



**LING YUI HOLDINGS LIMITED**

**凌銳控股有限公司**

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

**Stock Code: 784**

**ANNUAL REPORT**

**2024**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ling Chi Fai (*Chairman*)

Mr. Chan Siu Hung (*Chief Executive Officer*)  
(*Resigned on 29 September 2023*)

Mr. Leung Cheuk Ho (*Chief Executive Officer*)  
(*Appointed on 29 September 2023*)

Mr. Li Meng (*Resigned on 24 May 2023*)

### Independent Non-executive Directors

Mr. Chong Kam Fung

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

## BOARD COMMITTEES

### Audit Committee

Mr. Ho Chun Chung Patrick (*Chairman*)

Mr. Chong Kam Fung

Mr. Shi Wai Lim William

### Remuneration Committee

Mr. Chong Kam Fung (*Chairman*)

Mr. Ling Chi Fai

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

### Nomination Committee

Mr. Ling Chi Fai (*Chairman*)

Mr. Chong Kam Fung

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

## COMPANY SECRETARY

Ms. Ng Hoi Ying

## AUTHORISED REPRESENTATIVES

Mr. Ling Chi Fai

Ms. Ng Hoi Ying

## AUDITOR

HLB Hodgson Impey Cheng Limited

*Certified Public Accountant*

31/F, Gloucester Tower

The Landmark

11 Pedder Street

Central

Hong Kong

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1702-03, Stelux House

698 Prince Edward Road East

San Po Kong

Kowloon

Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAWS

CFN Lawyers

Room Nos. 4101-04, 41/F

Sun Hung Kai Centre

30 Harbour Road

Wan Chai, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## PRINCIPAL BANKS

Dah Sing Bank, Limited

Bank of Communications Co., Ltd.

The Hongkong and Shanghai Banking Corporation Limited

## COMPANY'S WEBSITE

[www.lingyui.com.hk](http://www.lingyui.com.hk)

## STOCK CODE

784

# Chairman's Statement

Dear Shareholders,

I hereby present the annual report for the year ended 31 March 2024 of Ling Yui Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"). On behalf of the board (the "**Board**") of directors of the Company (the "**Directors**"), I would like to express my sincerest gratitude to all shareholders and stakeholders who support the Group's direction and planning. We shall continue to ride on the right cogitation, keep abreast of the momentum in town and uplift our efficiency in the forefront to maximise the return to our shareholders.

## OVERVIEW

For the year ended 31 March 2024, the Group recorded a total revenue of approximately HK\$194.0 million, representing a decrease of approximately 18.8% as compared to approximately HK\$239.0 million for the year ended 31 March 2023. Such decrease was mainly due to economic downturn in construction industry and the selection of customers with good track record of settlement of receivables for improving the Group's credit control in order to cope with the challenging business environment.

## PROSPECT

During the year, the property market of private sector in Hong Kong is expected to remain slow as a result of interest rate persistently remain at high level throughout the year which has created economic uncertainty to Hong Kong and imposed adverse impacts on the construction industry. The Board expects that the Group would continue to face fierce pricing competition in the private foundation sector in which the Group mainly operates its business as the Group's competitors seek to attract new businesses to accelerate their business recovery. With the leadership of our professional team and the dedication of our united employees, we believe the Group can overcome the difficulties and continue to thrive.

The widening of client base with reliable reputation in the public foundation sector tends to be a potential business opportunity in the next financial year. Despite the woes that have been spurred by the prevailing keen competition, the Group has established a project team to target prominent clients who generally have fruitful construction projects in hand. With the Group's well-performed foundation business experience, the Group remains optimistic on attaining satisfactory achievement in this business sector.

The Board believes that the listing of the shares of the Company (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has enhanced the Group's image in relevant business sectors. Coupled with the Group's positive and energetic business strategy in the upcoming year, it is expected that greater value could be generated and contributed to its shareholders and investors.

I would like to take this opportunity to express my heartfelt appreciation to my fellow Board members, management team, staff members, suppliers, subcontractors, business partners and, most importantly, our shareholders and customers for their continuous support to the Group.

**Ling Chi Fai**

*Chairman and Executive Director*

Hong Kong, 25 June 2024

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group is a Hong Kong-based main contractor that principally provides foundation works including excavation and lateral support works, pile cap works and pile construction, site formation works and other ancillary services such as road and drainage works for foundation projects in the private sector.

For the year ended 31 March 2024, the Group recorded revenue of approximately HK\$194.0 million as compared to revenue of HK\$239.0 million for the year ended 31 March 2023. The Directors are of the view that the decrease in revenue was due to the selection of customers with good track record of settlement of receivables for improving the Group's credit control in order to cope with the challenging business environment.

## OUTLOOK

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. The property market of private sector in Hong Kong is expected to remain slow as a result of interest rate persistently remain at high level throughout the year which has created economic uncertainty to Hong Kong and imposed adverse impacts on the construction industry, including affecting business opportunity which developer has reduced the interest in property development in private sector, competition in construction industry for jobs is intense. The interest rate maintains in high level also leads to increase in the cost of construction to affect the profitability. Looking ahead, the Group will adhere to prudent financial management in project selection and cost control. The Group will continue to obtain additional qualifications and strengthen its financial resources to position itself to tender for suitable projects in the private sector as a main contractor, and invest in manpower and information system to enhance its operational capacity and efficiency.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the more significant risks relating to the business are as follows:

- A significant portion of the Group's revenue was generated from contracts which were not recurrent in nature and were awarded by a few customers, and any decrease in the number of projects with the Group's major customers would adversely affect the Group's operations and financial results;
- As the Group from time to time engages subcontractors to perform certain works, the Group may bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of the Group's subcontractors; and
- The Group determines the price of our quotation based on the estimated time and costs to be involved in a project and the actual time and costs incurred may deviate from our estimation due to unexpected circumstances.

## COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("ESG") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

The details of ESG performance of the Group are set out in the ESG report on pages 26 to 46 of this annual report.

### RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

The Group maintains good relationship with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers, suppliers and subcontractors, without whom success in the Group's production and operation would be at risk.

### FINANCIAL REVIEW

#### Revenue

The Group's revenue decreased by approximately 18.8% from approximately HK\$239.0 million for the year ended 31 March 2023 to approximately HK\$194.0 million for the year ended 31 March 2024. Such decrease was mainly due to economic downturn in construction industry and the selection of customers with good track record of settlement of receivables for improving the Group's credit control in order to cope with the challenging business environment.

#### Direct Costs

The Group's direct costs for the year ended 31 March 2024 was approximately HK\$165.4 million, representing a decrease of approximately 32.6% from approximately HK\$245.5 million for the year ended 31 March 2023.

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

The Group's gross profit for the year ended 31 March 2024 was approximately HK\$28.6 million, as compared with gross loss of approximately HK\$6.6 million for the year ended 31 March 2023. The Group's gross profit margin for the year ended 31 March 2024 was approximately 14.8% as compared to gross loss margin of approximately 2.8% for the year ended 31 March 2023. During the year ended 31 March 2024, the Group closely monitor the cost and the timeline of the construction projects to improve the risks of occurrence of loss contract so as to improve the profit margin. For the year ended 31 March 2023, the loss was primarily due to the losses incurred in three projects: (1) 92-103A Connaught Road West project; (2) 152-155 Connaught Road Central project; and (3) Ko Chiu Road project, which were caused by unexpected delays in project timelines due to increased project complexity, resulting in cost overruns and additional work required to meet project specifications and also the significant increase in purchase price of steel and concrete.

#### Other income

Other income mainly comprised of government grants, interest income, machine rental income and compensation received. Other income decreased from approximately HK\$2.9 million for the year ended 31 March 2023 to approximately HK\$1.4 million for the year ended 31 March 2024. Such decrease was primarily resulted from the absence of government grant for Employment Support Scheme, of approximately HK\$2.2 million received during the year ended 31 March 2023.

#### Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2024 were approximately HK\$27.7 million, remained at a similar level as compared to approximately HK\$27.4 million for the year ended 31 March 2023.



## Management Discussion and Analysis (Continued)

### Profit (Loss) and Total Comprehensive Income (Expense) attributable to Owners of the Company for the year

As a result of the foregoing, for the year ended 31 March 2024, the Group recorded a net profit of approximately HK\$0.7 million as compared to a net loss of approximately HK\$30.0 million for the same period in 2023.

### CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

There has been no change in the capital structure of the Group during the year ended 31 March 2024. The capital of the Group only comprises of ordinary shares.

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank borrowings and equity contribution from shareholders.

As at 31 March 2024, the Group had bank balances of approximately HK\$29.9 million (2023: approximately HK\$12.6 million).

As at 31 March 2024, the Group's total equity attributable to owners of the Company amounted to approximately HK\$77.4 million (2023: approximately HK\$76.8 million) and the Group's total debt, amounted to approximately HK\$63.5 million (2023: approximately HK\$102.4 million).

### BANK BORROWINGS AND GEARING RATIO

As at 31 March 2024, the Group had bank borrowings of approximately HK\$22.2 million which were denominated in Hong Kong dollars (2023: approximately HK\$29.3 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2024, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 82.0% (2023: approximately 133.3%).

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, there was no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the year ended 31 March 2024. The Group has no other plans for material investments or capital assets as at 31 March 2024.

### CHARGE ON GROUP'S ASSETS

As at 31 March 2024, the Group pledged its machineries and construction equipment with an aggregate net book value of approximately HK\$16.3 million (31 March 2023: approximately HK\$21.2 million) and no motor vehicles (31 March 2023: approximately HK\$0.2 million) to the banks and a financial institution to secure the short-term bank loans and other general banking facilities granted to the Group.

As at 31 March 2024, payment for life insurance policy of approximately HK\$4.1 million was pledged to a bank to secure the banking facilities granted to the Group (2023: approximately HK\$4.0 million).

### FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and bank borrowings of the Group were denominated in Hong Kong dollars which is the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. The board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

### TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

### CONTINGENT LIABILITIES

As at 31 March 2024, the Group's material contingent liabilities was set out in note 27 to the consolidated financial statements.

### CAPITAL COMMITMENTS

As at 31 March 2024, the Group had no material capital commitments in respect of acquisition of property and equipment (2023: Nil).

### SEGMENT INFORMATION

The Group principally operates in one business segment, namely the provision of foundation engineering services.

### INFORMATION ON EMPLOYEES

As at 31 March 2024, the Group had 88 full-time employees working in Hong Kong (2023: 98). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the year ended 31 March 2024 amounted to approximately HK\$40.8 million (2023: approximately HK\$54.1 million).

### DIVIDENDS

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

### EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, the Board is not aware of any significant events since 31 March 2024 and up to the date of this annual report.



# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Ling Chi Fai (“Mr. Ling”)**, aged 61, was appointed as an executive Director on 1 September 2022. Mr. Ling is the Company’s chairman (the **“Chairman”**) and the chairman of the nomination committee of the Company (the **“Nomination Committee”**) and a member of the remuneration committee of the Company (the **“Remuneration Committee”**). Mr. Ling was previously a general manager and project manager of the Group. Mr. Ling is primarily responsible for daily monitoring and supervision of the operations of construction sites. He is also in charge of the tendering procedure of the Group.

Mr. Ling has approximately 44 years of experience in the construction industry. He began his career as a construction manager in 1980 and worked at Hang Fai Engineering Company from 1980 to 1997. In 1997, Mr. Ling joined Ming Lee Engineering Company as a project manager where he was responsible for the arrangement of construction site. Mr. Ling joined the Group in 2000 and has accumulated extensive experience in the operations of the foundation industry from working on various projects involving sheet piling, site formation, and excavation and lateral support works.

Mr. Ling was a director of the following private company incorporated in Hong Kong, which was dissolved by way of striking off under section 291 of the predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong):

Name of company	Nature of business before dissolution	Date of dissolution	Method of dissolution
Hang Fai Construction Company Limited	Inactive	9 July 2004	Striking off

Under Section 291(6) of the predecessor Companies Ordinance, where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation, the Registrar may strike the name of the company off the register after the expiration of a specified period. As confirmed by Mr. Ling, the abovenamed company was inactive at the time when it was dissolved and was solvent prior to its dissolution.

**Mr. Leung Cheuk Ho (“Mr. Leung”)**, aged 33, was appointed as an executive Director on 29 September 2023. Mr. Leung is also the chief executive officer of the Company (the **“Chief Executive Officer”**). Mr. Leung is responsible for the day-to-day management and operation of the Group and is responsible for overseeing and monitoring the projects and operations.

Mr. Leung has over 10 years of experience in civil engineering and construction project management. Mr. Leung has been working at Ming Lee Foundation Company Limited since 2016, where he assumed various positions including, but not limited to, project manager, project engineer and director. Prior to joining the Group, Mr. Leung worked at Rich Team Management Limited from 2011 to 2016, with his last position held as a senior foreman. Mr. Leung obtained a bachelor’s degree in science majoring in civil engineering from the Leeds Beckett University in 2022 and a professional diploma in civil engineering from the Hong Kong College of Technology in 2020.

\* For identification purpose only

## Biographical Details of Directors and Senior Management (Continued)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chong Kam Fung ("Mr. Chong")**, aged 44, was appointed as an independent non-executive Director on 4 December 2017. He is the chairman of the Remuneration Committee and a member of each of the audit committee of the Company (the "**Audit Committee**") and the Nomination Committee. Mr. Chong is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Chong obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2006. Mr. Chong has been a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants since April 2008 and October 2012, respectively.

From 2006 to 2013, Mr. Chong worked in PricewaterhouseCoopers in Hong Kong with his last position held as senior manager. Mr. Chong has been the company secretary of Ahsay Backup Software Development Company Limited (stock code: 8290) since March 2015. From 2016 to 2018, Mr. Chong was a non-executive director of Hao Bai International (Cayman) Limited (stock code: 8431). In addition, Mr. Chong was an independent non-executive director of Basetrophy Group Holdings Limited (stock code: 8460) from 2017 to 2021.

**Mr. Ho Chun Chung Patrick ("Mr. Ho")**, aged 60, was appointed as an independent non-executive Director on 4 December 2017. Mr. Ho is responsible for providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Company. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee.

Mr. Ho obtained a professional diploma in accountancy from the Hong Kong Polytechnic in November 1987 and a master degree in finance from the City University of Hong Kong in December 1996. Mr. Ho is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants since February 1991 and October 1995, respectively.

Mr. Ho worked in PricewaterhouseCoopers from 1987 to 1991 and Gold Peak Industries (Holdings) Limited (stock code: 40) from 1992 to 2000 with his last position as financial controller and Chen Hsong Holdings Limited (stock code: 57) from 2002 to 2005 as financial controller. Mr. Ho was an independent non-executive director of Tesson Holdings Limited (stock code: 1201) from 2014 to 2016 and International Genius Company (formerly named Asia Investment Finance Group Limited) (stock code: 33) from 2015 to 2018 respectively. Mr. Ho has been appointed as an independent non-executive director of A & S Group (Holdings) Limited (stock code: 1737) and Realord Group Holdings Limited (stock code: 1196) since March 2018 and March 2022, respectively.

**Mr. Shi Wai Lim William ("Mr. Shi")**, aged 46, was appointed as an independent non-executive Director on 4 December 2017. Mr. Shi is responsible for providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Company. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee.

## Biographical Details of Directors and Senior Management (Continued)

Over the years, Mr. Shi has also obtained various professional qualifications and memberships including the following:

Professional qualification	Year of admission
Registered Safety Auditor of Labour Department	2001
Registered Safety Officer of Labour Department	2002
Member of Association of Building Engineers of the United Kingdom	2007
Member of The Society of Professional Engineers of the United Kingdom	2007
Associate Member of the Royal Institution of Chartered Surveyors of the United Kingdom	2010
Accredited Safety Auditor for the independent Safety Audit Scheme	2013
Committee Member of DW Certification Limited (an accredited certification body under The Hong Kong Certification Body Accreditation Scheme)	2013
Chartered Building Engineer	2014
Fellow member of the Chartered Association of Building Engineers of the United Kingdom	2014

Mr. Shi has more than 26 years of experience in the construction industry. He is currently a director of Unibright Construction Company Limited, a company primarily engaged in the provision of construction consultancy services. Mr. Shi was an executive director of Gold-Finance Holdings Limited (stock code: 1462, which was delisted from the Main Board of the Stock Exchange with effect from 16 March 2021) from November 2020 to March 2021.

## SENIOR MANAGEMENT

**Mr. Tsang Kwok Ping ("Mr. Tsang")**, aged 52, is currently a construction manager of the Group. Mr. Tsang was previously a site foreman of the Group and was subsequently promoted to the position of site agent in 2015 and to his current position as construction manager in 2017. Mr. Tsang is primarily responsible for daily monitoring and supervision of the operations of construction sites.

Mr. Tsang has approximately 34 years of experience in the construction industry. He began his career as a machinery operator in 1989 and worked at Hang Fai Engineering Company from 1989 to 1997. In 1997, Mr. Tsang joined Ming Lee Engineering Company as a machinery operator where he was responsible for the arrangement of machinery and operators. Mr. Tsang joined the Group in 2000 and has accumulated extensive experience in the operations of the foundation industry from working on various projects involving sheet piling, site formation and excavation and lateral support works.

**Mr. Wong Kam Ki ("Mr. Wong")**, aged 52, is a construction manager of the Group. Mr. Wong joined the Group as a site foreman in 2013 and was promoted to site agent of the Group in 2014 and to construction manager of the Group in 2017. Mr. Wong is primarily responsible for daily monitoring and supervision of the operations of construction sites.

Mr. Wong joined the Chevalier Group from 1990 as assistant leveller and was the assistant surveyor of the Chevalier Group when he left in 2001. Mr. Wong was then employed as assistant foreman from 2002 to 2007 at Chun Wo Construction & Engineering Co., Ltd. In September 2007, Mr. Wong joined China Metallurgical Group Corporation as foreman. Immediately prior to joining the Group, Mr. Wong held the position of general foreman at Lermond Engineering Limited from 2008 to 2013. As general foreman, Mr. Wong was responsible for arranging, coordination and supervision of different site construction activities to ensure the works meet required standards and are being carried out in compliance with the relevant safety and environmental requirements. Mr. Wong obtained the course for qualifying site supervisors as technically competent persons equivalent certificate (1) in 2002, where he completed various modules on site safety supervision, construction safety and construction supervision offered by the Construction Industry Training Authority. Furthermore, Mr. Wong satisfactorily completed the Construction Safety Supervisor Course offered by the Construction Industry Training Authority in 2003.



## Biographical Details of Directors and Senior Management (Continued)

**Mr. Wong Chi Wai (“Mr. Karl Wong”)**, aged 38, is the chief financial officer of the Group. Mr. Karl Wong joined the Group as an accountant in 2016 and designated as financial controller on 22 August 2016 and promoted to chief financial officer on 1 January 2018. Mr. Karl Wong is primarily responsible for overseeing the Group’s financial operations, compliance matters and strategic management.

In February 2010, Mr. Karl Wong graduated from Curtin University of Technology with a Bachelor of Commerce degree in Accounting. Mr. Karl Wong has around 14 years of experience in accounting, auditing and financial management.

Prior to joining the Group, Mr. Karl Wong had worked for HLB Hodgson Impey Cheng Limited from 2011 to 2015 and his last position was senior accountant when he was promoted in 2013. He had also worked for Coface Greater China Services Limited as a management accountant from 2015 to 2016, where Mr. Karl Wong prepared and reviewed the financial and management reports for the Asia Pacific region.

**Mr. Lo Hin Chi (“Mr. Lo”)**, aged 33, joined the Group as an assistant project manager in 2020, and was appointed as director of Ming Lee Engineering Company Limited (“**Ming Lee Engineering**”) on 1 February 2023. Mr. Lo currently is the authorized signatory of Ming Lee Engineering in Foundation Category. He is primarily responsible for day-to-day management and operation of the Group, as well as supervising and managing the construction projects.

Mr. Lo graduated from the University of Wisconsin – Madison in 2013 with a degree in Civil Engineering. He is a member of each of the Hong Kong Institution of Engineers and the Institution of Civil Engineers, and has been a qualified Chartered Civil Engineer since 2017.

Mr. Lo is equipped with a decade of experience in civil engineering and foundation works in both private and public sectors. From 2013 to 2018, Mr. Lo worked in Paul Y. Management Limited with his last position held as project engineer. From 2018 to 2020, Mr. Lo took up the role as the competent engineer of China Oversea (Hong Kong) Limited.

### COMPANY SECRETARY

**Ms. Ng Hoi Ying (“Ms. Ng”)**, aged 37, was appointed as the company secretary of the Company (the “**Company Secretary**”) on 1 March 2019. She obtained a degree of Bachelor of Business Administration in Accountancy from The Hong Kong Polytechnic University in 2008. She is currently a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Ng has over 15 years of experience in auditing, accounting and financial reporting. She worked as a senior auditor of Deloitte Touche Tohmatsu. Subsequently Ms. Ng worked as senior accountant in Asia Maritime Pacific (Hong Kong) Limited, a private company engaged in fleet operation of both owned and chartered-in Handy-size and mini-MPP vessels, which operate internationally in China, West Africa, Australia, South America and intra-Asia. She was the finance manager of Ngai Shun Construction & Drilling Company Limited which is a piling contractor for both private and public works in Hong Kong. Its holding company (Boill Healthcare Holdings Limited, formerly known as Ngai Shun Holdings Limited) has been listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1246) in October 2013. Ms. Ng is currently a company secretarial manager at Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services and company secretary of seven companies listed on the Stock Exchange.

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and effective corporate governance practices are fundamental to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to safeguard interest and sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company has fully complied with the CG Code during the year ended 31 March 2024.

In December 2021, the Hong Kong Stock Exchange published the conclusions to its consultation on Review of Corporate Governance Code, Appendix C1 to the Listing Rules and the associated Listing Rules. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. A good part of the new requirements under the amended CG Code have long been adopted by the Group as its corporate governance practices over the years. These are highlighted in the following table:

### New Requirements

Align the company’s culture with its purpose, values and strategy (Code Provision A.1.1)

Establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations (Code Provision D.2.7)

Establish whistleblowing policy and system (Code Provision D.2.6)

### Group’s practices

A healthy corporate culture across the Group is vital for the Group to achieve its vision and mission towards sustainable growth. It is the Board’s role to foster a corporate culture with two core principles to guide the behaviours of its employees, and ensure that the Company’s vision, values and business strategies are aligned to it.

For details, please refer to “Culture and Values” section of this Corporate Governance Report.

The Group’s Anti-corruption Policy (as defined below) has been adopted since April 2017. The policies cover activities such as preventing, detecting and reporting fraud such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion, guidance on gifts and kickbacks, the Group’s investigation and reporting mechanism of suspected corruption practices. Any convicted cases will be reported to the Board and the Audit Committee.

For details, please refer to “Risk Management and Internal Control – Anti-corruption Policy” section of this Corporate Governance Report.

The Group’s Whistleblowing Policy (as defined below) has been adopted since April 2017.

Any convicted cases will be reported to the designated officers and the Audit Committee.

For details, please refer to “Risk Management and Internal Control – Whistleblowing Policy” section of this Corporate Governance Report.

## CORPORATE GOVERNANCE PRACTICE (Continued)

### New Requirements

Communications with shareholders and annual review (Paragraph L of the Mandatory Disclosure Requirement)

Equity-based remuneration (e.g. share options or grants) with performance related elements should not be granted to independent non-executive directors (Recommended Best Practice E.1.9)

(i) Annually review the implementation and effectiveness of the board diversity policy; and (ii) disclose the mechanism(s) to ensure independent views and input are available to the board, and annually review the implementation and effectiveness of such mechanism(s) (Code Provisions B.1.3 and B.1.4)

Gender diversity targets at board level and across workforce (Listing Rule 13.92)

Board level – to set and disclose numerical targets and timelines for achieving gender diversity.

Workforce level – to disclose and explain the gender ratio (including senior management), any plans or measurable objectives the company has set for achieving gender diversity.

(Paragraph J of the Mandatory Disclosure Requirement)

### Group's practices

The Group's shareholders' communication policy (the **"Shareholders' Communication Policy"**) sets out the Group's commitment of maintaining an effective ongoing dialogue with shareholders. The Shareholders' Communication Policy is reviewed by the Audit Committee on a regular basis.

For details, please refer to "Communication with shareholders and investor relations" section of this Corporate Governance Report.

The Group has a benchmarked approach in determining its non-executive Directors' remuneration, which does not involve equity-based remuneration with performance-related elements.

The level of remuneration payable to non-executive Directors (including independent non-executive Directors) is also subject to shareholders' approval.

The Group's Board diversity policy (the **"Board Diversity Policy"**) has been adopted by the Board since December 2018 and is subject to annual review by the Nomination Committee.

The Board Diversity Policy formally recognises the practice of ensuring that independent views and input are made available to the Board; details of which are explained in the "Board Diversity Policy" section in this Corporate Governance Report.

The Board is committed to assessing the independence of the independent non-executive Directors annually and ensuring that independent views and input are made available to the Board.

Gender diversity at Board and workforce levels (including the Group's senior management) is disclosed in the "Board Diversity Policy" and "Gender Ratio in workforce" sections of this Corporate Governance Report and "SOCIAL – Employment" section of 2024 ESG Report.

The Board Diversity Policy formally recognises the practice of ensuring that independent views and input are made available to the Board; details of which are explained in the "Independent non-executive Directors" section of this Corporate Governance Report.

The Board currently has no female Director. The Board would continue to take initiatives to identify suitable candidates so as to appoint at least one female Director on the Board no later than 31 December 2024.



## Corporate Governance Report (Continued)

### CORPORATE GOVERNANCE PRACTICE (Continued)

#### New Requirements

Establish a nomination committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors (Listing Rule 3.27A)

Elaborate the linkage between corporate governance and ESG (Introductory paragraph in the CG Code, Principle D.2, Code Provisions D.2.2 and D.2.3)

Publish ESG reports at the same time as publication of annual reports (Listing Rule 13.91(5)(d) and paragraph 4(2)(d) of the ESG Reporting Guide)

#### Group's practices

The Nomination Committee, which comprises a majority of independent non-executive Directors and is chaired by the Chairman.

For details, please refer to "Nomination Committee" section of this Corporate Governance Report.

The linkage is shown in "ESG Governance" section of the ESG Report.

The ESG Report is published at the same time as this annual report for the year ended 31 March 2024.

### CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

#### 1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all its 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 policies such as the Group's employee handbook (including therein the Group's code of conduct), the Anti-corruption Policy and the Whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

#### 2. 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 business development and management is to achieve long-term, steady and sustainable growth, while having due considerations from ESG aspects.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code and there was no event of non-compliance during the year ended 31 March 2024.

## DIRECTORS’ RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior management of the Group. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company’s policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors and reviewing the Company’s compliance with the CG Code and the disclosures in this annual report.

## DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior management of the Group to which they report periodically to the Board their work and business decisions.

### Board Composition

The composition of the Board as at the date of this annual report is set out as follows:

#### ***Executive Directors***

Mr. Ling Chi Fai (*Chairman*)

Mr. Leung Check Ho (*Chief Executive Officer*) (*Appointed on 29 September 2023*)

#### ***Independent non-executive Directors***

Mr. Chong Kam Fung

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

Biographical details of the Directors are set out in the section headed “Biographical Details of the Directors and Senior Management” on pages 8 to 11 of this annual report. Save as disclosed therein, none of the members of the Board has any financial, business, family or other material/relevant relationships with each other.

The proportion of independent non-executive Directors is higher than what is required by Rule 3.10(1) and (2), and 3.10A of the Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group’s business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

## Corporate Governance Report (Continued)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensuring that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors 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 independent non-executive Directors 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:

- 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 nor in any 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 other Directors.

The implementation and effectiveness of the above mechanism shall be reviewed by the Board on an annual basis.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company and the Company signed letters of appointment with each of the independent non-executive Directors. The service contract with each of Mr. Ling and Mr. Leung is for an initial term of three years commencing from 1 September 2022 and 29 September 2023 respectively and the letter of appointment with each of the independent non-executive Directors have been renewed and for a term of three years commencing from 27 December 2023. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

According to article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Articles 111 and 112 of the Company's memorandum and articles of association provide that any Directors who are appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

Mr. Leung, Mr. Chong and Mr. Shi will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on Wednesday, 28 August 2024. Mr. Leung, Mr. Chong and Mr. Shi, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Leung as an executive Director and Mr. Chong and Mr. Shi as independent non-executive Directors.



### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separated and not be performed by the same individual to avoid power being concentrated in any one individual. Mr. Ling is the Chairman and Mr. Leung is the Chief Executive Officer.

### DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In compliance with the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors attended a formal directors training session conducted by CFN Lawyers during the year ended 31 March 2024. The training covered topics including the Listing Rules, the CG Code and the disclosure of inside information. The Group has also been provided reading materials including the CG Code, the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to all Directors to develop and refresh the Director's knowledge and skills.

The Group continuously provides updates to the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, so as to ensure that each of the Directors is aware of his responsibilities and obligations as well as to maintain good corporate governance practices.

### BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.lingyui.com.hk](http://www.lingyui.com.hk). All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of the Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

#### Remuneration Committee

The chairman of the Remuneration Committee is Mr. Chong, an independent non-executive Director, and other members include Mr. Ling, the Chairman and an executive Director, Mr. Ho and Mr. Shi, each an independent non-executive Director. The written terms of reference of the Remuneration Committee has been revised on 13 January 2023 are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee also reviews and/or approves matters relating to share schemes under Chapter 17 of the Listing Rules. The model under code provision E.1.2(c)(ii) of the CG Code has been adopted.

## Corporate Governance Report (Continued)

### BOARD COMMITTEES (Continued)

#### Remuneration Committee (Continued)

During the year ended 31 March 2024, the Remuneration Committee held two meetings to review the remuneration packages and emoluments of Directors (including the appointment of Mr. Leung as an executive Director) and considered that they are fair and reasonable. During the year ended 31 March 2024, there were no material matters relating to the share option scheme of the Company which required review or approval by the Remuneration Committee. No Director nor any of his associates is involved in deciding his own remuneration.

#### Nomination Committee

The chairman of the Nomination Committee is Mr. Ling, the Chairman and an executive Director, and other members include Mr. Chong, Mr. Ho and Mr. Shi, each an independent non-executive Director. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and assess the independence of the independent non-executive Directors and makes recommendations to the Board on appointment of new Directors. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

Pursuant to the Board Diversity Policy, a number of perspectives are taken into account when designing the composition of the Board including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 March 2024, the Nomination Committee held three meetings to review and recommend the re-election of Directors, to review and recommend the appointment of Mr. Leung as an executive Director and to note the resignation of Mr. Li Meng ("**Mr. Li**") and Mr. Chan Siu Hung ("**Mr. Chan**") as executive Directors.

#### Audit Committee

The chairman of the Audit Committee is Mr. Ho, an independent non-executive Director, and other members include Mr. Chong and Mr. Shi, each an independent non-executive Director. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and oversee the financial reporting system, internal control systems and risk management system and relationship with external auditors and review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 March 2024, the Audit Committee held three meetings to review, the Company's 2023 annual results, interim results and audit plans for annual audit 2024 as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2024 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

## ATTENDANCE RECORDS OF MEETINGS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved. During the year ended 31 March 2024, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

Details of all Directors' attendance at the Board meeting, Board committees' meeting for the year ended to 31 March 2024 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2023 Annual General Meeting
Number of Meetings Attended/Held					
<b>Executive Directors</b>					
Mr. Ling	4/4		2/2	3/3	1/1
Mr. Chan (resigned on 29 September 2023)	2/2				1/1
Mr. Li (resigned on 24 May 2023)	N/A				N/A
Mr. Leung (appointed on 29 September 2023)	1/1				N/A
<b>Independent non-executive Directors</b>					
Mr. Chong	4/4	3/3	2/2	3/3	1/1
Mr. Ho	4/4	3/3	2/2	3/3	1/1
Mr. Shi	4/4	3/3	2/2	3/3	1/1

N/A represents not applicable

## COMPANY SECRETARY

The Company Secretary assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters.

The Company has engaged an external service provider, which assigned Ms. Ng as the Company Secretary. Ms. Ng possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. Mr. Ling, the Chairman and an executive Director, is the primary contact person who Ms. Ng contacts.

For the year ended 31 March 2024, Ms. Ng undertook no less than 15 hours of relevant professional training to update her skills and knowledge. The biographical details of Ms. Ng is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.



## Corporate Governance Report (Continued)

### BOARD DIVERSITY POLICY

The Board has adopted the Board Diversity Policy since 21 December 2018. The Company aims to set out the approach to achieve diversity on the Board and to recognise and embrace the benefits of having a diverse Board to enhance the quality of its performance. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

#### Summary of the Board Diversity Policy

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

#### Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will adhere to the Board Diversity Policy to ensure that there is at least one female Director in the Board and is committed to further enhancing gender diversity as and when suitable candidates are identified. The Nomination Committee will deploy multiple channels to identify suitable candidates as Directors, including referral from Directors, shareholders, management, advisors of the Company and external agents as and when appropriate such that a robust pipeline of female successors to the Board can be established in the near future. The Board's composition (including gender, ethnicity, age, length of service) will be disclosed in the corporate governance report annually.

#### Monitoring and Reporting

The composition of the Board will be disclosed annually in the corporate governance report and the Nomination Committee will monitor the implementation of the Board Diversity Policy. The Board currently has no female Director, and as such, the Board would continue to take initiatives to identify suitable candidates so as to appoint at least one female Director on the Board no later than 31 December 2024. The Nomination Committee will report annually, in the corporate governance report, on the Board's composition under diversified perspectives, and monitor the implementation of this Board Diversity Policy including but not limited to the progress towards meeting the measurable objectives of this policy.

### GENDER RATIO IN WORKFORCE

The Group is dedicated to achieving a balance between growth and diversity in its business and governance practices. The Group is committed to ensuring that recruitment at all levels, including the Board, adheres to stringent diversity criteria in order to consider an expensive pool of talented individuals. The Group firmly believes that diversity is an asset to the Group. The Group will continue to take gender diversity into consideration during recruitment. The Group will continue to take opportunities to increase the proportion of female workforce over time as and when suitable candidates are identified. For details of the gender ratio in the workforce, please refer to the section headed "SOCIAL – Employment" in the ESG Report.

### NOMINATION POLICY

The Board adopted a nomination policy (the "**Nomination Policy**") on 21 December 2018. A summary of the Nomination Policy, together with the selection criteria set for implementing the Nomination Policy, and the nomination procedure made towards achieving those objectives are disclosed as below.

#### Objectives of the Nomination Policy

The Nomination Policy sets out the approach to assist the Nomination Committee in making recommendations to the Board on the appointment of Directors and succession planning for Directors. It aims to provide the key selection criteria and principles to the Nomination Committee in making any such recommendations.

### NOMINATION POLICY (Continued)

#### Selection Criteria

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- (a) reputation for integrity;
- (b) accomplishment, experience and reputation in the construction industry and other relevant sectors;
- (c) commitment in respect of sufficient time, interest and attention to the Company's business;
- (d) diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;
- (e) the ability to assist and support management and make significant contributions to the Company's success;
- (f) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- (g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Company's memorandum and articles of association and other applicable rules and regulations.

#### Nomination Procedures

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures:

1. The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee may also nominate candidates for its consideration.
2. In the context of appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.
3. In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.
4. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

## Corporate Governance Report (Continued)

### NOMINATION POLICY (Continued)

#### Review of Nomination Policy

The Nomination Policy has been approved by the Board. Any subsequent amendment of the Nomination Policy shall be reviewed by the Nomination Committee and approved by the Board.

### INDEPENDENT AUDITORS' REMUNERATION

HLB Hodgson Impey Cheng Limited is appointed as the external auditor of the Company. The fee paid and payable in respect of audit services and non-audit services amounted to approximately HK\$900,000 (2023: approximately HK\$900,000) and approximately HK\$21,000 (2023: approximately HK\$21,000) respectively for the year ended 31 March 2024. The non-audit services mainly consist of taxation services provided.

### SHAREHOLDERS' RIGHT

One of the measures adopted to safeguard shareholders' interest and rights is to separate resolutions proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis, in the share capital of the Company (the "Requisitionists") (as the case may be) pursuant to Article 64 of the memorandum and articles of association of the Company. The Requisitionists shall be able to add resolutions to the meeting agenda. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the head office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong at Units 1702-03, Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong or by email at [info@lingyui.com.hk](mailto:info@lingyui.com.hk).

### RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management system. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's assets at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

### RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and senior management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2024 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

Under code provision D.2.5 of the CG Code, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective and adequate by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditors of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

### Whistleblowing Policy

The Board has adopted a whistleblowing policy (the "**Whistleblowing Policy**") since April 2017. The purpose of the Whistleblowing Policy is to commit to the highest possible standards of openness, probity and accountability. It provides the employees of the Group with protection, support, reporting channels and guidance on whistleblowing. The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to designated officers and the Audit Committee. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 March 2024 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.



## Corporate Governance Report (Continued)

### RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

#### Anti-corruption Policy

The Board has adopted an anti-fraud and gifts and kickbacks policy (the “**Anti-corruption Policy**”) since April 2017. The Group is committed to preventing, detecting and reporting fraud, including fraudulent financial reporting. The Anti-corruption Policy applies to the Directors, officers and employees of the Group. The Group encourages all of its business partners, including joint venture partners, associated companies, contractors and suppliers to abide by the principles of the Anti-corruption Policy. In the Anti-corruption Policy, fraud is defined as acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. For practical purposes, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

The Anti-corruption Policy forms an integral part of the Group’s corporate governance framework. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group’s personnel and business partners must follow to combat corruption. It demonstrates the Group’s commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

### DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defines the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public; and
- procedures of communicating with the Group’s stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group’s affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange’s website and the Company’s website.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS**

The Company has adopted Shareholder's Communication Policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

- (i) corporate communications such as annual reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website "www.hkexnews.hk" and the Company's website at "www.lingyui.com.hk";
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's website;
- (iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (v) the branch share registrar and transfer office of the Company in Hong Kong serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company has reviewed the implementation and effectiveness of its Shareholders' Communication Policy for the year ended 31 March 2024. Having considered that effective shareholders communication channels are in place and shareholders are provided with regular updates of the Group's financial performance, strategic direction and material business development, the Board is of the view that the Company has established an effective communication channel with its shareholders and considers that the Company's Shareholders' Communication Policy and its implementation are effective.

During the year ended 31 March 2024, there was no change in the Company's memorandum and articles of association.

# Environmental, Social and Governance Report

## ABOUT THE REPORT

This report is the “Environmental, Social and Governance Report” (collectively the **“ESG Report”**) published by the Group, which discloses the Group’s measures and performance on sustainable development topics in a transparent and open manner, in order to increase stakeholders’ confidence and understanding on the Group.

### Reporting Standards

The ESG Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the **“ESG Guide”**) of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) set out in Appendix C2 to the Listing Rules. The ESG Report provides a simplified overview on the environmental, social and governance (“ESG”) performance of the Group. The information in the ESG Report is derived from the Group’s official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group.

### Reporting Year

All the information in the ESG Report reflects the performance of the Group in environmental management and social responsibility from 1 April 2023 to 31 March 2024 (the **“Reporting Period”** or **“FY2024”**). This ESG Report is released annually by the Group for public review so as to improve the transparency and responsibility of information disclosure.

### Reporting Scope

The Group is a Hong Kong-based main contractor that principally engaged in provision of foundation engineering services.

After the comprehensive completion of data collection system and the Group’s deepening in its environmental, social and governance work, the Group has identified certain ESG issues (**“ESG issues”**) relevant to the Group, which have been assessed by considering their materiality and importance to the Group’s principal activities, stakeholders as well as the Group. Those identified ESG issues and Key Performance Indicators (**“KPIs”**) have been disclosed in the ESG Report.

### ESG Governance

The Group has developed its internal strategies and policies with aims to create sustainable values to its stakeholders, thereby minimising to a large extent the Group’s adverse impact on the environment. In order to carry out the Group’s sustainability strategy from top to bottom, the Board has ultimate responsibilities for ensuring the effectiveness of the Group’s ESG policies. The Board is also responsible for overseeing the risk management which includes risks related to ESG issues. The Group has established dedicated teams composed of staff from the main business and functional department to manage ESG issues within each business division of the Group and kept monitoring and overseeing the progress against corporate goals and targets for addressing climate change. Dedicated teams with designated staff for management of ESG issues has been assigned to enforce and supervise the implementation of the relevant ESG policies cascading through the Group. The dedicated team would annually report on ESG issue to the Board.

With the forward-looking guidance and well-designed plans of action to address underlying ESG matters, the management and responsible teams keep reviewing and adjusting the Group’s sustainability policies to satisfy the ever-changing needs of its stakeholders on a regular basis. For instance, through the assignment of the responsibility of progress tracking to different management-level positions, the Group is committed to achieving an excellent performance in ESG management while also remaining competitive compared with its peers. Details of the Group’s management approaches in both the environmental and social aspects are elaborated in different sections of this ESG report.

## Environmental, Social and Governance Report (Continued)

### Stakeholder Engagement

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency, which should form the basis for preparing the ESG Report. As the Stock Exchange emphasises, stakeholder engagement is the method by which materiality is assessed. Through stakeholder engagement, companies can understand wide-ranging views and identify material environmental and social issues.

The Group believes that effective feedback from stakeholders not only contributes to comprehensive and impartial evaluation of the Group's ESG performance ("**ESG performance**"), but also enables the Group to improve the ESG performance based on their feedback. Therefore, the Group has engaged in open and regular communication with stakeholder groups including shareholders and investors, employees, clients, suppliers, sub-contractors and government. Over the years, the Group has continued to fine-tune the sustainability focus, address pressing issues. The table below shows how the Group communicate with key stakeholder groups and their respective concerns.

### Stakeholders and engagement methods

Stakeholders	Interests and concerns	Engagement channels
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>• Return on investment and dividends</li> <li>• Corporate strategy and governance</li> <li>• Risk mitigation and management</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting and other General Meeting</li> <li>• Interim and annual reports, corporate websites</li> <li>• Announcements, notices of meetings, circulars</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>• Robust project management</li> <li>• Full compliance with laws and regulations</li> <li>• Sustainability performance of operations</li> </ul>	<ul style="list-style-type: none"> <li>• Interim and annual reports, corporate websites</li> <li>• Regular meetings and communication</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Compensation and benefits</li> <li>• Occupational health and safety</li> <li>• Career development opportunities</li> <li>• Corporate culture and well-being</li> </ul>	<ul style="list-style-type: none"> <li>• Provide leisure activities and increase cohesion</li> <li>• In-house training programmes</li> <li>• Performance reviews and appraisals</li> <li>• Promote career development and enhance competence at all levels</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Ethical business practices</li> <li>• Supplier assessment criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement processes</li> <li>• Audits and assessments</li> </ul>
<b>Sub-contractors</b>	<ul style="list-style-type: none"> <li>• Effective project management</li> <li>• Occupational health and safety</li> <li>• Ethical business practices</li> <li>• Sub-contractors assessment criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Annual health, safety and environment seminars</li> <li>• Training sessions</li> <li>• Regular progress meetings</li> <li>• Audits and assessments</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Laws and regulation compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory filings and notification</li> <li>• Regularly inspection</li> <li>• Written or electronic correspondences</li> </ul>

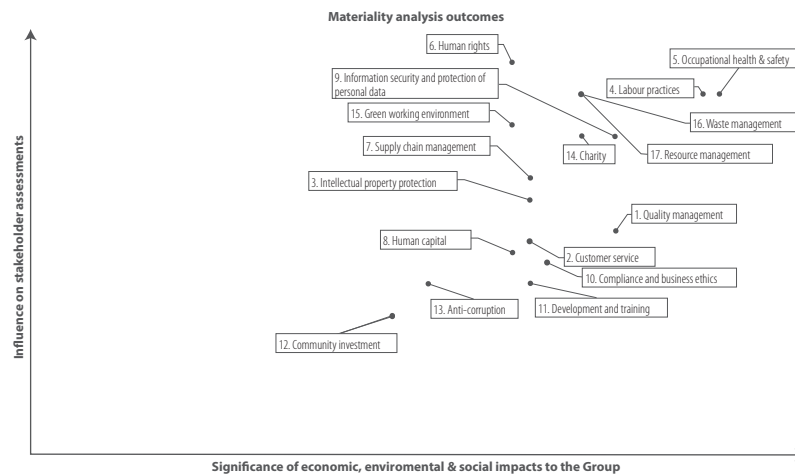
The business of the Group affects different stakeholders, and stakeholders have different expectations on the Group. The Group will maintain communication with stakeholders continuously, collect opinions of stakeholders through different forms and more extensively, and make substantive analysis more comprehensively. At the same time, the Group will enhance the reporting principles of quantification, balance and consistency, in order to define the content of the ESG Report and presentation of the information that is more in line with the expectations of stakeholders.



## Environmental, Social and Governance Report (Continued)

### Materiality Analysis

By reviewing the Group's operations, the Group identifies key ESG issues and assesses the importance of related matters to the Group's businesses and stakeholders. Based on the 17 material ESG issues identified, feedback is collected from the relevant internal and external stakeholders of the Group. The result of the assessment is as below:



### Issues

#### Economic

1. Quality management
2. Customer service
3. Intellectual property protection

#### Society

4. Labour practices
5. Occupational health & safety
6. Human rights
7. Supply chain management
8. Human capital
9. Information security and protection of personal data
10. Compliance and business ethics
11. Development and training
12. Community investment
13. Anti-corruption
14. Charity

#### Environment

15. Green working environment
16. Waste management
17. Resource management

The Group has identified several material issues such as occupational health & safety; labour practices; waste and water management that were deemed as the most important by the stakeholders. The Group will continue to manage these critical issues by adopting policies and guidelines to further enhance the Group's ESG performance.

### Climate Change

Climate change is one of the most complicated challenges faced by mankind in the new century. Global warming gives rise to more frequent extreme weather conditions including changes in precipitation mode, droughts, floods and bushfires. Rise in sea level will make tens of thousands of people in densely populated coastal areas and island countries homeless. Faced with all sorts of problems, individuals, corporations and governments must take immediate actions to tackle climate change.

Over-emission of greenhouse gases is the main factor in causing global climate change. To achieving a low carbon economy, the Group is committed to reducing its greenhouse gas emissions through the approaches of mitigation and adaptation. For example, the Group has strived to mitigate the risks brought by climate change through the adoption of various environmental policies and measures; and promoting energy saving measures and habits in office.

The Group is focused on reducing emissions in its operations, engaging suppliers to reduce emissions in supply chains, strengthening the resilience of its business and using its voice to advocate for collective action.

The Group reviews and identifies the climate-related risk annually while conducting the risk assessment. The Group has identified the following significant climate related issues which have impacted and/or may impact on its operations:

Risk	Impact on the Group	Response
<b>Physical Risk</b>		
Acute risk: Extreme weather such as typhoons and torrential rains	<ul style="list-style-type: none"> <li>Weather-related events such as storms, floods, fires or heatwaves that cause damage to construction site facilities and operations</li> </ul>	<ul style="list-style-type: none"> <li>Formulate emergency response plans for natural disasters</li> <li>Identify possible asset damage and purchase necessary insurance</li> </ul>
<b>Transition risks</b>		
Policy and legal risks: Changes in environmental-related regulations	<ul style="list-style-type: none"> <li>The energy price may increase due to energy efficiency requirements</li> <li>The government may introduce stricter policies and regulations to mitigate climate change, which would increase our compliance workload or subject us to litigation or claims</li> </ul>	<ul style="list-style-type: none"> <li>Use of more energy efficient modes of machinery and construction processes</li> <li>Closely monitor changes in environmental laws, regulations and policies, and respond to them in a timely manner</li> </ul>
Market risk: Consumers demand for green and low Carbon products	<ul style="list-style-type: none"> <li>Failure to effectively meet consumer demand for green low-carbon products</li> </ul>	<ul style="list-style-type: none"> <li>Promote resources saving</li> </ul>

## Environmental, Social and Governance Report (Continued)

### ENVIRONMENTAL PROTECTION

#### Emissions

##### *Emissions from the course of operation*

Major emissions from construction sites are air pollutants, noise, waste and effluents. The Group manages these emissions and is committed to seeking practical means to reduce their impact to the environment.

To reduce the noise nuisance in the surrounding environment, the Group has implemented equipment which can be effectively silenced, such as low-noise transformers, air receivers and hand-held breakers. Where necessary, the Group applies construction noise permit for every site that passes different testing from the Environmental Protection Departments (i.e. acceptable noise levels, sound power levels for percussive piling and summation of noise levels). The Group recognises that noise challenges are unique to each project and there is always room to further reduce noise in communities surrounding our sites.

To deal with the effluents from construction sites, the Group has developed a set of procedures which meet the requirements under the Water Pollution Control Ordinance and its subsidiary regulations in order to obtain a license granted under the Water Pollution Control Ordinance for each site if necessary. The Group will ensure that discharges arising from the execution of its contracts will be minimised and treated to meet the license requirement. The Group aims to minimise various discharges from excavation work and/or bore piling activities to limit the impact to the environment, which includes siltation in drainage pipes which may lead to blockage and eventually flooding risks, visual nuisance and hazard to the aquatic life and increase in turbidity of the receiving water which may adversely affect the ecosystem.

The Group has established procedures to deal with any non-conformity. The principal corrective actions to rectify non-compliance includes (i) relevant personnel shall be notified immediately when any environmental incidents or complaints arise; (ii) the cause of such incidents or complaints shall be investigated and mitigation resources shall be proposed; and (iii) reporting to the management on problems found, causes identified, improvement actions implemented, intended and the actual effects and any necessary follow up actions being undertaken.

During the Reporting Period, the Group was not aware of any material non-compliance with the environmental laws and regulations.

##### *Emissions from vehicle usage*

During the Group's operation, the usage of private cars, light goods vehicles and medium & heavy goods vehicles generated the emissions of nitrogen oxides "NOx", sulphur oxides "SOx" and particulate matter "PM". The approximate amount of NOx, SOx, and PM produced from the Group's operation in Hong Kong are shown in the table below:

### Air pollutants from vehicle usage

Types of key air pollutants	2024	2023
NO <sub>x</sub> emissions (tonnes)	<b>1.207</b>	1.935
SO <sub>x</sub> emissions (tonnes)	<b>0.001</b>	0.001
PM emissions (tonnes)	<b>0.084</b>	0.134

The exhaust gas incurred by the Group has remained stable compared with the year ended 31 March 2023 (“FY2023”). The Group will continue to monitor the emission level and strive to maintain the emission at a low level.

In respect of reducing NO<sub>x</sub>, SO<sub>x</sub> and PM emissions, the Group is committed to implementing the efficient usage of private cars, light goods vehicles and medium & heavy goods vehicles. The Group has implemented the following measures so as to achieve the environmental friendly approach; i) avoid peak hour traffic; ii) encourage the use of public transport; and iii) utilise the vehicle usage by car pooling with different staff.

### Greenhouse gas (“GHG”) emissions

During the course of operation of the Group, there are GHG emissions principally resulting from the intensive vehicle usage, electricity consumed and the use of electricity for processing fresh water and sewage water in office and construction sites. The Group manages to minimise the GHG emissions by adopting policies and procedures on reducing air emission mentioned in the section headed “Emissions”.

#### Scope 1 – Direct emissions

During the operations of the Group, due to the intense usage of private cars, light goods vehicles and medium & heavy goods vehicles, a certain amount of GHG is produced.

The Group strictly controls the emissions of GHG through the establishment of a comprehensive data collection system. This system helps the Group to monitor the monthly usage of all vehicles to maintain the efficiency at a prominent level.

#### Scope 2 – Energy indirect emissions

Apart from the direct emissions of PM and fumes, the Group’s energy indirect emissions of GHG principally resulted from electricity consumed at the Hong Kong’s office and construction sites.

#### Scope 3 – Other indirect emissions

The Group also incurred other indirect GHG emissions from electricity used for processing fresh water and sewage by government departments.



## Environmental, Social and Governance Report (Continued)

The summary of GHGs emissions from the Group's operations are shown in the following table:

### Summary of GHG emissions

Types of GHG	2024 CO <sub>2</sub> equivalent emission	2023 CO <sub>2</sub> equivalent emission
Scope 1 – Direct emissions (tonnes)	156.48	211.51
Scope 2 – Energy indirect emissions (tonnes)	88.75	143.32
Scope 3 – Other indirect emissions (tonnes)	0.90	1.59
Total GHG emissions	246.13	356.42
<b>Intensity of total GHG emission per no. of project (tonnes)</b>	<b>24.61</b>	<b>23.76</b>

According to the figures above, the intensity of GHG emissions per project in FY2024 has remained stable when compared with FY2023. The Group has initiated a target of maintaining GHG emissions in terms of intensity over the next 5 years, using FY2022 as a baseline.

### Hazardous waste and non-hazardous waste emission

Due to the business nature, the Group's operations do not directly generate any hazardous waste.

For the provision of foundation services, the Group has produced some non-hazardous waste during the operation. The emission figures are as followings:

### Types of non-hazardous waste produced

Non-hazardous waste produced	2024	2023
Inert construction and demolition ("C&D") waste (tonnes)	94,023	46,148
Non-inert C&D waste (tonnes)	103	42
Mixed construction & demolition waste (tonnes)	–	18
Total non-hazardous waste	94,126	46,208
<b>Intensity of total non-hazardous waste per no. of project (tonnes)</b>	<b>9,413</b>	<b>3,081</b>

According to the figures above, inert C&D waste produced in FY2024 have increased when comparing with FY2023. The reason is that a large scale project of the Group was in the stage of performing foundation and excavation works during the Reporting Period and therefore incurred higher quantities of inert C&D waste. The Group has initiated a target of maintaining waste level in terms of intensity over the next 5 years, using FY2022 as a baseline.

The Group will continue to reduce and minimise the generation of C&D waste materials in the execution of the works by implementing measures to reduce, reuse and recycle waste materials on and off site. Significant quantities of excavated materials will be generated from excavation associated with construction. The C&D waste materials would be reused in other projects when necessary. The inert C&D waste will be reused in the backfilling works on site if available.

## Environmental, Social and Governance Report (Continued)

The rest of the unused inert and non-inert C&D waste materials are disposed through dump trucks arranged by logistic service provider that is authorised by the Environmental Protection Departments and delivered to government construction waste disposal facilities. With the use of government authorised service provider, illegal dumping can be prohibited.

The Group is dedicated to the proper management of non-hazardous solid waste. Specific area is assigned for the temporary storage of the inert C&D waste and non-inert C&D waste.

During the Reporting Period, the Group was not aware of any material non-compliance with the environmental laws and regulations in respect of both emissions from the course of operation and vehicle usage.

### Use of Resources

The major resources consumed by the Group are water and electricity in office and various project sites in Hong Kong. The Group records and analyzes the monthly consumption rate of water and electricity regularly. After identifying the causes of high rates of water and electricity consumption, the Group will take remedial action to minimise the use of water and electricity.

The total water consumption in cubic metres and intensity are shown in the table below:

<b>Water Consumption</b>	<b>2024</b>	<b>2023</b>
Total water consumption (cubic metres)	<b>1,449</b>	2,544
Intensity of total water consumption per no. of project (cubic metres)	<b>145</b>	170

As compared to the previous Reporting Period, the Group's water consumption has remained stable.

The Group is determined to continue maximising energy conservation in its office and project sites by promoting efficient use of power and adopting green technologies. To identify energy saving opportunities, the Group measures and records the energy consumption level from time to time.

The Group has no difficulty in sourcing water that is fit for purpose. The Group has been striving to promote water conservation by implementing measures such as posting water-saving reminders and guiding employees to consume water reasonably both in the office and in construction sites.

The total electricity and non-renewable fuel ("NRF") including diesel and petrol consumption in kWh are shown in table below:

<b>Energy Consumption</b>	<b>2024</b>	<b>2023</b>
Total electricity consumption (kWh)	<b>174,028</b>	281,013
NRF consumption (kWh)	<b>611,175</b>	829,547
Total energy consumption	<b>785,203</b>	1,110,560
Intensity of total energy consumption per no. of projects (kWh)	<b>78,520</b>	74,037

The intensity of total consumption has decreased from 1,110,560 kWh to 785,203 kWh. The reason for the variance is that the Group's total number of projects has decreased in FY2024. Meanwhile, the intensity of total energy consumption has remained stable. The Group has initiated a target of maintaining consumption level in terms of intensity for both energy and water consumption over the next 5 years, using FY2022 as a baseline.

## Environmental, Social and Governance Report (Continued)

### Packaging materials

Due to its business nature, the Group does not produce any finished products during the Reporting Period. Therefore, the Group does not consume significant amounts of package materials for product packaging.

### The Environment and Natural Resources

To develop a green approach in office and project sites, the Group has set up an environmental system management task force as part of its effort to develop an environmental management system that supports sustainable development, and has been granted ISO14001 and ISO9001 certification for environmental management system and quality management system respectively.

With the implementation of ISO14001 and ISO9001, the Group has given careful consideration to minimise all significant impact to environmental resources and monitor environmental performance in a timely manner. The Group has developed the following measures for daily operations so as to minimise the impact brought to the environment and natural resources consumption.

#### *Implemented practices*

- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce power consumption
- Use of more energy efficient modes of machinery
- Maximise the use of nature light and energy-saving lighting systems
- Apply optimal temperature setting of air-conditioning
- Encourage duplex printing
- Reuse of single-side used paper

As a socially responsible enterprise, protecting nature and the environment has become an integral part of the corporate culture. The Group constantly looks for ways to maximise benefits with minimal resource consumption and environmental impact, and continue to strive for sustainable development.

## SOCIAL

### Employment

The Group reckons that employees are the most valuable assets of an enterprise and also the cornerstone for sustaining corporate development. It is always the Group's initiative to provide a fair and competitive compensation package to attract and retain quality talents, in the form of a basic salary, incentives bonus, mandatory provident fund, and other fringe benefits. Remuneration packages are reviewed periodically. The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and dismissal, recruitment and promotion, working hours, appraisal, training and benefits.

As the Group is principally engaged in construction in Hong Kong, manual work is generally required in most positions. Hence, the ratio of the number of male to female employees is approximately 5.5:1 in 2024 (2023: 6.8:1). However, the Group treats all employees equally. The Group prohibits any form of harassment and discrimination with respect to age, gender, race, nationality, religion, marital status or disability in the workplace. The above measures have helped to ensure that every employee is treated equally and fairly.

A formal induction together with a tour of the workplace is provided to all employees on the first day of employment. The aim is to welcome the new employees and give them a better understanding about the Group. A brief introduction of employee handbook is provided to ensure new employees are aware of relevant policies and code of conduct.

## Environmental, Social and Governance Report (Continued)

The Group has always strictly observed the relevant legislations in Hong Kong regarding equal employment opportunities, child labour and forced labour. The Group abides by the employment regulations, relevant policies and guidance of the relevant jurisdictions where it operates, including the Employment Ordinance, the Employees' Compensation Ordinance, Occupational Safety and Health Ordinance and Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations and etc. in Hong Kong.

The Group has its internal procedures to record employees' information in order to review employment practices so as to avoid any non-compliance. Furthermore, the Group strictly complies with the internal recruitment process during recruitment to ensure no employment of child labour and forced labour in any form. The Group also strives to establish harmonious labour relationships. Salary staff could enjoy annual leave, maternity leave, paternity leave and public holidays according to relevant government laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant standards, rules and regulations regarding operations and activities, labour practices.

### Employment Key Performance Indicators (Employee)

#### Total workforce structure as at 31 March 2024

Gender	Age below 30	Age 30-50	Age over 50	Number of employees by gender	Total number of employees	2024 Ratio of number of male to female employees	2023 Ratio of number of male to female employees
Male	3	38	31	72	85	5.5:1	6.8:1
Female	1	8	4	13			
<b>Total</b>	<b>4</b>	<b>46</b>	<b>35</b>	<b>85</b>			

#### Employee turnover rate in the Reporting Period

	2024	2023
<b>Employee total turnover rate</b>	<b>161.2%<sup>1</sup></b>	80.3%
<b>By age group</b>		
Age below 30	225.0% <sup>2</sup>	136.4%
Age 30-50	138.3% <sup>2</sup>	72.7%
Age over 50	197.1% <sup>2</sup>	76.5%
<b>By gender</b>		
Male	162.5% <sup>2</sup>	87.3%
Female	153.8% <sup>2</sup>	33.3%

Note 1: Employee total turnover rate = Total number of employees leaving employment during the year/Total number of employees as of 31 March 2024\*100%.

Note 2: Employee turnover rate by category = Total number of employees leaving employment during the year by category/Total number of employees as of 31 March 2024 by category\*100%.



## Environmental, Social and Governance Report (Continued)

### Health and Safety

The Group recognises safety and health at work as an integral part of its business performance. The Group has established the Occupational Health and Safety (“OHS”) Manual which is prepared in accordance with OHSAS18001 to manage the health and safety risks of its operations.

The Group strictly requires all employees to comply with the safety policy and guidelines in the OHS Management System which is included in the employee handbook for on-site construction teams and employees working in offices, both of which clearly specify work flows, all kinds of safety measures and guidance as well as employees’ responsibilities for their health and safety at the workplace.

The Group has established a risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and reviewing based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits.

Employees receive site specific induction training soon after commencing work in the workplace. Thereafter, they are given refresher talks at intervals of six months depending on the amount of changes to the site condition. The Group also provides tool-box talks, aiming to heighten employee awareness of workplace hazards and OHS regulations.

Daily operations are inspected by relevant department assigned by the Group, against the established risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and reviewing based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits. Any noncompliance will also be identified and rectified on a timely basis.

The Group strictly follows the corresponding measures under extreme weather conditions in accordance with the Guide on Safety at Work in Times of Inclement Weather and Code of Practice in Times of Typhoons and Rainstorms issued by the Labour Department, and the Guidelines on Site Safety Measures for Working in Hot Weather issued by the Construction Industry Council to ensure the safety of its employees.

The above demonstrates the Group’s commitment to establish a healthy, safe and stable working environment effectively.

Every case of injury (if any) is required to be reported to the Group and be assessed individually under the internal guideline procedures set. Subsequently, the Group follows the procedures in accordance with the Employees’ Compensation Ordinance. The Group is pleased to report that the rate of accidents and injuries during the Reporting Period was extremely low with zero fatal accident (2023: Nil).

During the Reporting Period, the Group was not aware of any material non-compliance with the health and safety laws and regulations including, but not limited to, the Occupational Safety and Health Ordinance, that would have a significant impact on the Group.

## Environmental, Social and Governance Report (Continued)

### Health and Safety Key Performance Indicators (Employee)

	2024	2023	2022
Number of work injuries	2	1	2
Rate of work injury (per hundred employees)	2.35	0.85	1.16
Number of loss days due to work injuries	816 <sup>3</sup>	444 <sup>3</sup>	206

Note 3: Part of loss days due to work injuries is due to injury case occurring in pervious year

### Development and Trainings

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group encourages them to participate in job-related training and courses. During the Reporting Period, the Group formulated quality management and environment management training programs to update the staff with the most updated standard of ISO9001 and ISO14001, in order to maintain the highest standard of professionalism of its employees. These two programs include quality assurance training for operational process, assurance of materials received from suppliers, health and safety precautions in using production equipment and machinery as well as customer relationship management.

In its daily operation, the Group provides induction training for new employees and experienced employees act as mentors to guide new comers. The Group believes such arrangement will be the best way to facilitate communication and team spirit, to enhance technical skills and management capability and encourage the learning and further development of employees at all levels.

The Group will continue to intensify its efforts to promote staff training programs. The Group believes that by offering comprehensive training opportunities, it could help providing the necessary protection for talent reserves for corporate development. The Group annually evaluates the training needs of its employees to ensure that employees are offered with suitable and appropriate training according to their job nature and position. A breakdown of the Group's training statistics is presented in the below table:

### Training and Development Key Performance Indicators (Employee)

				Percentage of employees receiving training by gender <sup>4</sup>	2024 Overall percentage of employees receiving training <sup>5</sup>	2023 Overall percentage of employees receiving training
Trained staff	Senior managerial level <sup>4</sup>	Managerial level <sup>4</sup>	General staff <sup>4</sup>			
Male	5%	8%	78%	91%	34%	52%
Female	–	–	9%	9%		
Overall	5%	8%	87%			

Note 4: Percentage of employees trained in relevant categories = Number of employees in the category who took part in training/Total number of employees who took part in training during the Reporting Period x 100

Note 5: Percentage of employees trained = Total number of employees who took part in training/Total number of employees during the Reporting Period x 100

## Environmental, Social and Governance Report (Continued)

	Senior managerial level <sup>6</sup>	Managerial level <sup>6</sup>	General staff <sup>6</sup>	Average training hours by gender <sup>6</sup>	2024 Overall average training hours <sup>7</sup>	2023 Overall average training hours
Average training hours						
Male	1.3 hour	1.5 hour	0.6 hour	0.7 hour	0.6 hour	0.9 hours
Female	–	–	0.4 hour	0.4 hour		
Overall	1.3 hour	1.5 hour	0.6 hour			

Note 6: Overall average training hour= Total number of training hours of the category/Total number of employees under the category

Note 7: Average training hours per employee= Total number of training hours/Total number of employees during the Reporting Period

### Labour Standards

The Group always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including the Policy of Employment of Children under the Employment Ordinance in Hong Kong. The Group has also developed rigorous and systematic measures for approval and selection, to prevent the Group from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations.

The Group arranges the employees' working hours based on the statutory working hour standards and grants paid leaves and sick leaves in accordance with labour laws.

During the Reporting Period, the Group was not aware of any material non-compliance with the labour requirements set out in the relevant laws and regulations.

### Supply Chain Management

The Group implements supplier management in accordance with internal guidance which governs the engagement of suppliers/sub-contractors. Suppliers/sub-contractors are chosen subject to screening and evaluation procedures based on quality and price. Also, to ensure suppliers'/sub-contractors' capability in quality assurance, safety and environmental responsibility, field visit and investigation is conducted, which includes the adoption of a quality management system with ISO9001 and ISO14001 standards. The investigation reviews the production capacity, technology level, quality assurance capabilities, supply capacity, safety and environment management qualifications of the suppliers/contractors based on actual needs. Only high quality suppliers/sub-contractors that comply with regulatory requirements are eligible for the selection by the Group. The Group also carries out regular assessment on suppliers'/sub-contractors' overall capabilities, assets position, nature of business, reputation in the industry, quality of products, goods delivery and compliance with law and regulations.

As customers are becoming more concerned about environmental issues, and stress the importance of using environmentally friendly materials, the Group will continue to act as a corporate citizen in communicating and stressing the importance of such environmental issues to its suppliers and sub-contractors. The Group aims at strengthening the cooperation with suppliers, coordinating with them in product trials, and work with them to produce socially responsible products.

Each sub-contractors and suppliers are reviewed at least once every year or after completion of their contracts. In cases of major non-performance of approved sub-contractor or supplier, the Group will review their suitability to remain on the selection list. The suppliers' data by region is presented in the table below:

## Environmental, Social and Governance Report (Continued)

### Number of critical suppliers cooperated with the Group during the Reporting Period

Region	2024	2023
Hong Kong	96	50

### Protection of Intellectual Property Right And Consumer Privacy

The Group recognises the importance of the protection over intellectual property right and consumer privacy. Proper licences for software and information are obtained and used by the Group in its business operation.

Meanwhile, the Group handles all information provided by clients, employees and business partner in accordance with non-disclosure agreement, the Personal Data (Privacy) Ordinance and related laws and regulations to ensure those information are under proper protection.

### Product Responsibility

The Group is committed to providing high-quality services and guarantees that the quality of our projects is in line with quality standards and sustainability requirements. The Group also strives to achieve higher standards. The Group has focused on quality control in project construction since its incorporation. In respect of human resources, the Group has a team of project managers with rich experience in undertaking various pile work construction projects. In respect of systems, the Group has a quality management system that complies with the ISO9001, ISO14001 and OHSAS18001 standard, with procedures in place to manage non-conformity detected during construction process. When non-conforming work is identified, the Group will review the situation and prevent these below standard works from continuing or re-occurring. If the defect is likely to recur, the Group will require remedial action by the sub-contractor and shall closely supervise the work whenever practicable. The Group also carries out trainings and established a management system covering various aspects including management of quality of construction staff, quality control on raw material, site management and quality management system, so as to ensure the timely and efficient completion of projects.

During the Reporting Period, due to the business nature of the Group, there were no recalls concerning the provision and use of products for safety and health reasons within the Group. Besides, there were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on the Group's operations.

### Anti-corruption

The Group is committed to maintaining the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out the relevant policies in the employee handbook and guides the employees to abide by the code of conduct. The code of conduct provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Directors and employees are required to make a declaration to the management through the reporting channels when actual or potential conflict of interest arises. Employees cannot receive any gifts from any external parties (i.e. customers, suppliers, contractors, etc.) unless approval is obtained from the management.

The Group has whistle-blowing procedures in effect, encouraging the employees to report directly to the line manager or designated officers in relation to any misconduct and dishonest behavior, such as bribery, fraud and other offences. Furthermore, the Group has specified in the employees handbook that the Group is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserves the right to take further legal actions against such person.



## Environmental, Social and Governance Report (Continued)

During the Reporting Period, the Group has complied with the relevant laws and regulations regarding anti-corruption and money laundering including but not limited to Prevention of Bribery Ordinance and the Anti-Money Laundering and Counter Terrorist Finance Ordinance, that would have a significant impact on the Group, and had no concluded legal case regarding corrupt practices brought against the Group or its employees.

### Community Investment

The Group serves the community by showing concern for those in need. Employees are encouraged to participate in both in-house or external community activities. During the Reporting Period, the Group has donated to Sha Tin District Community Fund which aims to alleviate poverty, support the local area and promote the spirit of mutual help and love.

The Group will continue to explore other means to contribute more to the environment and strive to facilitate the building of a healthy and sustainable society.

Environmental performance indicators have been summarised in the following tables.

### Environmental performance indicators

Aspect A1: Emissions				HKEx ESG Reporting Guide KPI
Performance indicator		2024 Data	2023 Data	
<b>Emissions</b>	Total NO <sub>x</sub> emissions (tonnes)	<b>1.207</b>	1.935	KPI A1.1
	Total SO <sub>x</sub> emissions (tonnes)	<b>0.001</b>	0.001	KPI A1.1
	Total PM emissions (tonnes)	<b>0.084</b>	0.134	KPI A1.1
	Total GHG emissions – scope 1 (tonnes)	<b>156.48</b>	211.51	KPI A1.2
	Total GHG emissions – scope 2 (tonnes)	<b>88.75</b>	143.32	KPI A1.2
	Total GHG emissions – scope 3 (tonnes)	<b>0.90</b>	1.59	KPI A1.2
	Total GHG emissions	<b>246.13</b>	356.42	KPI A1.2
	Intensity of total GHG emissions per no. of project (tonnes)	<b>24.61</b>	23.76	KPI A1.2
<b>Non-hazardous waste</b>	Inert C&D waste (tonnes)	<b>94,023</b>	46,148	KPI A1.4
	Non-inert C&D waste (tonnes)	<b>103</b>	42	KPI A1.4
	Mixed construction & demolition waste (tonnes)	–	18	KPI A1.4
	Total non-hazardous waste (tonnes)	<b>94,126</b>	46,208	KPI A1.4
	Intensity of total non-hazardous waste per no. of project (tonnes)	<b>9,413</b>	3,081	KPI A1.4

## Environmental, Social and Governance Report (Continued)

Aspect A2: Use of resources				
Performance indicator		2024 Data	2023 Data	HKEx ESG Reporting Guide KPI
Energy consumption	Total electricity consumption (kWh)	174,028	281,013	KPI A2.1
	Total NRF consumption (kWh)	611,175	829,547	KPI A2.1
	Total energy consumption (kWh)	785,203	1,110,560	KPI A2.1
	Intensity of total energy consumption per no. of project (kWh)	78,520	74,037	KPI A2.1
Water consumption	Total water consumption (cubic metres)	1,449	2,544	KPI A2.2
	Intensity of total water consumption per no. of project (cubic metres)	145	170	KPI A2.2

### Social performance indicators

Aspect B1: Employees			
Performance indicator	2024 Data	2023 Data	HKEx ESG Reporting Guide KPI
<b>Number of employees</b>	Gender of employee:		KPI B1.1
	– Male	72	102
	– Female	13	15
	Age		KPI B1.1
	– Below 30 years old	4	11
	– Between 30 to 50 years old	46	55
	– Over 50 years old	35	51
<b>Employee turnover rate</b>	Gender		KPI B1.2
	– Male (%)	162.5	87.3
	– Female (%)	153.8	33.3
	Age		KPI B1.2
	– Below 30 years old (%)	225.0	136.4
	– Between 30 to 50 years old (%)	138.3	72.7
	– Over 50 years old (%)	197.1	76.5

## Environmental, Social and Governance Report (Continued)

### Aspect B2: Health and safety

Performance indicator	2024 Data	2023 Data	2022 Data	HKEx ESG Reporting Guide KPI
Number of work injuries	2	1	2	KPI B2.1
Rate of work injury (per hundred employees)	2.35	0.85	1.16	KPI B2.1
Number of loss days due to work injuries	816	444	206	KPI B2.1

### Aspect B3: Development and training

Performance indicator	2024 Data	2023 Data	HKEx ESG Reporting Guide KPI
<b>The percentage of employees trained</b>			KPI B3.1
Gender			
– Male (%)	91	85	
– Female (%)	9	15	
Employee category			KPI B3.1
– General staff (%)	87	72	
– Managerial level (%)	8	23	
– Senior management level (%)	5	5	
Overall (%)	34	52	KPI B3.1
<b>Average training hours completed per employee</b>			KPI B3.2
Gender			
– Male (hours)	0.7	0.9	
– Female (hours)	0.4	1.4	
Employee category			KPI B3.2
– General staff (hours)	0.6	0.8	
– Managerial level (hours)	1.5	1.3	
– Senior management level (hours)	1.3	1.6	
Overall	0.6	0.9	KPI B3.2

### Aspect B5: Supply Chain Management

Performance indicator	2024 Data	2023 Data	HKEx ESG Reporting Guide KPI
<b>Number of critical suppliers</b>			KPI B5.1
Hong Kong	96	50	

## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
<b>General Disclosure</b>	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 greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Environmental Protection – Emission
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Greenhouse Gas Emissions
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Hazardous waste and non-hazardous waste emission
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Hazardous waste and non-hazardous waste emission
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection – Greenhouse Gas Emissions
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection – Hazardous waste and non-hazardous waste emission
<b>Aspect A2: Use of Resources</b>		
<b>General Disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection – Use of Resources
<b>KPI A2.1</b>	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).	Environmental Protection – Use of Resources
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Use of Resources
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Use of Resources
<b>KPI A2.4</b>	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.	Environmental Protection – Use of Resources
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection – Use of Resources



## Environmental, Social and Governance Report (Continued)

### Aspect A3: The Environment and Natural Resources

<b>General Disclosure</b>	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection – The Environment and Natural Resources
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – The Environment and Natural Resources

### Aspect A4: Climate Change

<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection – Climate Change
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection – Climate Change

### Aspect B1: Employment

<b>General Disclosure</b>	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 hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Social – Employment
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social – Employment
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Social – Employment

### Aspect B2: Health and Safety

<b>General Disclosure</b>	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 employees from occupational hazards	Social – Health and Safety
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social – Health and Safety
<b>KPI B2.2</b>	Lost days due to work injury.	Social – Health and Safety
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social – Health and Safety

## Environmental, Social and Governance Report (Continued)

### Aspect B3: Development and Training

<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social – Development and Trainings
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social – Development and Trainings
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Social – Development and Trainings

### Aspect B4: Labour Standards

<b>General Disclosure</b>	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	Social – Employment; Labour Standards
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Social – Employment; Labour Standards
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Social – Employment; Labour Standards

### Aspect B5: Supply Chain Management

<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Social – Supply Chain Management
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Social – Supply Chain Management
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social – Supply Chain Management
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social – Supply Chain Management
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social – Supply Chain Management

## Environmental, Social and Governance Report (Continued)

### Aspect B6: Product Responsibility

<b>General Disclosure</b>	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.	Social – Product Responsibility; Protection of Intellectual Property Right And Consumer Privacy
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social – Product Responsibility
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Social – Product Responsibility
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Social – Protection of Intellectual Property Right And Consumer Privacy
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Social – Product Responsibility
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social – Protection of Intellectual Property Right And Consumer Privacy

### Aspect B7: Anti-corruption

<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Social – Anti-corruption
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social – Anti-corruption
<b>KPI B7.2</b>	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Social – Anti-corruption
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	Social – Anti-corruption

### Aspect B8: Community Investment

<b>General Disclosure</b>	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.	Social – Community Investment
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social – Community Investment
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Social – Community Investment

The Board presents the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2024.

## PRINCIPAL ACTIVITIES

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands. The principal activity of the Company is investment holding. The Group is principally engaged in the provision of foundation engineering services in Hong Kong. Details of the principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 March 2024.

## DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**") since 21 December 2018. According to the Dividend Policy, in considering the payment of dividends, the goal is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The Board shall consider the following factors before declaring or recommending dividends:

- the Company's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Cayman Islands and the Company's Bye-laws. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2024 and the state of affairs of the Company and of the Group at that date are set out in the consolidated statements of comprehensive income on pages 62 to 111 of this annual report. The Board does not recommend the payment of a final dividend for the year ended 31 March 2024.



## Directors' Report (Continued)

### CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Wednesday, 28 August 2024 (the **"AGM"**). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 23 August 2024 to Wednesday, 28 August 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 August 2024.

### BUSINESS REVIEW

The review of the business of the Group during the year ended 31 March 2024 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report, and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis" in this annual report. The financial risk management objectives and policies of the Group are set out in note 26 to the consolidated financial statements. Save as otherwise disclosed in this annual report, there was no important event affecting the Group that has occurred since the end of the financial year ended 31 March 2024 and up to the date of this annual report.

### SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 112. This summary does not form part of the audited consolidated financial statements of the Group.

### PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 March 2024 are set out in note 13 to the consolidated financial statements.

### DONATION

The Group did not make any charitable donations during the year ended 31 March 2024 (2023: Nil).

### SHARE CAPITAL

Details of the Company's share capital is set out in note 23 to the consolidated financial statements.

### SHARE OPTION SCHEME

The Company's share option scheme (the **"Share Option Scheme"**) was conditionally adopted on 4 December 2017. The terms of the Share Option Scheme are in compliance with Chapter 17 of the Listing Rules and other relevant rules and regulations. A summary of the particulars of the Share Option Scheme as required under Rule 17.09 of the Listing Rules are set out in note 24 to the consolidated financial statements.

For the year ended 31 March 2024, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme.

## **RESERVES**

Details of movements in the reserves of the Company and the Group are set out in note 31 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's memorandum and 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.

## **CONNECTED AND RELATED PARTY TRANSACTIONS**

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2024 are set out in note 29 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the Listing Rules.

## **DISTRIBUTABLE RESERVES**

As at 31 March 2024, the Company's reserves available for distribution to the owners amounted to approximately HK\$54.0 million (2023: approximately HK\$57.1 million).

## **MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS**

During the year ended 31 March 2024, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 58.5%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 95.5%.

During the year ended 31 March 2024, the percentage of the Group's largest supplier accounted for approximately 6.5% of the total direct costs for the period, while the percentage of the Group's five largest suppliers accounted for approximately 16% of the total direct costs.

During the year ended 31 March 2024, the percentage of the Group's largest subcontractor accounted for approximately 5.1% of the total direct costs for the period, while the percentage of the Group's five largest subcontractors accounted for approximately 21.0% of the total direct costs.

None of the Directors or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

## Directors' Report (Continued)

### DIRECTORS

The Board members during the year ended 31 March 2024 and up to the date of this annual report were as follows:

#### Executive Directors

Mr. Ling Chi Fai (*Chairman*)

Mr. Leung Check Ho (*Chief Executive Officer*) (*Appointed on 29 September 2023*)

#### Independent non-executive Directors

Mr. Chong Kam Fung

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

In accordance with the Company's memorandum and articles of association, at each annual general meeting one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

### PERMITTED INDEMNITY PROVISION

Every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

### DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the AGM has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

### CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries had entered into any contract of significance with the controlling shareholders (as defined in the Listing Rules) of the Company (the "**Controlling Shareholders**") or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries.

## **DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES**

Biographical details of the Directors and the senior management of the Group are set out on pages 8 to 11 of this annual report.

## **EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS**

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 8 to the consolidated financial statements.

The remuneration of the senior management of the Group for the year ended 31 March 2024 falls within the following band:

<b>Remuneration Band</b>	<b>Number of senior management</b>
Nil to HK\$1,000,000	3

## **EMOLUMENT POLICY**

The Company's remuneration policy comprises of primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

## **RETIREMENT BENEFITS PLANS**

Details of retirement benefits plans of the Group as at 31 March 2024 are set out in note 30 to the consolidated financial statements.

## **DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS**

Save as the related party transaction disclosed in note 29 to the consolidated financial statements, no Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2024.

## **MANAGEMENT CONTRACTS**

During the year ended 31 March 2024, the Company did not enter into or had any management and administration contracts in respect of the whole or any principal business of the Company.



## Directors' Report (Continued)

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2024.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the following Directors or chief executive of the Company had or was deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix C3 to the Listing Rules:

#### Long positions in shares and underlying shares of the Company

Name	Capacity/Nature	Number of shares held/interested	Approximate percentage of shareholding
Mr. Ling ( <i>Note 1</i> )	Interest of controlled corporation	230,000,000	28.75%

Notes:

- (1) Mr. Ling legally and beneficially owns the entire issued share capital of Reach Goal Development Limited ("Reach Goal"). Therefore, Mr. Ling is deemed, or taken to be, interested in all the shares held by Reach Goal for the purpose of the SFO. Mr. Ling is the sole director of Reach Goal.

Save as disclosed above, as at 31 March 2024, none of the Directors and chief executives of the Company had registered any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors, as at 31 March 2024, the following persons/entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or shorts positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

### Long positions in shares and underlying shares of the Company

Name	Capacity/Nature	Number of shares held/interested	Approximate percentage of shareholding
Simple Joy Investments Limited ( <i>Note 1</i> )	Beneficial owner	302,910,000	37.86%
Mr. Lee Kim Ming ( <i>Note 1</i> )	Interest of controlled corporation	302,910,000	37.86%
Ms. Yeung Yuen Man ( <i>Note 2</i> )	Interest of spouse	302,910,000	37.86%
Reach Goal	Beneficial owner	230,000,000	28.75%
Simply Marvel Limited	Beneficial owner	57,090,000	7.14%
Mr. Chan Siu Hung ( <i>Note 3</i> )	Interest of controlled corporation	57,090,000	7.14%
Ms. Fu Jingyan ( <i>Note 4</i> )	Interest of spouse	57,090,000	7.14%

Notes:

- (1) Mr. Lee Kim Ming ("**Mr. Lee**") legally and beneficially owns the entire issued share capital of Simple Joy Investments Limited ("**Simple Joy**"). Therefore, Mr. Lee is deemed, or taken to be, interested in all the shares held by Simple Joy for the purpose of the SFO. Mr. Lee is the sole director of Simple Joy.
- (2) Ms. Yeung Yuen Man ("**Ms. Yeung**") is the spouse of Mr. Lee. Under the SFO, Ms. Yeung is deemed to be interested in the same number of Shares in which Mr. Lee is interested.
- (3) Mr. Chan Siu Hung ("**Mr. Chan**") legally and beneficially owns the entire issued share capital of Simply Marvel Limited ("**Simply Marvel**"). Therefore, Mr. Chan is deemed or taken to be interested in all the shares held by Simply Marvel for the purpose of the SFO. Mr. Chan is the sole director of Simply Marvel.
- (4) Ms. Fu Jingyan ("**Ms. Fu**") is the spouse of Mr. Chan. Under the SFO, Ms. Fu is deemed to be interested in the same number of Shares in which Mr. Chan is interested.

Save as disclosed above, as at 31 March 2024, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had any interest or a short position in the share or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## Directors' Report (Continued)

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

### COMPETING BUSINESS

During the year ended 31 March 2024, none of the Directors or the Controlling Shareholders and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

#### Non-Competition Undertakings

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Lee Kim Ming and Simple Joy (each a **"Covenantor"** and collectively the **"Covenantors"**) have entered into the Deed of Non-competition (the **"Deed of Non-competition"**) with the Company (for itself and for the benefit of each other member of the Group) on 4 December 2017. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

During the year ended 31 March 2024, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Covenantor in respect of him/it and his/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Covenantors had complied with the Deed of Non-competition.

## **CORPORATE GOVERNANCE**

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 12 to 25 of this annual report.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum public float under the Listing Rules during the year ended 31 March 2024 and up to the date of this annual report.

## **INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

## **INDEPENDENT AUDITOR**

The consolidated financial statements of the Company for the year ended 31 March 2024 have been audited by HLB Hodgson Impey Cheng Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint HLB Hodgson Impey Cheng Limited as auditor of the Company. The Company has not changed its external auditor in any of the preceding three years.

ON BEHALF OF THE BOARD

**Ling Yui Holdings Limited**

**Ling Chi Fai**

*Chairman and Executive Director*

Hong Kong, 25 June 2024



# Independent Auditors' Report



國衛會計師事務所有限公司  
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

## TO THE MEMBERS OF LING YUI HOLDINGS LIMITED

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

### OPINION

We have audited the consolidated financial statements of Ling Yui Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 62 to 111, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated 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 (“**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 *Auditors’ 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 judgement, 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 (Continued)

#### Key audit matter

##### Revenue and direct costs from foundation engineering services contracts

We identified the recognition of revenue from foundation engineering services contracts as a key audit matter due to the use of estimates by the management of the Group in determining the progress of the foundation engineering services contracts, contract revenue and budget direct costs of incomplete contracts. We also consider the recognition of direct costs from the foundation engineering services contracts as a key audit matter due to its significant amount to the Group's consolidated financial statements.

During the year ended 31 March 2024, the Group generated revenue of approximately HK\$194,043,000 and incurred direct costs of approximately HK\$165,406,000 from foundation engineering services contracts as disclosed in consolidated statement of profit or loss and other comprehensive income.

The Group recognised revenue according to the estimation of the management of the Group of the progress of the foundation engineering services contracts. Details are set out in note 4 to the consolidated financial statements. The actual outcome of the contracts in terms of its total revenue and direct costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

#### How our audit addressed the key audit matter

Our procedures in relation to the recognition of revenue and direct costs from foundation engineering services contracts included:

- Understanding process of the management of the Group in estimating the revenue, budget direct costs and determining the completion status of construction activities;
- Checking the total contract value to construction contracts and other relevant correspondences and supporting documents, on a sample basis;
- Evaluating the reasonableness of the budgeted direct costs including (i) agreeing the budgeted direct costs to the underlying subcontracting or supplier/vendor contracts; (ii) comparing the budgeted data with the actual data recorded, taking into account the progress and outcome of the foundation engineering services contracts reached; and (iii) comparing the estimated profit margin with the actual profit margin of other similar projects; and
- Evaluating the reasonableness of direct costs recognised to date by:
  - Checking to the Group's internal progress report as well as other supporting documents including the payment certificates issued to the subcontractors/suppliers/vendors and their correspondences or other documents issued to evaluate the progress of respective projects, on a sample basis; and
  - Discussing the status of respective foundation engineering services contracts with project managers of the Group, on a sample basis.

## Independent Auditors' Report (Continued)

### KEY AUDIT MATTERS (Continued)

#### Key audit matter

##### **Impairment assessment on trade receivables and contract assets**

We identified impairment assessment on trade receivables and contract assets as a key audit matter due to the involvement of subjective judgement and estimates of the management of the Group in evaluating the expected credit losses ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period.

Details are set out in notes 4, 14, 16 and 26 to the consolidated financial statements.

As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets using the simplified approach. The estimated loss rates are estimated taking into consideration past repayment histories and are adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

As at 31 March 2024, the Group's net trade receivables and contract assets amounted to approximately HK\$19,954,000 (net of impairment loss allowance of approximately HK\$4,777,000) and approximately HK\$43,315,000 (net of impairment loss allowance of approximately HK\$211,000), respectively.

#### How our audit addressed the key audit matter

Our procedures in relation to impairment assessment on trade receivables and contract assets included:

- Obtaining an understanding of how the management of the Group estimates the loss allowance for trade receivables and contract assets;
- Testing the integrity of information used by management of the Group for the assessment, including aging analysis of trade receivables as at 31 March 2024, on a sample basis, by comparing individual items in the analysis with the relevant invoices;
- Assessing the reasonableness of the basis and judgement of the management of the Group in determining credit loss allowance on trade receivables and contract assets as at 31 March 2024; and
- Testing the key data sources applied in the ECL computation on a sample basis by checking to the Group's supporting information and external data sources, as applicable.

### OTHER INFORMATION

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

### AUDITORS' 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. This report is made solely to you, as a body, 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.



## Independent Auditors' Report (Continued)

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

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

From the matters communicated with those charged with governance, 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 auditors' 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 the independent auditors' report is Lo Kin Kei.

**HLB Hodgson Impey Cheng Limited**

*Certified Public Accountants*

**Lo Kin Kei**

Practising Certificate Number: P06413

Hong Kong, 25 June 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	5	194,043	238,957
Direct costs		(165,406)	(245,548)
Gross profit (loss)		28,637	(6,591)
Other income	6	1,429	2,940
Provision for impairment loss allowance of trade receivables and contract assets under expected credit loss model		(2)	–
Administrative expenses		(27,651)	(27,387)
Finance costs	7	(1,758)	(1,684)
Profit (loss) before taxation	9	655	(32,722)
Income tax credit	10	–	2,683
Profit (loss) and total comprehensive income (expense) for the year		655	(30,039)
Earnings (loss) per share			
Basic (HK cents)	12	0.08	(3.75)

# Consolidated Statement of Financial Position

At 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property and equipment	13	39,196	39,623
Deposits and payment for life insurance policy	15	5,052	4,355
		<b>44,248</b>	43,978
Current assets			
Trade receivables	14	19,954	38,949
Deposits, prepayments and other receivables	15	3,464	4,799
Contract assets	16	43,315	78,803
Tax recoverable		87	–
Bank balances	17	29,853	12,636
		<b>96,673</b>	135,187
Current liabilities			
Trade payables	18	15,519	37,043
Other payables and accrued charges	19	14,594	29,811
Lease liabilities	20	4,066	759
Contract liabilities	16	2,423	4,263
Bank borrowings	21	22,132	26,930
Tax payable		–	82
		<b>58,734</b>	98,888
Net current assets		<b>37,939</b>	36,299
Total assets less current liabilities		<b>82,187</b>	80,277
Non-current liabilities			
Lease liabilities	20	4,568	974
Bank borrowings	21	36	2,375
Deferred tax liabilities	22	135	135
		<b>4,739</b>	3,484
Net assets		<b>77,448</b>	76,793
Capital and reserves			
Share capital	23	8,000	8,000
Reserves		69,448	68,793
Total equity		<b>77,448</b>	76,793

The consolidated financial statements on page 62 to 111 were approved and authorised for issue by the Board of Directors on 25 June 2024 and are signed on its behalf by:

**Mr. Ling Chi Fai**  
Director

**Mr. Leung Cheuk Ho**  
Director



# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2022	8,000	123,367	(60,130)	35,595	106,832
Loss and total comprehensive expense for the year	–	–	–	(30,039)	(30,039)
At 31 March 2023	<b>8,000</b>	<b>123,367</b>	<b>(60,130)</b>	<b>5,556</b>	<b>76,793</b>
Profit and total comprehensive income for the year	–	–	–	<b>655</b>	<b>655</b>
At 31 March 2024	<b>8,000</b>	<b>123,367</b>	<b>(60,130)</b>	<b>6,211</b>	<b>77,448</b>

*Note:* Other reserve represents (i) the difference between the aggregate amount of share capital of Smart Sage Limited ("**Smart Sage**") and Southern Sun Investment Limited ("**Southern Sun**") issued, and the net asset values of Ming Lee Foundation Company Limited ("**Ming Lee Foundation**") and Ming Lee Engineering Company Limited ("**Ming Lee Engineering**") in connection with the group reorganisation on 30 March 2017, and (ii) the difference between the aggregate amount of nominal share capital of the Company issued, and the net asset values of Smart Sage and Southern Sun and non-controlling interests to the Group, upon completion of reorganisation on 4 December 2017.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit (loss) before taxation	655	(32,722)
Adjustments for:		
Depreciation of property and equipment	12,269	9,826
Gain on early termination of lease	(1)	–
Interest income	(143)	(178)
Finance costs	1,758	1,684
Provision for impairment loss allowance of trade receivables and contract assets under expected credit loss model	2	–
Operating cash flows before movements in working capital	14,540	(21,390)
Decrease in trade receivables	16,870	14,924
Decrease (increase) in deposits, prepayments and other receivables	638	(262)
Decrease in contract assets	37,611	22,457
Decrease in trade payables	(21,524)	(20,418)
(Decrease) increase in other payables and accrued charges	(15,217)	3,461
(Decrease) increase in contract liabilities	(1,840)	1,760
Cash generated from operations	31,078	532
Income tax paid	(169)	(20)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>30,909</b>	<b>512</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	143	178
Purchases of property and equipment	(1,525)	(279)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,382)</b>	<b>(101)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(1,758)	(1,684)
Repayment of bank borrowings	(94,548)	(105,749)
New bank borrowings raised	87,411	110,669
Repayment of lease liabilities	(3,415)	(1,144)
<b>NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES</b>	<b>(12,310)</b>	<b>2,092</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>17,217</b>	<b>2,503</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>12,636</b>	<b>10,133</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>29,853</b>	<b>12,636</b>
represented by bank balances		

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. GENERAL

Ling Yui Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act of Cayman Islands on 24 January 2017 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2017. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong of the Company is located at Units 1702-03, Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in provision of foundation engineering services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Group.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

#### Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following 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 <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

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

#### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users. 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 directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

#### 3.2 Material accounting policy information

##### 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 when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

#### 3.2 Material accounting policy information (Continued)

##### Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 “Financial Instruments” (“**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.

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

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

##### ***Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation***

##### Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group’s efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group’s performance in transferring control of goods or services.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

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

#### 3.2 Material accounting policy information (Continued)

##### Property and equipment

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

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property 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.

##### Impairment on property and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property 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 relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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.

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

#### **3.2 Material accounting policy information (Continued)**

##### **Impairment on property and equipment and right-of-use assets (Continued)**

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 a 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 (or cash-generating unit or a group of cash-generating units) 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 (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### **Cash and cash equivalents**

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

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

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

#### 3.2 Material accounting policy information (Continued)

##### Provisions

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

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

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

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

##### Financial instruments

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



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

#### 3.2 Material accounting policy information (Continued)

##### Financial instruments (Continued)

##### *Financial assets*

##### *Classification and subsequent measurement of financial assets*

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

##### *Amortised cost and interest income*

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

##### *Impairment of financial assets and contract assets subject to impairment assessment under HKFRS9*

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

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

The Group always recognises lifetime ECL for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

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

#### 3.2 Material accounting policy information (Continued)

##### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets and contract assets subject to impairment assessment under HKFRS9 (Continued)*

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- 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;
- 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 presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

#### **3.2 Material accounting policy information (Continued)**

##### **Financial instruments (Continued)**

##### ***Financial assets (Continued)***

##### *Impairment of financial assets and contract assets subject to impairment assessment under HKFRS9 (Continued)*

##### **(ii) 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 counterparty; or
- information developed internally or obtained from external source 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).

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

##### **(iii) 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:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) 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;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

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

#### 3.2 Material accounting policy information (Continued)

##### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets and contract assets subject to impairment assessment under HKFRS9 (Continued)*

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

##### (v) 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. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

##### *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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

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

#### **3.2 Material accounting policy information (Continued)**

##### **Financial instruments (Continued)**

##### ***Financial liabilities and equity***

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

##### *Financial liabilities*

The Group's financial liabilities including trade payables, other payables and accrued charges, lease liabilities and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition of financial liabilities*

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

##### **Retirement benefits costs**

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

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



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

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

#### 3.2 Material accounting policy information (Continued)

##### **Short-term employee benefits**

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

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave after deducting any amount already paid.

##### **Leases**

##### ***Definition of a lease***

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

For contracts entered into on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### ***The Group as a lessee***

##### ***Short-term leases***

The Group applies the short-term lease recognition exemption to leases of machineries and construction equipment, office, warehouse and car parking spaces that have a lease term of 12 months or less from the commencement date/initial application date of HKFRS 16 and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### ***Right-of-use assets***

The cost of right-of-use asset includes:

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

**3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

**3.2 Material accounting policy information (Continued)**

**Leases (Continued)**

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

*Right-of-use assets (Continued)*

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

The Group presents right-of-use assets in “property and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

*Refundable rental deposits*

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

*Lease liabilities*

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

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

#### 3.2 Material accounting policy information (Continued)

##### Leases (Continued)

##### *The Group as a lessee (Continued)*

##### *Lease modifications*

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### *Sale and leaseback transactions*

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as bank borrowing within the scope of HKFRS 9.

##### **Borrowing costs**

All borrowing costs are recognised in finance costs in the period in which they are incurred.

##### **Taxation**

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit/loss before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and 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.

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

#### **3.2 Material accounting policy information (Continued)**

##### **Taxation (Continued)**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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 asset 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.

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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is 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 causing a material adjustment to the carrying amounts of assets within the next financial year.

#### Foundation engineering services contracts

The Group reviews and revises the estimates of revenue and direct costs prepared for each foundation engineering services contract as the contract progresses. Budgeted direct costs are prepared by the management of the Group on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management of the Group. In order to keep the budget accurate and up-to-date, the management of the Group conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

Recognised amounts of foundation engineering services revenue and related receivables reflect the best estimate of the management of the Group of each contract's progress and outcome, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going foundation engineering services contracts. For more complex contracts in particular, direct costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total direct cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year ended 31 March 2024, revenue of approximately HK\$194,043,000 (2023: approximately HK\$238,957,000) and direct costs of approximately HK\$165,406,000 (2023: approximately HK\$245,548,000) from foundation engineering services was recorded in the consolidated statement of profit or loss and other comprehensive income.



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Impairment assessment on trade receivables and contract assets

The management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets using the simplified approach. The estimated loss rates are estimated taking into consideration past repayment histories and are adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 26, 14 and 16, respectively.

### 5. REVENUE AND SEGMENT INFORMATION

#### Revenue

Revenue represents the net amounts received and receivable from the foundation engineering services provided by the Group to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls. Revenue is recognised for these foundation engineering services based on the progress and outcome of the foundation engineering services contracts using input method.

#### *Timing of revenue recognition and category of revenue*

	2024 HK\$'000	2023 HK\$'000
Recognised over time:		
Foundation engineering services	194,043	238,957

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the foundation engineering services are performed representing the Group's right to consideration for the services performed with reference to the proportion of direct costs incurred for work performed to date relative to the estimated total direct costs. The contract assets are transferred to trade receivables when the rights become unconditional. The Group grants credit terms of 7 to 45 days to its customers from the date of invoices on progress payments of contract works.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 1 to 2 years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the foundation engineering services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

The Group's foundation engineering services contracts include payment schedules which require stage payments over the construction period with reference to the proportion of direct costs incurred for work performed to date relative to the estimated total direct costs. The Group requires certain customers to provide upfront deposits range up to 10% of total contract sum. When the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 5. REVENUE AND SEGMENT INFORMATION (Continued)

#### Revenue (Continued)

*Transaction price allocated to the remaining performance obligation for contracts with customers*

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at the end of the reporting period and the expected timing of recognising revenue are as follows:

#### Foundation engineering services

	2024 HK\$'000	2023 HK\$'000
Within one year	166,462	174,033
	166,462	174,033

#### Segment information

The Group's revenue is solely derived from foundation engineering services in Hong Kong. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") representing the executive directors of the Company review the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

#### Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets excluding deposits and payment for life insurance policy amounting to approximately HK\$39,196,000 (2023: HK\$39,623,000) are all located in Hong Kong by physical location of assets.

#### Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	113,478	128,708
Customer B	28,212	51,704
Customer C	23,305	N/A*

\* Less than 10% of the Group's total revenue for the year

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 6. OTHER INCOME

#### Other income

	2024 HK\$'000	2023 HK\$'000
Government grant ( <i>Note (a)</i> )	–	2,233
Interest income		
– bank deposits	10	47
Interest income from life insurance policy	133	131
Income from sale of waste material	91	93
Machine rental income	–	70
Compensation received ( <i>Note (b)</i> )	1,139	–
Sundry income	–	279
Others	56	87
	<b>1,429</b>	<b>2,940</b>

*Note:*

- (a) The Group recognised government grants in respect of the Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government (the **"Hong Kong Government"**) due to the COVID-19 pandemic.
- (b) The compensation received represents the excess amount received over the carrying amount of assets and liabilities of W.M. Construction Limited and W.M. Contractor Limited regarding the settlement of the legal actions as disclosed in note 27.

### 7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Finance costs on:		
Bank borrowings	1,366	1,608
Lease liabilities	392	76
	<b>1,758</b>	<b>1,684</b>

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

#### (a) Directors' and chief executive's emoluments

The emoluments paid or payable to the directors of the Company and chief executive officer of the Group are as follows:

	Executive directors				Independent non-executive directors			Total
	Mr. Ling Chi Fai ("Mr. Ling") HK\$'000 (Note (iv))	Mr. Chan Siu Hung ("Mr. Chan") HK\$'000 (Note (ii))	Mr. Leung Chuek Ho ("Mr. Leung") HK\$'000 (Note (vi))	Mr. Li Meng ("Mr. Li") HK\$'000 (Note (v))	Mr. Chong Kam Fung HK\$'000	Mr. Ho Chun Chung Patrick HK\$'000	Mr. Shi Wai Lim William HK\$'000	
<b>Year ended 31 March 2024</b>								
Fees	-	-	-	20	194	194	194	602
Other emoluments								
Salaries and other benefits	2,400	540	480	-	-	-	-	3,420
Bonus (Note (iii))	200	-	160	-	-	-	-	360
Retirement benefits scheme contributions	18	9	9	-	-	-	-	36
<b>Total emoluments</b>	<b>2,618</b>	<b>549</b>	<b>649</b>	<b>20</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>4,418</b>
	Executive directors				Independent non-executive directors			Total
	Mr. Ling Chi Fai ("Mr. Ling") HK\$'000 (Note (iv))	Mr. Lee Kim Ming ("Mr. Lee") HK\$'000 (Note (iii))	Mr. Chan Siu Hung ("Mr. Chan") HK\$'000 (Note (ii))	Mr. Li Meng ("Mr. Li") HK\$'000 (Note (v))	Mr. Chong Kam Fung HK\$'000	Mr. Ho Chun Chung Patrick HK\$'000	Mr. Shi Wai Lim William HK\$'000	
<b>Year ended 31 March 2023</b>								
Fees	-	-	-	70	194	194	194	652
Other emoluments								
Salaries and other benefits	1,400	500	1,035	-	-	-	-	2,935
Bonus (Note (iii))	200	-	85	-	-	-	-	285
Retirement benefits scheme contributions	11	8	18	-	-	-	-	37
<b>Total emoluments</b>	<b>1,611</b>	<b>508</b>	<b>1,138</b>	<b>70</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>3,909</b>

Notes: (i) Mr. Chan resigned on 29 September 2023.

(ii) Bonus are determined based on financial performance of the Group.

(iii) Mr. Lee resigned on 1 September 2022.

(iv) Mr. Ling was appointed on 1 September 2022.

(v) Mr. Li was appointed on 1 September 2022 and resigned on 24 May 2023.

(vi) Mr. Leung was appointed on 29 September 2023. Mr. Leung is also the Chief Executive and the emoluments disclosed above including these for service rendered by him as the Chief Executive.

The executive directors' emoluments are for their services in connection with the management of the affairs of the Group and the Company.

The independent non-executive directors' emoluments are for their services as the directors of the Company.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

#### (a) Directors' and chief executive's emoluments (Continued)

During the year ended 31 March 2024, none of the directors have waived or agreed to waive any remuneration (2023: Nil).

During the year, no remuneration was paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

#### (b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, for the year ended 31 March 2024, one individual was the director of the Company and his emolument is disclosed in note (a) above; and one individual was the director of the Company who was appointed on 29 September 2023. Among the five individuals with the highest emoluments in the Group for the year ended 31 March 2023, one individual is a former director of the Company who resigned on 1 September 2022 and one individual is a director of the Company who was appointed on 1 September 2022. The total emoluments of the four (2023: five) highest paid individuals for the year ended 31 March 2024 are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	3,733	6,273
Bonus ( <i>Note</i> )	458	772
Retirement benefits scheme contributions	72	90
	<b>4,263</b>	<b>7,135</b>

*Note:* Bonus are determined based on financial performance of the Group.

Their emoluments were within the following bands:

	No. of employees	
	2024	2023
Nil to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	3	1
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,500,001 to HK\$3,000,000	–	1
	<b>4</b>	<b>5</b>

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 9. PROFIT (LOSS) BEFORE TAXATION

	2024 HK\$'000	2023 HK\$'000
Profit (loss) before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	900	900
Depreciation of property and equipment	12,269	9,826
Gain on early termination of lease	(1)	–
Directors' remuneration ( <i>note 8</i> )	4,418	3,909
Other staff costs		
Salaries and other benefits	35,377	48,686
Retirement benefits scheme contributions	1,013	1,465
Total staff costs	40,808	54,060

### 10. INCOME TAX CREDIT

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax:		
Current tax	–	96
Deferred tax ( <i>note 22</i> )	–	(2,779)
	–	(2,683)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision for taxation in Hong Kong has been made as the Group does not generate any net assessable profit in Hong Kong for the year ended 31 March 2024.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 10. INCOME TAX CREDIT (Continued)

Income tax credit for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Profit (loss) before taxation	655	(32,722)
Tax at the domestic income tax rate	108	(5,399)
Tax effect of income not taxable for tax purpose	(56)	(390)
Tax effect of expenses not deductible for tax purpose	105	46
Utilisation of tax losses previously not recognised	(1,756)	–
Tax effect of tax loss not recognised	527	2,227
Others	1,072	833
Income tax credit for the year	–	(2,683)

### 11. DIVIDENDS

No dividend was paid or declared during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

### 12. EARNINGS (LOSS) PER SHARE

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

#### Earnings (loss)

	2024 HK\$'000	2023 HK\$'000
Earnings (loss) for the year for the purpose of calculating basic earnings (loss) per share attributable to owners of the Company	655	(30,039)

#### Number of shares

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	800,000	800,000

No diluted earnings (loss) per share is presented as there was no potential ordinary share outstanding for both years.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 13. PROPERTY AND EQUIPMENT

	Leasehold improvements HK\$'000	Machineries and construction equipment HK\$'000	Computer and office equipment HK\$'000	Motor vehicles HK\$'000	Leased properties HK\$'000	Total HK\$'000
<b>COST</b>						
At 1 April 2022	527	85,036	178	12,235	4,371	102,347
Additions	–	25	–	254	2,265	2,544
Disposals/written-off	–	–	–	–	(4,371)	(4,371)
At 31 March 2023	527	85,061	178	12,489	2,265	100,520
Additions	–	1,525	–	–	10,351	11,876
Early termination of lease	–	–	–	–	(103)	(103)
Disposals/written-off	–	–	(39)	(58)	–	(97)
At 31 March 2024	527	86,586	139	12,431	12,513	112,196
<b>DEPRECIATION</b>						
At 1 April 2022	527	39,614	178	11,195	3,928	55,442
Provided for the year	–	8,395	–	413	1,018	9,826
Eliminated on disposals/written-off	–	–	–	–	(4,371)	(4,371)
At 31 March 2023	527	48,009	178	11,608	575	60,897
Provided for the year	–	8,632	–	295	3,342	12,269
Early termination of lease	–	–	–	–	(69)	(69)
Eliminated on disposals/written-off	–	–	(39)	(58)	–	(97)
At 31 March 2024	527	56,641	139	11,845	3,848	73,000
<b>CARRYING AMOUNTS</b>						
At 31 March 2024	–	29,945	–	586	8,665	39,196
At 31 March 2023	–	37,052	–	881	1,690	39,623

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 13. PROPERTY AND EQUIPMENT (Continued)

The above items of property and equipment, after taking into account the residual values, are depreciated on a straight-line basis over the following estimated useful lives:

Leasehold improvements	Over the lease terms
Machineries and construction equipment	4-10 years
Computer and office equipment	4 years
Motor vehicles	4 years
Leased properties	Over the shorter of useful life and lease terms

#### The Group as lessee

#### *Right-of-use assets (included in the property and equipment)*

	Motor vehicles HK\$'000	Leased properties HK\$'000	Total HK\$'000
<b>As at 31 March 2024</b>			
Carrying amount	–	8,665	8,665
<b>As at 31 March 2023</b>			
Carrying amount	–	1,690	1,690
<b>For the year ended 31 March 2024</b>			
Depreciation charge	–	3,342	3,342
<b>For the year ended 31 March 2023</b>			
Depreciation charge	21	1,018	1,039

Expense relating to short-term leases is approximately HK\$1,193,000 during the year ended 31 March 2024 (2023: approximately HK\$2,271,000).

Total cash outflow for leases was approximately HK\$5,000,000 for the year ended 31 March 2024 (2023: approximately HK\$3,491,000).

During the year ended 31 March 2024, addition to the right-of-use assets is approximately HK\$10,351,000 (2023: approximately HK\$2,265,000).

The Group leases various offices for its operations. Lease contracts are entered into for fixed term of two to three years with no extension or termination options.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

At 31 March 2024, the Group has pledged machineries and construction equipment with carrying value of approximately HK\$16,254,000 (2023: approximately HK\$21,392,000) to secure certain bank borrowings of the Group as disclosed in note 21.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 13. PROPERTY AND EQUIPMENT (Continued)

#### The Group as lessee (Continued)

##### *Right-of-use assets (included in the property and equipment) (Continued)*

The Group entered into several short-term leases for car parking spaces and premises during the year ended 31 March 2024 and 2023. As at 31 March 2024, the outstanding lease commitments relating to these car parking spaces and premises are approximately HK\$225,000 (2023: approximately HK\$565,000).

##### *Sale and leaseback transactions – seller-lessee*

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 March 2023, the Group has raised approximately HK\$18,000,000 borrowings in respect of such sale and leaseback arrangement for a term of 2 years. Details of the maturity analysis is set out in note 26.

### 14. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	24,731	41,601
Less: impairment loss allowance	(4,777)	(2,652)
	19,954	38,949

The Group grants credit terms of 7 to 45 days to its customers from the date of invoices on progress payments of contract works. An ageing analysis of the trade receivables (net of impairment loss allowance) presented based on the invoice date at the end of the reporting period.

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	14,182	29,147
31 – 60 days	3,888	3,571
61 – 90 days	1,884	–
91 – 365 days	–	1,539
Over 365 days	–	4,692
	19,954	38,949



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 14. TRADE RECEIVABLES (Continued)

#### Impairment assessment on trade receivables subject to ECL model

The management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets using the simplified approach. The estimated loss rates are estimated taking into consideration past repayment histories and are adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

As at 31 March 2024, included in the Group's trade receivables (net of impairment loss allowance) are debtors with aggregate carrying amount of approximately HK\$5,772,000 (2023: approximately HK\$9,802,000) which are past due as at the reporting date. Out of the past due balance, approximately HK\$1,884,000 (2023: HK\$nil) is not impaired due to on-going relationship, good repayment record and continuous repayment from these customers. As at 31 December 2023, the amount of approximately HK\$4,692,000 (net of impairment loss allowance) has been past due 90 days or more and are due from W. M. Contractor Limited and W. M. Construction Limited that are in dispute as disclosed in note 27.

The Group does not hold any collateral over these balances. Details of impairment assessment on trade receivables are set out in note 26.

#### Transfer of financial assets

The following were the Group's trade receivables as at 31 March 2024 that were transferred to banks by discounting trade receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as secured bank borrowings (see note 21). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	2024 HK\$'000	2023 HK\$'000
Carrying amount of transferred assets	11,227	18,028
Carrying amount of associated liabilities	18,556	17,233

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Deposits	1,515	1,176
Pledged deposits ( <i>note a</i> )	2,460	3,301
Other receivables	250	370
Prepayments	208	294
Payment for life insurance policy ( <i>note b</i> )	4,083	4,013
Total	8,516	9,154
Presented as non-current assets	5,052	4,355
Presented as current assets	3,464	4,799
Total	8,516	9,154

Notes:

- a. Pledged deposits are placed with insurance companies as collateral for surety bonds issued in favour of customers of certain construction contracts. The Group has unconditionally and irrevocably agreed to indemnify the insurance companies for claims and losses the insurance companies may incur in respect of the surety bonds.
- b. During the year ended 31 March 2019, the Group entered into a life insurance policy with a bank to insure Mr. Ling Chi Fai, who is currently the chairman of the board of directors and executive director of the Company, and paid a single premium of United States Dollar ("USD") 494,000 (equivalent to approximately HK\$3,851,000) at inception.

Under the life insurance policy, the Group is the beneficiary and policy holder and the insured sum is USD1,000,000 (equivalent to approximately HK\$7,800,000). The Group can, at any time, withdraw cash based on the account value of these policies ("Account Value") at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus any charges made in accordance with the terms and conditions of these policies. If withdrawal is made during the surrender period stated in the policy (i.e. between 1st and 18th policy year), there is a specified amount of surrender charge deducted from Account Value. The insurance company will pay the Group a guaranteed interest rate of 4.25% per annum for the first year and a variable return per annum afterwards (with guaranteed minimum interest rate of 2% per annum) during the effective period of the policy.

The directors of the Company consider that the Group will not terminate the policies nor withdraw cash prior to the end of the surrender period on the aforementioned life insurance policy within the 12 months after the year ended 31 March 2024, accordingly, the amount is presented as non-current asset in the consolidated statement of financial position.

At the inception date, the gross premium paid by the Group included a fixed policy premium charge and a deposit. Monthly policy expense and insurance charges will be incurred over the insurance period with reference to the terms set out in the life insurance policies.

The balance of the payment of life insurance policy is denominated in USD, being a currency other than the functional currency of the relevant group entity.

The Group has pledged the payment for life insurance policy to secure certain bank borrowing of the Group as disclosed in note 21.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 16. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Contract assets		
Foundation engineering services	43,526	81,137
Less: Impairment loss allowance	(211)	(2,334)
	43,315	78,803
Contract liabilities		
Foundation engineering services	2,423	4,263

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional. The decrease in contract assets in current year was mainly due to the decrease in revenue on construction projects.

The decrease in contract liabilities in current year was mainly due to the decrease in advance payments from customers.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	4,263	2,503

Typical payment terms which impact on the amount of contract assets recognised are as follows:

#### Foundation engineering services contracts

The Group's foundation engineering services contracts include payment schedules which require stage payments over the construction period with reference to the proportion of direct costs incurred for work performed to date relative to the estimated total direct costs. The Group typically transfer the contract assets to trade receivables when the rights become unconditional.

The Group also requires certain customers to provide upfront deposits up to 10% of total contract sum. When the Group receives a deposit before the foundation engineering service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

The Group also typically agrees to a retention period ranging from 1 year to 2 years for 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on completion of defect liability period. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 16. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

#### Foundation engineering services contracts (Continued)

Included in the contract assets as at 31 March 2024 was retention money of approximately HK\$30,603,000 (2023: approximately HK\$45,432,000).

Retention money is unsecured and interest-free and represented the monies withheld by customers of contract works recoverable after the completion of default liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, being 1 year to 2 years from the date of completion of respective foundation engineering services projects. Accordingly, in respect to the incomplete projects at the end of the reporting period, the respective retention money is expected to be recovered beyond twelve months from the end of the reporting period.

	2024 HK\$'000	2023 HK\$'000
Within one year	24,695	33,656
After one year	5,908	11,776
	<b>30,603</b>	45,432

#### Impairment assessment on contract assets subject to ECL model

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for contract assets. To measure the expected credit losses, contract assets have been grouped based on same credit risk characteristics.

Details of impairment assessment on contract assets are set out in note 26.

### 17. BANK BALANCES

Bank balances comprise short-term bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate from 0.438% to 0.875% (2023: 0.375% to 0.625%) per annum at the year end.

### 18. TRADE PAYABLES

The credit period is 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	6,479	7,449
31 – 60 days	6,514	12,256
Over 60 days	2,526	17,338
	<b>15,519</b>	37,043

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 19. OTHER PAYABLES AND ACCRUED CHARGES

	2024 HK\$'000	2023 HK\$'000
Accrued charges	4,544	4,431
Retention payable	9,323	21,877
Accrued staff costs	727	3,503
	<b>14,594</b>	<b>29,811</b>

At 31 March, 2023, included in the accrued charges are provision for onerous contracts of approximately HK\$900,000. The following table shows the movement on provision.

	Provision for onerous contracts HK\$'000
At 1 April 2022	–
Additional provision in the year	900
At 31 March 2023 and 1 April 2023	900
Utilisation of provision	(900)
At 31 March 2024	–

### 20. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
<b>Lease liabilities payable:</b>		
Within one year	4,066	759
More than one year but within two years	3,672	778
More than two years	896	196
	<b>8,634</b>	<b>1,733</b>
Less: Amount due for settlement within 12 months shown under current liabilities	(4,066)	(759)
Amount due for settlement after 12 months shown under non-current liabilities	<b>4,568</b>	<b>974</b>



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 21. BANK BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Secured	22,168	29,305
	22,168	29,305
The carrying amounts of the above bank borrowings are repayable*:		
Within one year	3,576	9,697
More than one year but within two years	36	2,375
	3,612	12,072
The carrying amount of the bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	18,556	17,233
	18,556	17,233
	22,168	29,305
Less: Amounts due within one year shown under current liabilities	(22,132)	(26,930)
Amounts shown under non-current liabilities	36	2,375

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group's borrowings are as follows:

	2024 HK\$'000	2023 HK\$'000
Variable-rate bank borrowings	18,556	17,233
Fixed-rate bank borrowings	3,612	12,072
	22,168	29,305

The fixed-rate bank borrowings bear interest rate of 3.35% per annum (2023: 2.00% to 3.35% per annum). The variable-rate bank borrowings bear interest ranged from Hong Kong Prime Rate issued by the lending banks ("**Hong Kong Prime Rate**") minus 0.75% to Hong Kong Prime Rate minus 0.5% per annum (2023: Hong Kong Prime Rate minus 0.75% to Hong Kong Prime Rate minus 0.5% per annum).

The bank borrowings as at 31 March 2024 are secured by machineries and construction equipment with an aggregate carrying amount of approximately HK\$16,254,000 (2023: approximately HK\$21,392,000) and life insurance policy (as detailed at note 15) of the Group (2023: secured by certain property and equipment and life insurance policy) and guaranteed by the corporate guarantees provided by the Company.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 21. BANK BORROWINGS (Continued)

As at 31 March 2024, the carrying amount of trade receivables discounted to bank for short-term borrowing amounting to approximately HK\$11,227,000 (2023: approximately HK\$18,028,000), and the carrying amount of associated borrowings amounted to approximately HK\$18,556,000 (2023: approximately HK\$17,233,000).

The range of interest rates (which are also equal to contracted interest rates) on the Group's borrowings are 3.35%-5.38% (2023: 2.25%-5.13% per annum).

### 22. DEFERRED TAXATION

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

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	4,251	5,360
Deferred tax liabilities	(4,386)	(5,495)
	(135)	(135)

The followings are the major deferred tax (assets) liabilities recognised and movements thereon during both years:

	Tax losses recognised HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2022	(3,465)	6,379	2,914
Credit to profit or loss	(1,895)	(884)	(2,779)
At 31 March 2023 and 1 April 2023	(5,360)	5,495	135
Charge (credit) to profit or loss	1,109	(1,109)	–
At 31 March 2024	(4,251)	4,386	135

At the end of the reporting period, the Group has unused tax losses of approximately HK\$55,860,000 (2023: approximately HK\$63,135,000) available for offset against future profits which are subject to the agreement with Hong Kong Inland Revenue Department. A deferred tax asset has been recognised in respect of approximately HK\$25,764,000 (2023: approximately HK\$32,486,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HK\$30,096,000 (2023: approximately HK\$30,649,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

No deferred tax assets in relation to deductible temporary differences of approximately HK\$736,000 (2023: approximately: HK\$4,986,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 23. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1 April 2022, 31 March 2023 and 2024	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2022, 31 March 2023 and 2024	800,000,000	8,000

### 24. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted, pursuant to a resolution passed on 4 December 2017, for the primary purpose of providing additional incentive to employees (full-time and part-time), the directors of the Company, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. Unless otherwise terminated or amended, the Scheme will remain in force for 10 years.

Pursuant to the Scheme, the aggregate number of shares which may be issued upon exercise of all options to be granted under the Scheme, and other schemes offered by the Company, as from the date of adoption of the Scheme, shall not exceed 10% of the shares in issue on the listing date (i.e. 800,000,000 shares). The overall limit on the number of shares which shall be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme, and other schemes offered by the Company, shall not exceed 30% of the issued share capital of the Company from time to time. The total number of shares issued, and to be issued, upon exercise of options granted in accordance with the Scheme to each eligible participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. The option shall remain open for acceptance by the eligible participant for a period of 7 days (inclusive of the date on which such offer is made). HK\$1 shall be payable by the participants on acceptance of the offer of the option.

The exercisable period of the share options granted is determinable by the board of directors, but no later than 10 years from the date of grant of the options. The subscription price for the shares in respect of which options are granted is determinable by board of directors, but shall be no less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Company's share on the date of grant of the option.

No share options were granted, exercised, cancelled or lapsed under the Scheme during the year nor outstanding as at the end of the reporting period.

### 25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes bank borrowings, lease liabilities and equity of the Group, comprising issued share capital, share premium, other reserve and accumulated profits.

The management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares and raising new borrowings or repayment of existing borrowings.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 26. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Amortised cost	58,115	56,432
Financial liabilities		
Amortised cost	60,188	93,024

#### Financial risk management objectives and policies

The Group's financial instruments include trade receivables, deposits, other receivables, bank balances, trade payables, other payables and accrued charges, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Market risk (currency risk)

The Group has limited currency exposure as both the sales and direct costs were denominated in the functional currency of the respective group entities. However, the Group has payment for life insurance policies of approximately HK\$4,083,000 (2023: approximately HK\$4,013,000) denominated in USD which expose the Group to foreign currency risk.

Since the exchange rate of HK\$ is pegged with USD, the management of Group does not expect any significant movements in the USD/HK\$ exchange rates. Thus, there is no sensitivity analysis on USD denominated payment for life insurance policies.

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate lease liabilities and bank borrowings. The Group's cash flow interest rate risk primarily relates to the variable-rate bank balances (note 17) and variable-rate bank borrowings (note 21) and is mainly concentrated on the fluctuation of Hong Kong Prime Rate arising from the Group's bank borrowings.

The Group has not used any interest rate swaps to mitigate its exposure associated with interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease in variable-rate bank borrowings are used and represents assessment of the management of the Group of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management of the Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by approximately HK\$155,000 (2023: the Group's post-tax loss for the year would increase/decrease by approximately HK\$144,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 26. FINANCIAL INSTRUMENTS (Continued)

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

##### *Credit risk and impairment assessment*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables, bank balances and contract assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

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

The management of the Group adopted a policy on providing credit facilities to new customers. A credit investigation, including assess to financial information and credit search, is required to be launched. The level of credit granted must not exceed a predetermined level set by the management of the Group. Credit evaluation is performed on a regular basis.

The Group has concentration of credit risks with exposure limited to certain customers. The top two debtors with trade receivables (net of impairment loss allowance) of approximately HK\$17,792,000 (2023: approximately HK\$28,053,000) in aggregate comprised approximately 89% (2023: 72%) of the Group's trade receivables (net of impairment loss allowance). The directors of the Company closely monitor the subsequent settlement of the customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In order to minimise the credit risk on trade receivables and contract assets, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable and contract assets. In this regard, the management of the Group considers that the credit risk on trade receivables and contract assets is significantly reduced. The Group applied simplified approach on trade receivables and contract assets to provide for ECL.

##### *Deposits and other receivables*

For deposits and other receivables, the directors of the Company make individual assessment on the recoverability of these balances based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information, to ensure that adequate provisions for impairment losses are made for irrecoverable amounts. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2024 and 2023, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised.

As at year ended 31 March 2024, the Group has other receivables and deposits of approximately HK\$8,308,000 (2023: approximately HK\$4,847,000) categorised as low risk credit rating.



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 26. FINANCIAL INSTRUMENTS (Continued)

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

#### *Credit risk and impairment assessment (Continued)*

#### *Bank balances*

As at year ended 31 March 2024, the Group has bank balances of approximately HK\$29,853,000 (2023: approximately HK\$12,636,000). The credit risk on bank balances of the Group is limited because the counterparties are banks with external credit rating ranged from Aa2 to A1 and no history of default in the past and no loss allowance provision for bank balances was recognised. The Group has limited exposure to any single financial institution.

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

Internal credit rating	Description	Other financial assets
Low risk	The counterparty is a subsidiary of a listed company with a low risk of default	12m ECL
Watch list	The counterparty is a private company with a low risk of default	12m ECL
Doubtful	There have been significant increase 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, or in case of trade receivables, when the amounts are over two years past-due, whichever occurs sooner	Amount is written off

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 26. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk and impairment assessment (Continued)

Notes:

- (i) Trade receivables and contract assets

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified payment pattern, creditworthiness, the past collection history of each customer, the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments to be most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
<b>31 March 2024</b>						
Expected loss rate						
– Group A	1.15%	10.02%	N/A	N/A	100%	
– Group B	0%	0%	0%	N/A	N/A	
Gross carrying amount – trade receivables (HK\$'000)						
– Group A	4,163	3,483	–	–	4,252	11,898
– Group B	10,195	754	1,884	–	–	12,833
Gross carrying amount – contract assets (HK\$'000)						
– Group A	29,479	–	–	–	–	29,479
– Group B	14,047	–	–	–	–	14,047
Loss allowance (HK\$'000)						
– Group A	387	349	–	–	4,252	4,988
– Group B	–	–	–	–	–	–

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 26. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk and impairment assessment (Continued)

Notes: (Continued)

(i) Trade receivables and contract assets (Continued)

	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
31 March 2023						
Expected loss rate						
– Group A	2.81%	2.55%	N/A	N/A	22.21%	
– Group B	2.71%	2.53%	N/A	N/A	N/A	
Gross carrying amount – trade receivables (HK\$'000)						
– Group A	19,509	1,568	–	–	8,011	29,088
– Group B	10,418	2,095	–	–	–	12,513
Gross carrying amount – contract assets (HK\$'000)						
– Group A	81,137	–	–	–	–	81,137
– Group B	–	–	–	–	–	–
Loss allowance (HK\$'000)						
– Group A	2,832	40	–	–	1,779	4,651
– Group B	282	53	–	–	–	335

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 26. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk and impairment assessment (Continued)

Notes: (Continued)

(i) Trade receivables and contract assets (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK\$'000	Lifetime ECL (credit-impaired) HK\$'000	Total HK\$'000
At 1 April 2022	1,800	852	2,652
Changes due to financial instruments recognised as at 1 April 2022:			
– Impairment losses reversed	(961)	–	(961)
– Impairment losses recognised	88	–	88
– Transfer to credit-impaired	(60)	60	–
New financial assets originated net of those derecognised due to settlement	873	–	873
At 31 March 2023	1,740	912	2,652
Changes due to financial instruments recognised as at 1 April 2023:			
– Impairment losses reversed	(1,716)	–	(1,716)
– Impairment losses recognised	3,316	–	3,316
– Transfer to credit-impaired	(3,340)	3,340	–
New financial assets originated net of those derecognised due to settlement	525	–	525
At 31 March 2024	525	4,252	4,777

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired) HK\$'000
At 1 April 2022	2,334
Changes due to contract assets recognised at 1 April 2022:	
– Impairment losses reversed	(979)
– Impairment losses recognised	100
Impairment losses recognised	879
At 31 March 2023	2,334
Changes due to contract assets recognised at 1 April 2023:	
– Impairment losses reversed	(2,334)
Impairment losses recognised	211
At 31 March 2024	211

(ii) Other receivables and deposits

The directors of the Company consider that there is no material credit risk inherent with the outstanding balance of other receivables and deposits. Accordingly, no impairment loss has been recognised.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 26. FINANCIAL INSTRUMENTS (Continued)

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

##### Credit risk and impairment assessment (Continued)

Notes: (Continued)

(iii) Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies. At 31 March 2024 and 2023, the Group performed an impairment assessment at 12m ECL by reference to information published by external credit rating agencies relating to probability of default and loss given default of the respective credit rating grades, and concluded that the risks of default of these counterparties are low. Accordingly, no impairment loss has been recognised.

##### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

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

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Repayable on demand HK\$'000	Within 1 year HK\$'000	1 year to 2 years HK\$'000	2 years to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 31 March 2024</b>							
Trade payables	–	2,526	12,993	–	–	15,519	15,519
Other payables and accrued charges	–	–	13,867	–	–	13,867	13,867
Bank borrowings	4.9	18,771	3,640	37	–	22,448	22,168
Lease liabilities	5.0	–	4,387	3,798	900	9,085	8,634
		<b>21,297</b>	<b>34,887</b>	<b>3,835</b>	<b>900</b>	<b>60,919</b>	<b>60,188</b>
<b>At 31 March 2023</b>							
Trade payables	–	17,338	19,705	–	–	37,043	37,043
Other payables and accrued charges	–	–	26,676	–	–	26,676	26,676
Bank borrowings	4.3	17,400	10,202	2,401	–	30,003	29,305
Lease liabilities	5.0	–	825	805	198	1,828	1,733
		<b>34,738</b>	<b>57,408</b>	<b>3,206</b>	<b>198</b>	<b>95,550</b>	<b>94,757</b>



## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 26. FINANCIAL INSTRUMENTS (Continued)

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

##### *Liquidity risk (Continued)*

Bank borrowings with a repayment on demand clause are included in the "Repayable on demand" time band in the above maturity analysis. As at 31 March 2024, the aggregate carrying amount of these bank borrowings amounted to approximately HK\$18,556,000 (2023: approximately HK\$17,233,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings of the Group will be repaid in accordance with the scheduled repayment dates set out in the loan agreements of which the aggregate principal and interest cash outflows will amount to approximately HK\$18,771,000 repayable within 1 year as at 31 March 2024 (2023: approximately HK\$17,400,000 repayable within 1 year) based on the effective interest rate.

#### Fair value of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The fair value of financial assets and financial liabilities measured at amortised cost are determined in accordance with general accepted pricing models based on discounted cash flow analysis.

### 27. CONTINGENT LIABILITIES

During the year ended 31 March 2019, Ming Lee Foundation, an indirect wholly-owned subsidiary of the Company, received two Writs of Summons from W.M. Contractor Limited ("**W.M. Contractor**"), claiming against Ming Lee Foundation for the overpayment made by W.M. Contractor of certain construction projects in the amount of approximately HK\$441,000 (the "**1st Action**") and HK\$2,001,000 (the "**2nd Action**") respectively. W.M. Contractor subsequently filed an amended statement of claim revising the claim for the amount of overpayment made by W.M. Contractor in the 1st Action to approximately HK\$4,588,000.

During the year ended 31 March 2020, Ming Lee Foundation filed a defence to and counterclaim against W.M. Construction Limited ("**W.M. Construction**") and W.M. Contractor in the amount of approximately HK\$4,764,000 and HK\$5,536,000 for the outstanding payment for 6 completed construction projects. The parties to the 1st Action and the 2nd Action consented to and an order was made by the court that the proceedings under the 1st Action and the 2nd Action be consolidated and carried on as an action (the "**Consolidated Action**").

A Notice of Acceptance of Sanctioned Payment was filed on 9 February 2024, pursuant to which Ming Lee Foundation accepted the payments into court totaling HK\$9,300,000 in settlement of the whole of the Consolidated Action.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 28. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2024, the Group entered into a new lease agreement for the use of properties. On the lease commencement, the Group recognised right-of-use assets of HK\$10,351,000 (2023: HK\$2,265,000) which included as "leased properties" in property and equipment and lease liabilities of HK\$10,351,000 (2023: HK\$2,265,000).

### 29. RELATED PARTY TRANSACTIONS

#### Compensation of key management personnel

The remuneration of executive directors of the Company and other members of key management during the year was as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	6,921	7,520
Post-employment benefits	108	108
	<b>7,029</b>	<b>7,628</b>

### 30. RETIREMENT BENEFITS SCHEMES

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount being HK\$1,500 per employee per month.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The contributions paid and payable to the schemes by the Group are disclosed in notes 8 and 9.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 31. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investments in subsidiaries	26,042	26,042
Amounts due from subsidiaries	36,544	39,044
	62,586	65,086
Current asset		
Prepayment	75	–
Bank balances	235	899
	310	899
Current liability		
Accrued charges	923	858
Net current (liabilities) assets	(613)	41
Net assets	61,973	65,127
Capital and reserves		
Share capital	8,000	8,000
Reserves	53,973	57,127
Total equity	61,973	65,127

#### Movement in the Company's reserves

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	123,367	(37,493)	85,874
Loss and total comprehensive expense for the year	–	(28,747)	(28,747)
At 31 March 2023	123,367	(66,240)	57,127
Loss and total comprehensive expense for the year	–	(3,154)	(3,154)
At 31 March 2024	123,367	(69,394)	53,973

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2024

### 32. 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 flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank Borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2022	24,385	612	24,997
Financing cash flows ( <i>Note</i> )	3,312	(1,220)	2,092
New leases	–	2,265	2,265
Finance costs recognised	1,608	76	1,684
At 31 March 2023 and 1 April 2023	29,305	1,733	31,038
Financing cash flows ( <i>Note</i> )	(8,503)	(3,807)	(12,310)
New leases	–	10,351	10,351
Early termination of lease	–	(35)	(35)
Finance costs recognised	1,366	392	1,758
At 31 March 2024	<b>22,168</b>	<b>8,634</b>	<b>30,802</b>

*Note:* The financing cash flows represented the net amount of proceeds from bank borrowings, payment of finance costs and repayments of bank borrowings.

### 33. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of establishment	Place of operation	Issued and full paid share capital	Proportion of ownership interest attributable to the Company		Principal activities
				2024	2023	
Smart Sage <sup>^</sup>	BVI	BVI/Hong Kong	USD10,000	100%	100%	Investment holding
Southern Sun <sup>^</sup>	BVI	BVI/Hong Kong	USD10,000	100%	100%	Investment holding
Ming Lee Foundation	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Provision of foundation engineering work
Ming Lee Engineering	Hong Kong	Hong Kong	HK\$2	100%	100%	Provision of engineering work

<sup>^</sup> Directly held by the Company

None of the subsidiaries had issued any debt securities at the end of the reporting period.

# Financial Summary

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>RESULTS</b>					
Revenue	<b>194,043</b>	238,957	344,286	240,989	452,627
Profit (loss) before taxation	<b>655</b>	(32,722)	3,077	111	668
Income tax credit (expense)	<b>–</b>	2,683	(837)	(661)	(380)
Profit (loss) for the year	<b>655</b>	(30,039)	2,240	(550)	288
Profit (loss) for the year attributable to: Owners of the Company	<b>655</b>	(30,039)	2,240	(550)	288

	As at 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Total assets	<b>140,921</b>	179,165	221,063	207,813	260,904
Total liabilities	<b>63,473</b>	102,372	114,231	103,221	155,762
Net assets	<b>77,448</b>	76,793	106,832	104,592	105,142
Equity attributable to owners of the Company	<b>77,448</b>	76,793	106,832	104,592	105,142
Non-controlling interests	<b>–</b>	–	–	–	–
Total equity	<b>77,448</b>	76,793	106,832	104,592	105,142

Note: There is no restatement of prior years' financial information upon application of HKFRS 16 as at 1 April 2019.

This report is published in both English and Chinese languages. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.