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WING CHI HOLDINGS LIMITED

榮智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6080)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board of directors (the “**Board**”) of Wing Chi Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 as follows:

FINANCIAL HIGHLIGHTS

1. Revenue was approximately HK\$396.9 million for the six months ended 30 September 2024, representing an increase of approximately 58.1% as compared to that for the same period in 2023.
2. Gross profit was approximately HK\$24.7 million for the six months ended 30 September 2024, representing an increase of approximately 38.0% as compared to that for the same period in 2023.
3. Gross profit margin for the six months ended 30 September 2024 was approximately 6.2%, as compared to that of approximately 7.1% for the same period in 2023.
4. Profit attributable to owners of the Company was approximately HK\$4.6 million for the six months ended 30 September 2024 as compared to that of approximately HK\$2.1 million for the same period in 2023. The increase in net profit attributable to owners of the Company was mainly attributable to the combined effect of the gradual improvement in the economy of Hong Kong and the implementation of tight cost control measures by our experienced project teams which improved the efficiency of work-flow throughout the construction process during the six months ended 30 September 2024.
5. Earnings per share amounted to approximately HK\$0.5 cents for the six months ended 30 September 2024 as compared to that of approximately HK\$0.2 cents for the same period in 2023.
6. The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

		Six months ended	
		30 September	
		2024	2023
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	396,854	251,115
Cost of sales		(372,185)	(233,214)
Gross profit		24,669	17,901
Other income and gains	5	1,208	1
Administrative expenses		(19,009)	(15,631)
Finance costs	6	(767)	(431)
Profit before taxation		6,101	1,840
Income tax (expense) credit	7	(1,527)	262
Profit for the period	8	4,574	2,102
Earnings per share:			
Basic and diluted	10	0.5 cents	0.2 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	<i>Notes</i>	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Non-current assets			
Plant and equipment	11	57,324	44,473
Right-of-use assets	12	20,245	19,392
Deposits paid for acquisition of plant and equipment		8,733	3,051
		86,302	66,916
Current assets			
Contract assets		127,713	205,862
Trade and other receivables	13	64,352	26,055
Tax recoverable		–	11
Bank balances		59,185	45,630
		251,250	277,558
Current liabilities			
Trade and other payables	14	158,271	182,383
Lease liabilities	12	5,602	7,922
Bank borrowings	15	24,907	12,160
Tax payable		48	–
		188,828	202,465
Net current assets		62,422	75,093
Total assets less current liabilities		148,724	142,009
Non-current liabilities			
Deferred tax liabilities		7,739	6,271
Lease liabilities	12	5,586	4,913
		13,325	11,184
Net assets		135,399	130,825
Capital and reserves			
Share capital	16	9,338	9,338
Reserves		126,061	121,487
		135,399	130,825

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger Reserve <i>HK\$'000</i> <i>(Note)</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2024 (Audited)	9,338	115,593	10	5,884	130,825
Profit for the period (Unaudited)	—	—	—	4,574	4,574
At 30 September 2024 (Unaudited)	9,338	115,593	10	10,458	135,399
At 1 April 2023 (Audited)	9,338	115,593	10	2,185	127,126
Profit for the period (Unaudited)	—	—	—	2,102	2,102
At 30 September 2023 (Unaudited)	9,338	115,593	10	4,287	129,228

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash from operation	35,221	15,406
Income taxes refunded	–	128
	<u> </u>	<u> </u>
Net cash from operating activities	35,221	15,534
	<u> </u>	<u> </u>
Cash flows from investing activities		
Purchase of plant and equipment	(20,212)	(841)
Deposits paid for acquisition of plant and equipment	(8,733)	–
Payments for right-of-use assets	(1,120)	(184)
Proceeds from disposal of plant and equipment	1,360	–
Interest received	36	1
	<u> </u>	<u> </u>
Net cash used in investing activities	(28,669)	(1,024)
	<u> </u>	<u> </u>
Cash flows from financing activities		
New bank borrowing raised	24,000	–
Repayment of bank borrowing	(11,253)	–
Repayment of lease liabilities	(4,977)	(4,784)
Interest paid for bank borrowing	(459)	–
Interest paid for lease liabilities	(308)	(431)
	<u> </u>	<u> </u>
Net cash from (used in) financing activities	7,003	(5,215)
	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	13,555	9,295
Cash and cash equivalents at 1 April	45,630	45,584
	<u> </u>	<u> </u>
Cash and cash equivalents at 30 September, represented by bank balances	59,185	54,879
	<u><u> </u></u>	<u><u> </u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1. GENERAL INFORMATION

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 (“**Mr. Li**”) (the “**Controlling Shareholder**”). The addresses of the registered office and principal place of business of the Company are 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands and Room 3010, 30/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong respectively.

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 condensed 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 refer to as the “**Group**”).

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024, except as described below.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the 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
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Impact on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”); and Amendments to HKAS 1 – Non-current Liabilities with Covenants (the “2022 Amendments”)

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.

The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current.

Upon application of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The adoption of the amendments has no impact to the Group’s classification of liabilities as at 1 April 2023, 31 March 2024 and 30 September 2024.

4. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– Provision of foundation and site formation works	379,691	244,994
Revenue from other sources		
– Rental income from machineries leasing	17,163	6,121
	<u>396,854</u>	<u>251,115</u>

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition from contracts with customers		
Over time	<u>379,691</u>	<u>244,994</u>

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 period 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.

5. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	36	1
Gain on disposal of plant and equipment	1,171	–
Others	1	–
	<u>1,208</u>	<u>1</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
– bank borrowing	459	–
– lease liabilities	308	431
	<u>767</u>	<u>431</u>

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current year taxation		
Hong Kong Profits Tax	59	–
Deferred taxation	1,468	(262)
	<u>1,527</u>	<u>(262)</u>

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 six months ended 30 September 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%.

8. PROFIT FOR THE PERIOD

Six months ended 30 September	
2024	2023
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

Profit for the period has been arrived at after charging:

Impairment loss recognised on trade receivables	25	49
Impairment loss recognised on contract assets	2,367	564
Depreciation of plant and equipment	7,663	5,563
Depreciation of right-of-use assets	3,597	3,548

9. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2024, nor has any dividend been proposed since the end of the last reporting period (six months ended 30 September 2023: nil).

10. 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::

Six months ended 30 September	
2024	2023
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

Profit:

– Profit for the period attributable to the owners of the Company

4,574	2,102
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Number of shares ('000)

– Weighted average number of ordinary shares for the purpose of basic earnings per share

933,750	933,750
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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 six months ended 30 September 2024 and 2023.

11. PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired plant and equipment with a cost of approximately HK\$20,703,000 (six months ended 30 September 2023: approximately HK\$5,281,000).

During the six months ended 30 September 2024, the Group has disposed of certain plant and equipment with an aggregate carrying values of approximately HK\$189,000 (six months ended 30 September 2023: nil) for cash proceeds of approximately HK\$1,360,000 (six months ended 30 September 2023: nil), resulting a gain on disposal of approximately HK\$1,171,000 (six months ended 30 September 2023: nil).

During the six months ended 30 September 2023, the Group transferred the leased machineries of approximately HK\$1,840,000 (six months ended 30 September 2024: nil) from plant and equipment to right-of-use assets at the commencement of lease term.

During the six months ended 30 September 2023, the Group transferred the leased machineries of approximately HK\$1,680,000 (six months ended 30 September 2024: nil) from right-of-use assets to plant and equipment upon the end of lease terms.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 September 2024, the total carrying amounts of right-of-use assets were approximately HK\$20,245,000 (31 March 2024: HK\$19,392,000), of which HK\$3,284,000 and HK\$16,961,000 (31 March 2024: HK\$4,290,000 and HK\$15,102,000) were the premises and machineries, respectively.

During the six months ended 30 September 2024, the Group entered into lease arrangements for machineries. On lease commencement, the Group recognised right-of-use assets of approximately HK\$4,450,000 (six months ended 30 September 2023: approximately HK\$1,840,000 for machineries).

During the six months ended 30 September 2023, the Group transferred the leased machineries of approximately HK\$1,840,000 (six months ended 30 September 2024: nil) from plant and equipment to right-of-use assets at the commencement of lease term.

During the six months ended 30 September 2023, the Group transferred the leased machineries of approximately HK\$1,680,000 (six months ended 30 September 2024: nil) from right-of-use assets to plant and equipment upon the end of lease terms.

(ii) Lease liabilities

As at 30 September 2024, the carrying amount of lease liabilities was approximately HK\$11,188,000 (31 March 2024: HK\$12,835,000).

During the six months ended 30 September 2024, the Group entered into new lease arrangements for machineries and recognised lease liabilities of approximately HK\$3,330,000 (six months ended 30 September 2023: machineries of approximately HK\$1,656,000).

(iii) Amounts recognised in profit and loss

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation on right-of-use assets		
– Premises	1,006	1,074
– Machineries	2,591	2,345
– Motor vehicles	–	129
Interest expense on lease liabilities	308	431
	<u>308</u>	<u>431</u>

(iv) Others

For the six months ended 30 September 2024, the total cash outflow for leases amounted to approximately HK\$5,285,000 (six months ended 30 September 2023: HK\$5,215,000).

13. TRADE AND OTHER RECEIVABLES

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Receivables at amortised cost comprise:		
Trade receivables	57,167	19,582
Loss allowance	(576)	(551)
	<u>56,591</u>	<u>19,031</u>
Other receivables	6,318	5,364
Prepayments and deposits	1,443	1,660
	<u>64,352</u>	<u>26,055</u>

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:

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
0 to 30 days	56,012	18,309
31 to 60 days	25	301
61 to 180 days	360	421
181 to 365 days	194	–
	<u>56,591</u>	<u>19,031</u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (“ECL”). 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.

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

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
At the beginning of the period/year	551	654
Increase (decrease) during the period/year	25	(103)
At the end of the period/year	<u>576</u>	<u>551</u>

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 period/year. The loss allowance is insignificant to the Group as at 30 September 2024 and 31 March 2024.

14. TRADE AND OTHER PAYABLES

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables	117,403	144,336
Retention payables	13,729	11,571
Payables for acquisition of machineries	3,680	6,240
Accrued expenses and other payables	23,459	20,236
	<u>158,271</u>	<u>182,383</u>

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 (31 March 2024: 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:

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
0 to 90 days	<u>117,403</u>	<u>144,336</u>

15. BANK BORROWINGS

During the six months ended 30 September 2024, the Group obtained new bank borrowings amounting to approximately HK\$24,000,000 (six months ended 30 September 2023: nil) and repaid the bank borrowings amounting to approximately HK\$11,253,000 (six months ended 30 September 2023: nil).

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

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Floating rate		
– Expiring beyond one year	<u>50,327</u>	<u>57,478</u>

16. SHARE CAPITAL

	Number of Shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised		
At 30 September 2024 and 31 March 2024	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid		
At 30 September 2024 and 31 March 2024	<u>933,750,000</u>	<u>9,338</u>

Note:

There were no changes in the issued capital of the Company since 1 April 2024 to the period up to 30 September 2024.

17. CAPITAL COMMITMENT

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided for in the consolidated financial statements	<u>660</u>	<u>16,473</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Wing Chi Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 (the “**Reporting Period**”) together with the unaudited comparatives figures for the corresponding period ended 30 September 2023.

BUSINESS 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 of the Hong Kong SAR Government 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 Hong Kong SAR 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 Reporting Period, the economy of Hong Kong continued to record moderate growth, although the degree of progress fell short of initial expectations. Looking ahead, the Hong Kong SAR Government believes that the economy should continue to grow in the remainder of the year, but various factors including geopolitical tensions and global economic and interest rates outlook may pose uncertainties on different fronts. Building development still remain one of the major focuses in the Hong Kong SAR Government’s policy.

The Directors opined that there are challenge 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 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 Reporting Period, the Group had been awarded 18 new contracts, with an aggregate original contract sum of approximately HK\$295.0 million and had completed 26 projects with an aggregate original contract sum of approximately HK\$536.2 million. As at 30 September 2024, the Group had 30 projects on hand which include projects in progress as well as projects that have been awarded to us but not yet commenced. As at 30 September 2024, the aggregate amount of transaction price allocated to the unsatisfied/partially unsatisfied performance obligations is approximately HK\$509.8 million (30 September 2023: approximately HK\$401.5 million). This amount represents the revenue from construction contracts that is expected to be recognised in the future.

Revenue

The revenue from foundation and site formation works of the Group for the Reporting Period amounted to approximately HK\$379.7 million, representing an increase of approximately HK\$134.7 million, or 55.0% as compared to that of approximately HK\$245.0 million for the six months ended 30 September 2023. The increase in revenue during the Reporting Period was primarily attributed to the commencement of larger size foundation and site formation works which include the construction of the Kam Sheung Road, Anderson Road and Area 57 in Tung Chung that have substantial works commenced during the Reporting Period.

The Group's revenue from machinery leasing for the Reporting Period amounted to approximately HK\$17.2 million, representing an increase of approximately HK\$11.1 million, or 182.0% as compared to that of approximately HK\$6.1 million for the six months ended 30 September 2023. This amount represents the revenue derived from the leasing of the Group's machinery to contractors and/or subcontractors under operating lease. The increase was primarily due to that fact that more revenue has been derived from machinery leasing for the project of the North Runway Modification Work and the development of the Lamma Power Station during the Reporting Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Reporting Period amounted to approximately HK\$24.7 million, representing an increase of approximately HK\$6.8 million, or 38.0% as compared to that of approximately HK\$17.9 million for the six months ended 30 September 2023. The gross profit margin of the Group during the Reporting Period was approximately 6.2%, as compared to that of approximately 7.1% for the six months ended 30 September 2023.

The decrease in the gross profit margin is mainly attributable to the intensive competition in the construction industry. The improvement of the gross profit was mainly attributable to the increase of revenue from large size project works conducted during the Reporting Period. The Group will continue to implement tight cost control and improve the efficiency of work-flow throughout the construction process.

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. On the other hand, the Group prices its leasing machinery based on the procurement cost and the expected profit margin.

Other Income and Gains

The other income of the Group for the Reporting Period amounted to approximately HK\$1,208.0 thousand, representing a significant increase of approximately HK\$1,207.0 thousand or 120,700.0% as compared to that of approximately HK\$1.0 thousand for the six months ended 30 September 2023.

The significant increase in other income is primarily due to the fact that during the Reporting Period, the Company has received approximately HK\$1.2 million from the disposal of motor vehicles. However, these gains are not available during the six months ended 30 September 2023.

Administrative Expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately HK\$19.0 million, representing an increase of approximately HK\$3.4 million, or 21.8% as compared to that of approximately HK\$15.6 million for the six months ended 30 September 2023. The increase was primarily due to the increase of provision of impairment loss on contract assets and increase of salary cost during the Reporting Period. During the Reporting Period, the Group continued to expand its workforces to support 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 Director's remuneration, depreciation expenses and entertainment expenses cost.

Finance Costs

The finance costs of the Group for the Reporting Period amounted to approximately HK\$0.8 million, representing an increase of approximately HK\$0.4 million, or 100% as compared to that of approximately HK\$0.4 million for the six months ended 30 September 2023. The increase was primarily due to the increase in lease liabilities and loan repayment during the Reporting Period as compared to that for the corresponding period in 2023.

Income Tax (Expense)/Credit

The income tax expenses of the Group for the Reporting Period amounted to approximately HK\$1.5 million, as compared to a tax credit of approximately HK\$0.3 million for the six months ended 30 September 2023. The income tax expenses/credit represents the net effect on the movement of deferred tax expenses and Hong Kong income tax expenses. The movement was mainly due to the significant increase in the provision of deferred tax expenses caused by the increase in taxable temporary difference derived from the hire purchase of plant and equipment during the Reporting Period.

Profit attributable to Owners of the Company

The net profit attributable to owners of the Company amounted to approximately HK\$4.6 million for the Reporting Period, as compared to that of approximately HK\$2.1 million for the six months ended 30 September 2023. The increase in net profit attributable to owners of the Company was mainly attributable to the combined effect of the gradual improvement in the economy of Hong Kong and the implementation of tight cost control measures by our experienced project teams which improved the efficiency of work-flow throughout the construction process during the Reporting Period.

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration of any interim dividend for the six months ended 30 September 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 30 September 2024, the Group had total assets of approximately HK\$337.6 million (31 March 2024: approximately HK\$344.5 million), of which current assets amounted to approximately HK\$251.3 million (31 March 2024: approximately HK\$277.6 million).

As at 30 September 2024, the Group had total liabilities of approximately HK\$202.2 million (31 March 2024: approximately HK\$213.6 million), of which current liabilities amounted to approximately HK\$188.8 million as at 30 September 2024 (31 March 2024: approximately HK\$202.5 million).

As at 30 September 2024, the Group had total equity attributable to owners of the Company amounted to approximately HK\$135.4 million (31 March 2024: approximately HK\$130.8 million).

As at 30 September 2024, the Group had total bank balances and cash of approximately HK\$59.2 million (31 March 2024: approximately HK\$45.6 million). The movement in bank balance and cash was mainly due to the cash inflow of an aggregate net cash of approximately HK\$13.6 million in operation, investing and financing activities.

As at 30 September 2024, the Group had total debt of approximately HK\$36.1 million which included lease liabilities and bank borrowings (31 March 2024: approximately: HK\$25.0 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 26.7% (31 March 2024: approximately 19.1%). The increase was primarily due to the increase in bank borrowings during the Reporting Period.

PLEDGE OF ASSETS

As at 30 September 2024, the Group's right-of-use assets with an aggregate net book value of approximately HK\$17.0 million (31 March 2024: approximately HK\$15.1 million) were pledged under finance leases. As at 30 September 2024, the Group's machineries with an aggregate net book value of approximately HK\$29.9 million (31 March 2024: approximately HK\$15.0 million) 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 dollar, 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 Reporting Period.

CAPITAL EXPENDITURE

During the Reporting Period, the Group invested approximately HK\$25.2 million (31 March 2024: approximately HK\$31.7 million) on 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 30 September 2024, the Group had capital commitments of approximately HK\$0.7 million on acquisition of plant and equipment contracted for but not yet accounted for in the financial statements.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the Reporting Period, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Group does not have other plans for material investments and capital assets during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group employed a total of 573 employees (include Executive Directors and Independent Non-executive Directors), as compared to a total of 322 employees as at 30 September 2023 (including Executive Directors and Independent Non-executive Directors). The significant increase in the number of employees was mainly due to the fact that large labour intensive work progress have been conducted as at 30 September 2024. Total staff costs which include Directors' emoluments for the Reporting Period was approximately HK\$128.1 million (six months ended 30 September 2023: approximately HK\$87.3 million). The significant increase in staff costs during the Reporting Period was mainly due to the fact that substantial large projects have been conducted and the improvement of the remuneration packages of the employees and the Directors during the Reporting Period.

The salary and benefit level 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 increment, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors of the Company are decided by the Board with reference to the recommendation of the Remuneration Committee of the Company, having considered 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 the interim report.

During the Reporting Period, the Group has not 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.

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 Reporting Period and up to the date of this announcement 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 DIRECTORS OF LISTED ISSUERS

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.

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 are summarised in Appendix V to the Prospectus dated 30 September 2017 published by the Company. 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 31 March 2024 and 30 September 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 which may be issued in respect of the share options to be granted under the Share Option Scheme as at 30 September 2024 and as the date of this announcement was 90,000,000 shares, representing approximately 10% of the ordinary shares of the Company at issue on 20 October 2017, the date of listing of the shares of the Company on the Hong Kong Stock Exchange.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTOR UNDER RULES 13.51B(1) OF THE LISTING RULES

Mr. Chan Chung Kik, Lewis, an Independent Non-executive Director of the Company is the Chief Financial Officer and Company Secretary of T.S. Lines Limited, a company listed on the Main Board of the Stock Exchange on 1 November 2024 (Stock Code: 2510).

Saved as disclosed in this announcement, there is no change in the information of each Directors that is required to be disclosed under Rules 13.51B(1) of the Listing Rules, since the publication of annual report for the year ended 31 March 2024.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Save as disclosed as above, there is no material subsequent events undertaken by the Company or by the Group after the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee of the board (the “**Audit Committee**”) on 21 September 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The primary duties of the Audit Committee are to review the financial information of the Group, to oversee the Group’s financial reporting system and its internal control and risk management procedures, to monitor the independence and objectivity of the external auditor and to provide advice and comments to the Board on matters related to corporate governance.

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 has reviewed the unaudited condensed consolidated financial statements for the Reporting Period. The Audit Committee is satisfied that the unaudited condensed consolidated financial statements for the Reporting Period have been prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

By order of the Board
Wing Chi Holdings Limited
Li Cheuk Kam
Chairman

Hong Kong, 20 November 2024

As at the date of this announcement, the Executive Directors are Mr. Li Cheuk Kam and Ms. Chau Man Chun; and the Independent Non-executive Directors are Mr. Wong Chik Kong, Mr. Chan Chung Kik, Lewis and Mr. Lee Kwok Lun.