose from the provision of foundation and site formation works in accordance with HKFRS 15.

The Group does not hold any collateral over these balances.

The Group allows an average credit period of 15 to 75 days to its trade customers. The following is an aged analysis of trade receivables, net of accumulated loss allowance, presented based on the certified date which approximates the respective revenue recognition dates and invoice dates at the end of the reporting period:

	2024 HK$'000	2023 HK$'000
0 to 30 days	18,309	24,676
31 to 60 days	301	–
61 to 180 days	421	20
181 to 365 days	–	1,308
	19,031	26,004

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. As at 31 March 2024 and 2023, the ECL on trade receivables are estimated using a provision matrix by reference to historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate, at the reporting date.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customers, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

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17. TRADE AND OTHER RECEIVABLES (Continued)

The Group's lifetime ECL for trade receivables based on the past due ageing of customers as follows:

As at 31 March 2024	**Weighted average expected loss rate %**	**Gross carrying amount HK$'000**	**Impairment loss allowance HK$'000**
Current (not past due)	*	**18,319**	**10**
0 to 30 days	*	**302**	–#
31 to 60 days	*	**323**	**1**
61 to 180 days	**1%**	**99**	**1**
Over 365 days	**100%**	**539**	**539**
		19,582	**551**

As at 31 March 2023	Weighted average expected loss rate %	Gross carrying amount HK$'000	Impairment loss allowance HK$'000
Current (not past due)	*	24,504	35
0 to 30 days	*	207	–#
61 to 180 days	1%	20	–#
181 to 365 days	6%	1,388	80
Over 365 days	100%	539	539
		26,658	654

* The weighted average expected loss rate is less than 1%.

\# The amount is less than HK$1,000.

There has been no change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance for trade receivables.

The movement in the loss allowance of trade receivables is set out below:

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**654**	566
(Decrease)/increase during the year	**(103)**	88
At the end of the year	**551**	654

During the year ended 31 March 2024, the change in loss allowance of trade receivables was due to the decrease in long aged balances of trade receivables.

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17. TRADE AND OTHER RECEIVABLES (Continued)

For deposits and other receivables, the Group measures the loss allowance at an amount equal to 12-month ECL since the credit risk is considered to be low and there is no significant increase in credit risk during the year. The loss allowance is insignificant to the Group as at 31 March 2024 and 2023.

There has been no change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance for deposits and other receivables.

18. BANK BALANCES

Bank balances carry interest at prevailing market rates ranging from 0.75% to 2.50% per annum (2023: 0.1% per annum) for the year ended 31 March 2024.

The Group's bank balances that are denominated in currency other than the functional currency of the Group is set out below:

	2024 **HK$'000**	2023 HK$'000
Japanese Yen ("**JPY**")	**2,088**	–

19. TRADE AND OTHER PAYABLES

	2024 **HK$'000**	2023 HK$'000
Trade payables	**144,336**	53,370
Retention payables	**11,571**	10,288
Payables for acquisition of machineries	**6,240**	–
Accrued expenses and other payables	**20,236**	18,993
	182,383	82,651

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by suppliers and subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 30 to 90 days in 2024 (2023: 30 to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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

	2024 **HK$'000**	2023 HK$'000
0 to 90 days	**144,336**	53,370

20. BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
Secured and guaranteed	**12,160**	–

Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:

	2024 HK$'000	2023 HK$'000
Within one year	**2,144**	–
More than one year but not exceeding two years	**2,279**	–
More than two years but not exceeding five years	**7,737**	–
	12,160	–
Carrying amount of bank borrowings that are not repayable on demand or within one year from the end of the reporting period but contain a repayment on demand clause	**10,016**	–
Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	**2,144**	–
	12,160	–
Amounts shown under current liabilities	**(12,160)**	–
Amounts shown under non-current liabilities	**–**	–

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2024 HK$'000	2023 HK$'000
Floating rate – expiring beyond one year	**57,478**	10,000

Notes:

(a) During the year, the Group obtained new bank borrowings in the amount of approximately HK$12,160,000 (2023: HK$3,000,000 obtained and repaid during the year ended 31 March 2023). The bank borrowings bear interest at HKD Prime (2023: 3.5% per annum). The effective interest rate of bank borrowings during the year ended 31 March 2024 was 6.1% (2023: 3.5%) per annum. The balance will be repayable in 60 equal monthly instalments of approximately HK$236,000 each commencing on 12 April 2024 to 12 March 2029 (2023: repayable in 1 month). The proceeds were used to finance the purchase of machineries of the Group.

(b) As at 31 March 2024, the Group has unutilised banking facilities of approximately HK$17,478,000 which were granted in August 2023 (2023: nil). Such banking facilities are guaranteed by the Company.

(c) As at 31 March 2024, secured and guaranteed bank borrowings with carrying amount of approximately HK$12,160,000 (2023: nil) were secured by machineries of the Group and jointly guaranteed by Mr. Li, Mrs. Li and the Company. Details are disclosed in note 35 and 28.

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21. DEFERRED TAXATION

Deferred tax liability arising from accelerated tax depreciation recognised by the Group and movements thereon during the current and prior years was as follows:

	Accelerated tax depreciation HK$'000
At 1 April 2022	(4,661)
Credited to profit or loss (Note 8)	565
At 31 March 2023	**(4,096)**
Charged to profit or loss (Note 8)	**(2,175)**
At 31 March 2024	**(6,271)**

At 31 March 2024, the Group has approximately HK$95,392,000 (2023: HK$89,871,000) unused tax losses available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 31 March 2024, the Group has temporary differences of approximately HK$2,663,000 (2023: HK$2,504,000). No deferred tax asset has been recognised in relation to such temporary difference as it is not probable that taxable profit will be available against which the temporary differences can be utilised.

22. SHARE CAPITAL

	Number of shares		Share capital	
	2024	2023	**2024 HK$'000**	2023 HK$'000
Ordinary shares of HK$0.01 each				
Authorised				
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**2,000,000,000**	2,000,000,000	**20,000**	20,000
Issued and fully paid				
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**933,750,000**	933,750,000	**9,338**	9,338

Note:

All shares issued rank pari passu with all the existing shares in all respects.

23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the 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 bank borrowings disclosed in note 20, lease liabilities disclosed in note 15, bank balances disclosed in note 18, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and the issue of new borrowings or the redemption of existing borrowings.

24. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 **HK$'000**	2023 HK$'000
Financial assets		
Financial assets at amortised cost (including bank balances)	**70,610**	75,107
Financial liabilities		
Financial liabilities at amortised cost	**194,543**	82,651

Financial risk management objectives and policies

The Group's major financial assets and financial liabilities include trade and other receivables and deposits, bank balances, trade and other payables, and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

Certain bank balances of the Group are denominated in JPY which are currency other than the functional currency of the Group. The carrying amounts of the Group's major foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2024 **HK$'000**	2023 HK$'000
JPY	**2,088**	–

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: nil) increase and decrease in the functional currency of the Group against the relevant foreign currency. 5% (2023: nil) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: nil) change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

A positive number below indicates an increase in post-tax profit where the respective foreign currency strengthens 5% (2023: nil) against the relevant functional currency. For a 5% (2023: nil) weakening of the respective foreign currency against the relevant functional currency, there would be an equal and opposite impact on the profit or loss.

	JPY impact	
	2024	2023
	HK$'000	HK$'000
JPY	**87**	–

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balance (see note 18) and variable-rate bank borrowings (see note 20). As no significant impacts on the results of the Group would arise from possible changes in interest rates for variable-rate bank balances, accordingly sensitivity analysis in this respect is not presented.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of the HKD Prime lending rate (the "**Prime rate**") arising from the Group's Hong Kong dollar denominated bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure of the Group's variable-rate bank borrowings to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding as at 31 March 2024 were outstanding for the whole reporting period. A 50 basis points (2023: nil) increase or decrease is used for the year ended 31 March 2024 when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2023: nil) higher/lower for the year ended 31 March 2024 and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK$51,000 for the year ended 31 March 2024 (2023: nil). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 March 2024 and 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from bank balances, trade receivables and contract assets, deposits and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively for trade receivables and contract assets by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. ECL for contract assets with mutual agreement of longer processing period to obtain the certification of the completed construction work from the customers are individually determined. ECL for the remaining contract assets are collectively determined. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For deposits and other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and thus the measurement of the loss allowance was limited to 12-month ECL.

As at 31 March 2024, the Group concentration of credit risk as 2% (2023: 15%) of the total trade receivables due from the Group's largest customer while 82% (2023: 61%) of the total trade receivables was due from the Group's five largest customers.

The Group's concentration of credit risk by geographical locations is in Hong Kong, which accounted for 100% (2023: 100%) of the total trade receivables as at 31 March 2024.

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its management team to develop and maintain the Group's credit risk grading to categories exposures according to their degree of risk of default. The management team uses publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Basis for recognising ECL
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watchlist	Debtor frequently repays after due dates but usually settle after due date	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

For the year ended 31 March 2024

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit quality of the Group's financial assets and contract assets as well as the Group's maximum exposure to credit risk by credit risk rating grades are disclosed below:

31 March 2024	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Trade receivables	(Note)	lifetime ECL	19,582	(551)	19,031
Contract assets	(Note)	lifetime ECL assessed collectively	206,213	(2,231)	203,982
Contract assets	(Note)	lifetime ECL assessed individually	1,881	(1)	1,880
Deposits and other receivables	Low risk	12-month ECL	5,949	–	5,949
				(2,783)	

31 March 2023	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Trade receivables	(Note)	lifetime ECL	26,658	(654)	26,004
Contract assets	(Note)	lifetime ECL assessed collectively	109,077	(3,323)	105,754
Contract assets	(Note)	lifetime ECL assessed individually	1,881	(3)	1,878
Deposits and other receivables	Low risk	12-month ECL	3,519	–	3,519
				(3,980)	

Note:

For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Contract assets with mutual agreement of longer processing period to obtain the certification of the completed construction work from the customers with gross carrying amount of approximately HK$1,881,000 as at 31 March 2024 (2023: HK$1,881,000) are assessed individually. The remaining contract assets are collectively assessed. Notes 17 and 16 include movements of the loss allowance for these assets respectively.

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24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank borrowings as a significant source of liquidity and the management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and the maturity profile of its lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay and the agreed repayment dates.

The table includes both interest and principal cash flows.

	At 31 March 2024					
	Weighted average interest rate %	On demand or within 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables (Note 19)	**–**	**182,383**	**–**	**–**	**182,383**	**182,383**
Bank borrowings (Note 20)	**6.1**	**14,151**	**–**	**–**	**14,151**	**12,160**
		196,534	**–**	**–**	**196,534**	**194,543**
Lease liabilities (Note 15)	**3.7**	**8,330**	**3,341**	**1,778**	**13,449**	**12,835**

	At 31 March 2023					
	Weighted average interest rate %	On demand or within 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables (Note 19)	–	82,651	–	–	82,651	82,651
Lease liabilities (Note 15)	3.2	10,243	7,959	3,283	21,485	20,370

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 March 2024, the aggregate undiscounted principal amounts of these bank loans amounted to HK$12,160,000 (2023: nil). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$14,151,000, with the details as follow:

	less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2024	**2,830**	**2,830**	**8,491**	**14,151**	**12,160**

Fair value measurement

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their immediate or short-term maturities.

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25. RETIREMENT BENEFITS SCHEME

Defined contribution plans

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The total cost charged to profit or loss of approximately HK$5,003,000 (2023: HK$4,525,000) represents contributions payable to the MPF Scheme by the Group in respect of the current accounting period.

Long Service Payment Liabilities

*Obligation to long service payments ("**LSP**") under Hong Kong Employment Ordinance*

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment) × 2/3 × Years of service. Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's Mandatory Provident Fund contributions, plus/minus any positive/negative returns thereof (collectively, the "**Eligible Offset Amount**"), for the purpose of offsetting LSP payable to an employee (the "**Offsetting Arrangement**").

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment Ordinance will come into effect prospectively from 1 May 2025 (the "**Transition Date**"). Under the Amendment Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

As disclosed in Note 3, the Group has changed its accounting policy in connection with its LSP obligation to conform with the HKICPA guidance. This new HKICPA guidance does not have a material impact on the Groups' results and financial positions for the current or prior years.

26. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has engaged in the machinery leasing activities under operating leases. As all the leases were short-term leases, no operating lease commitments in respect of machineries as at 31 March 2024 and 2023.

27. CAPITAL COMMITMENT

	2024 **HK$'000**	2023 HK$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	**16,473**	–

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28. RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

(a) Compensation of key management personnel

The remuneration of the directors of the Company and key management personnel during the years ended 31 March 2024 and 2023 are as follows:

	2024 HK$'000	2023 HK$'000
Short-term benefits	**8,615**	8,511
Post-employment benefits	**106**	116
	8,721	8,627

The remuneration of the directors of the Company and key management personnel is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

(b) Other related party transaction

i) One of the directors of the Company has beneficial interest in Famous Smart International (HK) Limited ("**Famous Smart**"). The below transaction was at term determined and agreed by the Company and the relevant party.

During the year ended 31 March 2023, the Group entered into a three-year lease in respect of office premises from Famous Smart. The amount of rent payable by the Group under the lease is HK$50,000 per month (2024: HK$50,000). As at 31 March 2024, the carrying amount of such lease liabilities is approximately HK$721,000 (2023: HK$1,255,000). During the year ended 31 March 2024, the Group has made lease payment of approximately HK$600,000 (2023: HK$570,000) to Famous Smart.

ii) One of the directors of the Company has beneficial interest in Easy Best Creation Limited ("**Easy Best**"). The below transaction was at term determined and agreed by the Company and the relevant party.

During the year ended 31 March 2024, the Group entered into two three-year leases in respect of carparks from Easy Best. The amount of rent payable by the Group under the lease is HK$4,000 per month (2023: nil). As at 31 March 2024, the carrying amount of such lease liabilities is approximately HK$128,000 and HK$128,000 (2023: nil and nil). During the year ended 31 March 2024, the Group has made lease payment of approximately HK$8,000 and HK$8,000 (2023: nil and nil) to Easy Best.

28. RELATED PARTY TRANSACTIONS (Continued)

(b) Other related party transaction (Continued)

iii) One of the directors of the Company has beneficial interest in Easy High Investment Limited ("**Easy High**"). The below transaction was at term determined and agreed by the Company and the relevant party.

During the year ended 31 March 2024, the Group entered into two three-year leases in respect of carparks from Easy High. The amount of rent payable by the Group under the lease is HK$4,000 per month (2023: nil). As at 31 March 2024, the carrying amount of such lease liabilities is approximately HK$128,000 and HK$128,000 (2023: nil and nil). During the year ended 31 March 2024, the Group has made lease payment of approximately HK$8,000 and HK$8,000 (2023: nil and nil) to Easy High.

iv) During the year ended 31 March 2022, the Group entered into a three-year lease in respect of a motor vehicle with cost of HK$1,285,000 less accumulated depreciation of HK$11,000 (2024: nil) under a hire purchase agreement guaranteed by Mr. Li. As at 31 March 2023, the carrying amount of such lease liability is approximately HK$302,000 (2024: nil).

v) As at 31 March 2024, the Group has unutilised banking facility of HK$10,000,000 which was granted in March 2021 (2023: HK$10,000,000). Such banking facility is jointly guaranteed by Mr. Li and Mrs. Li.

vi) As at 31 March 2024, the Group has unutilised banking facility of HK$30,000,000 which was granted in January 2024 (2023: nil). Such banking facility is secured by a bank deposit by Mr. Li which should be equals the facility amount utilised.

vii) As at 31 March 2024, the Group has bank borrowing of HK$12,160,000 which was obtained in March 2024 (2023: nil). Such bank borrowing is jointly guaranteed by Mr. Li, Mrs. Li and the Company.

29. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2024, the Group entered into seven new lease agreements and recognised right-of-use assets for premises and machineries of approximately HK$1,271,000 and HK$1,840,000 and lease liabilities for premises and machineries of approximately HK$1,271,000 and 1,656,000 respectively (2023: seven new lease agreements and recognised right-of-use assets for premises and machineries of approximately HK$2,995,000 and HK$9,242,000 respectively and lease liabilities for premises and machineries of approximately HK$2,995,000 and HK$8,872,000 respectively).

(b) During the year ended 31 March 2024, the Group transferred the leased machineries and motor vehicle of approximately HK$1,680,000 and HK$524,000 (2023: HK$2,992,000 and nil) from right-of-use assets to plant and equipment upon the end of lease terms.

(c) During the year ended 31 March 2024, the Group transferred the leased machineries of approximately HK$1,748,000 (2023: HK$12,621,000) from plant and equipment to right-of-use assets at the commencement of lease term.

(d) During the year ended 31 March 2024, the Group early terminated a leased premise and derecognised right-of-use assets for premises of approximately HK$682,000 (2023: nil) and lease liabilities for premises of approximately HK$701,000 (2023: nil) and resulted in gain on early termination of lease agreement of approximately HK$19,000 (2023: nil).

(e) At 31 March 2024, amount of approximately HK$6,240,000 (2023: nil) purchase of the plant and equipment was accrued and included in other payables.

30. CONTINGENT LIABILITIES

At 31 March 2024 and 2023, the Group has been involved in a number of litigations and potential claims against the Group in relation to work-related injuries and civil litigation.

In the opinion of the directors of the Company, the litigations and potential claims are not expected to have a material impact on the consolidated financial statements. Accordingly, no provision has been made to the consolidated financial statements (2023: nil).

31. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "**Scheme**"), was adopted pursuant to written resolution of the Company passed on 21 September 2017 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 19 October 2027. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The Company may not grant any options if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other schemes exceeds 30% of the shares in issue from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

The option will be offered for acceptance for a period of not less than five trading days from the date on which the option is granted. Upon acceptance of the option, directors and eligible employees shall pay HK$1.00 to the Company by way of consideration for the grant. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Company's shares on the date of grant; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options have been granted since the adoption of the scheme on 21 September 2017, and there is no outstanding share option as at 31 March 2024 and 2023.

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32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HK$'000	2023 HK$'000
Non-current asset			
Investments in subsidiaries	33	167,800	167,800
Less: Impairment losses		(87,621)	(55,636)
		80,179	112,164
Current assets			
Trade and other receivables		248	245
Bank balances		1,998	2,400
		2,246	2,645
Current liability			
Trade and other payables		1,295	1,378
Net current assets		951	1,267
Total assets less current liabilities		81,130	113,431
Capital and reserves			
Share capital	22	9,338	9,338
Reserves	(a)	71,792	104,093
		81,130	113,431

Note (a):

Movements in reserves

	Share Premium HK$'000	Other reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2022	115,593	74,778	(86,906)	103,465
Profit for the year	–	–	628	628
At 31 March 2023 and 1 April 2023	115,593	74,778	(86,278)	104,093
Loss for the year	–	–	(32,301)	(32,301)
At 31 March 2024	115,593	74,778	(118,579)	71,792

Note: Other reserve represents the difference between the nominal value of the shares issued and the net asset value of the subsidiaries of the Company at the date of acquisition.

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33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2024 and 2023 are as follows:

Name of company	Place of incorporation or operations	Class of shares held	Issued and fully paid ordinary share capital 2024	2023	Percentage of equity interest/ voting power held by the Company 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Principal activities
Infinite Merit Global Limited	the BVI	Ordinary	United States Dollars ("US$") $10	US$10	100%	-	100%	–	Investment holding
Novel Sign Investments Limited	the BVI	Ordinary	US$1	US$1	-	100%	–	100%	Investment holding
Harvest Year Ventures Limited	the BVI	Ordinary	US$1	US$1	-	100%	–	100%	Investment holding
Glory Ease Ventures Limited	the BVI	Ordinary	US$1	US$1	-	100%	–	100%	Investment holding
Billion Talent Enterprises Limited	the BVI	Ordinary	US$1	US$1	-	100%	–	100%	Investment holding
Crystal Future Global Limited	the BVI	Ordinary	US$1	US$1	-	100%	–	100%	Investment holding
Lik Shing Engineering Company Limited	Hong Kong	Ordinary	HK$54,010,000	HK$10,000	-	100%	–	100%	Provision of foundation and site formation work and machineries leasing
Lik Shing Construction Company Limited	Hong Kong	Ordinary	HK$1	HK$1	-	100%	–	100%	Provision of machineries leasing
Lik Shing Construction Engineering Limited	Hong Kong	Ordinary	HK$1	HK$1	-	100%	–	100%	Provision of repairing service and vehicle rental service

Note:

(a) None of the subsidiaries had any debt securities outstanding as at the end of the reporting period or at any time during the reporting period.

For the year ended 31 March 2024

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows from financing activities.

			Non-cash changes			
	1 April 2023 HK$'000	Financing cash flows HK$'000	Finance costs incurred (Note 7) HK$'000	New lease recognised (Note 29(a)) HK$'000	Early termination of lease agreement (Note 29(d)) HK$'000	31 March 2024 HK$'000
Liabilities						
Bank borrowings (Note 20)	–	12,160	–	–	–	12,160
Lease liabilities (Note 15)	20,370	(10,576)	815	2,927	(701)	12,835
	20,370	1,584	815	2,927	(701)	24,995

			Non-cash changes		
	1 April 2022 HK$'000	Financing cash flows HK$'000	Finance costs incurred (Note 7) HK$'000	New lease recognised (Note 29(a)) HK$'000	31 March 2023 HK$'000
Liabilities					
Bank borrowings (Note 20)	–	(9)	9	–	–
Lease liabilities (Note 15)	8,191	(1,080)	1,392	11,867	20,370
	8,191	(1,089)	1,401	11,867	20,370

35. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and finance lease companies to secure banking facilities and lease liabilities granted to the Group:

	2024 HK$'000	2023 HK$'000
Right-of-use assets (Note 15)	15,102	20,396
Machineries (Note 14)	15,010	–
	30,112	20,396

FIVE YEAR FINANCIAL SUMMARY

The financial summary of the Group for the last five year is set as follows:

	For the year ended 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**671,910**	537,299	421,120	411,845	326,498
Cost of sales	**(630,591)**	(493,976)	(391,509)	(441,413)	(319,227)
Gross profit/(loss)	**41,319**	43,323	29,611	(29,568)	7,271
Other income and gains	**1,680**	6,606	2,550	5,559	697
Administrative expenses	**(36,297)**	(39,264)	(25,813)	(21,798)	(21,141)
Finance costs	**(815)**	(1,401)	(359)	(451)	(199)
Profit/(loss) before taxation	**5,887**	9,264	5,989	(46,258)	(13,372)
Income tax (expense)/credit	**(2,188)**	559	(1,621)	(97)	(350)
Profit/(loss) for the year	**3,699**	9,823	4,368	(46,355)	(13,722)
Earnings/(loss) per share:					
Basic and diluted	**0.4 cents**	1.1 cents	0.5 cents	(5.0) cents	(1.5) cents

	As at 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities					
Non-current assets	**66,916**	50,524	53,070	48,459	44,305
Current assets	**277,558**	183,719	161,909	169,331	155,339
Non-current liabilities	**11,184**	14,967	8,655	6,260	3,643
Current liabilities	**202,465**	92,150	89,021	98,595	36,711
Total equity	**130,825**	127,126	117,303	112,935	159,290