Shun Wo Group Holdings Limited
汛和集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1591

2024
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yan Hung *(Chairman)*
Mr. Wong Tony Yee Pong *(Chief executive officer)*
Mr. Lai Kwok Fai *(Chief operating officer)*

Independent Non-Executive Directors

Mr. Law Ka Ho
Mr. Leung Wai Lim
Mr. Tam Wai Tak Victor

AUDIT COMMITTEE

Mr. Tam Wai Tak Victor *(Chairman)*
Mr. Law Ka Ho
Mr. Leung Wai Lim

REMUNERATION COMMITTEE

Mr. Law Ka Ho *(Chairman)*
Mr. Leung Wai Lim
Mr. Wong Tony Yee Pong

NOMINATION COMMITTEE

Mr. Wong Yan Hung *(Chairman)*
Mr. Law Ka Ho
Mr. Tam Wai Tak Victor

COMPANY SECRETARY

Ms. To Kit Man

AUTHORISED REPRESENTATIVES

Mr. Wong Tony Yee Pong
Ms. To Kit Man

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 7th Floor
Sai Wan Ho Plaza
68 Shaukeiwan Road
Hong Kong

LEGAL ADVISER

David Fong & Co.
Solicitors, Hong Kong
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wan Chai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL BANK

Bank of China (Hong Kong) Limited

COMPANY'S WEBSITE

www.swgrph.com

STOCK CODE

1591

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Shun Wo Group Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the annual report of the Group for the year ended 31 March 2024 (the "**Review Year**").

The Group delivered commendable results in the Review Year. The Group's revenue increased to approximately HK$333.4 million, a steady growth of 6.6% year-on-year and the net profit of approximately HK$39.5 million recorded in the Review Year as compared to approximately HK$18.9 million in the last financial year. The growth in the net profit was mainly attributable to the completion of several sizeable foundation works awarded in previous years. The effective sourcing strategy and stringent cost control measures also serve as the major contributor to the gross profit. Due to the late work delivery of certain complex foundation projects, a provision for liquidated and ascertained damages amounting to approximately HK$23.6 million was made which definitely mitigate the gross profit and net profit to the Group in the Review Period.

The coming year is a full of uncertainty to the Group. The Group faces the keen competition in the foundation industry due to the weaken response of land acquisition by the leading developers and the consumers' downside property purchase intentions. The participants in construction and foundation industries would expect to benefit from the adjustments of the harsh measures and countercyclical measures for property mortgage loans by the Hong Kong Special Administrative Region Government in February 2024. This adjustments aim to stimulate the release of accumulated purchasing power of Hong Kong residents and new overseas talents through Quality Migrant Admission Scheme. While firmly rooted in the foundation industry, the management will utilise various market resources, adjust its tendering strategies to sure more opportunities for winning bidding and actively explore new business opportunities just as in the past. Therefore, I am still optimistic about the prospects of the Group. Furthermore, the Group will closely monitor the latest development in the foundation industry to build value over the medium to long term for our shareholders.

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, and shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

The Board does not recommend the declaration of final dividend for the Review Year.

Wong Yan Hung
Chairman

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group has more than 20 years history in Hong Kong's foundation industry, specialising in excavation and lateral support works, socketed H-piling and mini-piling works and pile caps construction works. Hop Kee Construction Company Limited ("**Hop Kee**"), the principal operating subsidiary, is registered under the Buildings Ordinance as a Registered Specialist Contractor under the sub-register of "Foundation Works" and "Site Formation Works" category since December 2009.

As at 31 March 2024, the Group had a total of 7 ongoing projects (including projects that have commenced but not completed as well as projects that have been awarded but not yet commenced) and the original contract sum of these projects are approximately HK$215.2 million.

The Group delivered a notable result for the year under review. The Group's revenue recorded approximately HK$333.4 million for the year (2023: HK$312.9 million), representing an increase of 6.6% compared to the corresponding year ended 31 March 2023. The Group recorded a net profit for the year of approximately HK$39.5 million as compared with a net profit for the year of approximately HK$18.9 million for the corresponding year ended 31 March 2023. The increases in revenue and net profit are mainly attributable to on-going progress on several sizeable foundation projects awarded in previous years. The net profit was counterweighed by a provision of liquidated and ascertained damages of approximately HK$23.6 million as result of unexpected delays for certain high complexity projects.

Coupled with the uncertain global economy and inflationary pressure, keen competition among the market players which is foreseen to persist further intensifies the price competition. In addition, the Group's several sizeable projects awarded in previous years gradually approach their completion stages. The management has had to adjust our tendering strategies by lowering the bidding prices for new contracts in order to maintain our competitiveness. The Group expects to benefit from the continued support of Hong Kong Special Administrative Region Government by the withdrawal of property-cooling measures and launch of Quality Migrant Admission Scheme in this financial year. These policies will stimulate the demand of residential properties. Meanwhile, the Group will adhere to the adoption of vigorous cost control measures so as to maximise returns for all shareholders.

FINANCIAL REVIEW

Revenue

The revenue of the Group was approximately HK$333.4 million for the Review Year, representing an increase of approximately HK$20.5 million or 6.6% compared to the corresponding year ended 31 March 2023. The increase in revenue was mainly because of the award of a few sizeable construction projects in previous years which have been undertaken during the Review Year.

Gross profit and gross profit margin

The gross profit of the Group was approximately HK$60.8 million for the Review Year, representing an increase of approximately HK$36.2 million or 147.4% compared to the corresponding year ended 31 March 2023. The gross profit margin was approximately 18.2% for the Review Year, representing an increase of 10.3 percentage points compared to the corresponding year ended 31 March 2023 of approximately 7.9%.

The increase in gross profit and improved gross profit margin was attributed to the decrease in subcontractor fee and lower purchase of direct materials, which was required for certain sizeable foundation projects approaching complete stage during the year ended 31 March 2024.

Management Discussion and Analysis

Other income and other gains

For the Review Year, the other income and other gains of the Group was approximately HK$4.4 million, representing an increase of approximately HK$2.5 million or 135.4% compared to the corresponding year ended 31 March 2023. The other income and other gains during the Review Year mainly represents the project management fee of approximately HK$0.7 million, bad debt recovery of approximately HK$0.6 million, sales of scrap materials of approximately HK$0.5 million and interest income of approximately HK$2.4 million recognised whereas government grants in respect of COVID-19 pandemic amounting to approximately of HK$1.4 million recognised in the corresponding year ended 31 March 2023.

Administrative and other operating expenses

For the Review Year, the administrative and other operating expenses was approximately HK$22.4 million, representing an increase of approximately HK$0.1 million or 0.3% compared to the corresponding year ended 31 March 2023.

The Group will continue to implement stringent controls over the general expenditure.

(Impairment losses)/reversal of impairment losses on financial assets and contract assets, net

For the Review Year, the impairment losses on financial assets and contract assets, net was approximately HK$0.1 million (2023: reversal of impairment losses on financial assets and contract assets of approximately HK$14.8 million). This was a result of an increase in expected credit loss on trade receivables and contract assets (2023: recovery of certain long outstanding trade receivables that had been impaired in the previous years).

Net profit

As a result of the aforesaid, a net profit of the Group was approximately HK$39.5 million for the Review Year (2023: approximately HK$18.9 million).

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

During the Review Year, there has been no change in capital structure of the Group.

As at 31 March 2024, the Group had total bank balances of approximately HK$93.4 million (31 March 2023: approximately HK$45.0 million).

As at 31 March 2024 and 2023, the Group had no debts outstanding.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

GEARING RATIO

As at 31 March 2024, the gearing ratio (calculated as total borrowings divided by the total equity) was Nil (31 March 2023: Nil).

Management Discussion and Analysis

PLEDGE OF ASSETS

As at 31 March 2024, the Group had approximately HK$6.5 million of bank deposit being pledged as surety bond for faithful performance in accordance to the contract between the Group entity and the customer (31 March 2023: approximately HK$6.1 million).

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Review Year.

CAPITAL EXPENDITURE

During the Review Year, the Group invested approximately HK$2.6 million in the purchase of property, plant and equipment. All these capital expenditures were financed by internal resources.

CAPITAL COMMITMENTS

As at 31 March 2024, the capital commitments of the Group was approximately HK$4.7 million.

Saved as disclosed above, as at 31 March 2024, the Group did not have any other material capital commitments.

SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group entity to issue guarantees for performance of contracts in the form of surety bonds secured by pledged deposits. In addition, the Group entity provided a corporate indemnity to insurance companies which issued such surety bonds.

As at 31 March 2024, the outstanding amount of such surety bonds of which the Group entity provided a corporate indemnity was approximately HK$19.0 million (31 March 2023: approximately HK$9.8 million).

Saved as disclosed above, as at 31 March 2024, the Group did not have any other material contingent liabilities.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

SIGNIFICANT INVESTMENT

During the Review Year, the Group had no significant investment.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Review Year.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds (the "**Net Proceeds**") received by the Group, after deducting related expenses were approximately HK$84.2 million. These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future Plans and Use of Proceeds" to the prospectus of the Company dated 12 September 2016 (the "**Prospectus**") and the announcement of the Company dated on 8 January 2021. Such revised uses include: (i) acquisition of excavators, cranes and breakers; (ii) strengthening the workforce and manpower; (iii) increasing marketing efforts; (iv) funding of general working capital; (v) financing the up-front costs of projects; and (vi) financing the issuance of performance bonds. Details of the revised use of the proceeds are listed as below:

	Original allocation HK$'000	Revised allocation HK$'000	Actual usage up to 31 March 2023 HK$'000	Actual usage during the Review Year HK$'000	Actual usage up to 31 March 2024 HK$'000
Acquiring excavators, cranes and breakers	55,000	41,000	39,322	1,678	41,000
Strengthening the workforce and manpower	15,000	15,000	15,000	–	15,000
Increasing marketing efforts	6,200	4,200	4,200	–	4,200
Funding of general working capital	8,000	8,000	8,000	–	8,000
Financing the up-front costs of projects	–	12,000	12,000	–	12,000
Financing the issuance of performance bonds	–	4,000	4,000	–	4,000
Total	84,200	84,200	82,522	1,678	84,200

As at 31 March 2024, the Net Proceeds from the listing had been fully utilised.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed under the sections headed "Capital Commitments" and "Use of Proceeds", the Group did not have any other plans for material investments or capital assets during the Review Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group employed a total of 54 full-time employees (including executive Directors), as compared to a total of 97 full-time employees as at 31 March 2023. Remuneration is determined with reference to the market terms and the performance, qualifications and experience of the individual employee. In addition to basic salary, performance-linked bonus is offered to those staff with special contributions to the Group, in order to attract and retain capable employees. The total remuneration cost incurred by the Group for the Review Year was approximately HK$33.2 million compared to approximately HK$34.3 million in the corresponding year ended 31 March 2023.

Biographical Details of the Directors and Senior Management

Biographical details of the Directors and senior management are set out as follows:

DIRECTORS

Executive Directors

Mr. WONG Yan Hung (黃仁雄) ("**Mr. YH Wong**"), aged 65, is one of the controlling shareholders, the chairman of the Board and an executive Director of the Group. He joined the Group in June 1995 and is the founder of the Group. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. YH Wong is responsible for the overall business development as well as financial and strategic planning of the Group. He has about 30 years of experience in the foundation industry. He is the father of Mr. Tony Wong. For Mr. YH Wong's interest in the shares of the Company (the "**Shares**") within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), please refer to the section headed "Directors' Report" in this report.

Mr. WONG Tony Yee Pong (黃義邦) (former name: WONG Yee Pong (黃義邦)) ("**Mr. Tony Wong**"), aged 41, is one of the controlling shareholders, the chief executive officer and an executive Director of the Group. He joined the Group in March 2008. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. Tony Wong is mainly responsible for the overall management of the business operation as well as project management and supervision. He has more than 10 years of experience in the foundation industry and obtained his degree of Bachelor of Science from Simon Fraser University in Canada in February 2008. He is the son of Mr. YH Wong. For Mr. Tony Wong's interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "Directors' Report" in this report.

Mr. LAI Kwok Fai (黎國輝) ("**Mr. Lai**"), aged 65, is one of the controlling shareholders, the chief operating officer and an executive Director of the Group. He joined the Group in May 1996. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. Lai is mainly responsible for the overall business operation and strategic planning of the Group. He has more than 20 years of experience in the foundation industry. For Mr. Lai's interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "Directors' Report" in this report.

Biographical Details of the Directors and Senior Management

Independent non-executive Directors

Mr. LAW Ka Ho (羅嘉豪) ("**Mr. Law**"), aged 41, was appointed as the independent non-executive Director in September 2016. He obtained a degree of Bachelor of Business Administration from the Chinese University of Hong Kong in December 2004. He was admitted as a member of the Association of Chartered Certified Accountants in November 2008 and a member of the Hong Kong Institute of Certified Public Accountants in January 2013.

From July 2004 to August 2005, Mr. Law was employed as an audit trainee by Chan Chee Cheng & Co. Certified Public Accountants. From August 2005 to February 2006, he served as an accountant in HLB Hodgson Impey Cheng. He subsequently joined Shu Lun Pan Hong Kong CPA Limited from February 2006 to April 2009 at which his last position was audit senior. In May 2009, he joined BDO Limited as a senior associate and was subsequently promoted to a manager in October 2010 until he left the firm in May 2014. Since December 2014, he has joined the group of Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (stock code: 1341), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), with his last position of financial controller. Since September 2022, he started to work in Yun Lee (Tim Kee) Marine Construction Limited as financial controller.

Mr. LEUNG Wai Lim (梁唯廉) ("**Mr. Leung**"), aged 51, was appointed as the independent non-executive Director in September 2016. He is (i) a chairman of the Transport Tribunals' Panel appointed by Secretary for Transport and Housing since 2023 (and a member thereof from 2017 to 2023); (ii) a member of the Transportation and Logistics Committee (Co-option) of The Law Society of Hong Kong since 2018; (iii) a member of Patient Complaint Committee of the Prince Philip Dental Hospital since 2021 and (iv) a member of Admiralty Court Users' Committee appointed by Chief Justice of HKSAR since 2013. Mr. Leung was an adjudicator appointed to the Panel of Adjudicators (Control of Obscene and Indecent Articles) (established under the Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong)) (2015-2020) and a member of the Board of Review (Inland Revenue Ordinance) in Hong Kong (2015-2020).

Mr. Leung has over 20 years of law related working experience. He was employed by DLA Piper from February 2001 to April 2009 at which his last position was partner. He was then employed by Eversheds from May 2009 to April 2015 at which his last position was partner. He is a partner of Howse Williams (previous known as Howse Williams Bowers) since May 2015. Mr. Leung obtained a bachelor's degree in law from University of Wales in United Kingdom in July 1995. He was admitted to practise law as a solicitor in Hong Kong in August 1999 and in England and Wales in April 2001. He was an independent non-executive director of China New Economy Fund Limited (stock code: 0080) from October 2018 until June 2023 and Yield Go Holdings Ltd. (stock code: 1796) from December 2018 until January 2024.

Mr. TAM Wai Tak Victor (譚偉德) ("**Mr. Tam**"), aged 46, was appointed as the independent non-executive Director in September 2016. He graduated with a degree of Bachelor of Arts in accounting & finance (first class honours) from the University of Glamorgan (now known as the University of South Wales) in June 2001. He was admitted as a fellow member of the Association of Chartered Certified Accountants in February 2010 and a member of the Hong Kong Institute of Certified Public Accountants in July 2005.

Mr. Tam has approximately 20 years of experience in the field of auditing, accounting and financial management. He is currently an independent non-executive director of Twintek Investment Holdings Limited (stock code: 6182) since December 2017. He was an independent non-executive director of Cool Link (Holdings) Limited (stock code: 8491) from August 2017 to May 2019 and GT Steel Construction Group Limited (now known as Plateau Treasures Limited) (stock code: 8402) from June 2017 to May 2023.

Saved as disclosed above, there was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51(2)(a) to (e) and (g) of the Listing Rules during the Review Year. The Board is not aware of any information that ought to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there any other matters that ought to be brought to the attention of the shareholders of the Company.

Biographical Details of the Directors and Senior Management

Senior Management

Mr. SHUM Kwo Foo (岑果夫) ("**Mr. Shum**"), aged 75, is the technical director and joined the Group in August 2008. He is mainly responsible for supervising and providing technical support to the performance of foundation works. He is also a director of Hop Kee Construction Company Limited.

Mr. Shum has over 40 years of experience in the construction industry and obtained a degree of Bachelor of Science in engineering from The University of Hong Kong in October 1971. He was admitted as a member of the Institution of Structural Engineer in June 1977, a member of the Hong Kong Institution of Engineers in March 1979 and a member of the Institution of Civil Engineer in June 1981. He is included in the Authorised Person's Register (List of Engineers), Structural Engineers' Register and Geotechnical Engineers' Register kept under section 3 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong). He is also a registered professional engineer registered with the Engineers Registration Board under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong).

Company Secretary

Ms. To Kit Man (杜潔雯) ("**Ms. To**") was appointed as the company secretary and authorised representative of the Company on 30 November 2022. Ms. To holds a master of finance from Curtin University, Australia. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. She has over 20 years experience in the auditing and accounting sectors.

Corporate Governance Report

CORPORATE GOVERNANCE CULTURE AND STRATEGY

The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability because the Group believes that is the best way to maximise our shareholder's value. The Board periodically reviews the daily corporate governance practices and procedures of the Group and procures the Group to strictly comply with relevant laws and regulations, and the rules and guidelines of regulatory bodies.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and applied the principles as set out in "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of 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**"). To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG code during the Review Year.

BUSINESS STRATEGIES AND CORPORATE CULTURE

The Board has established the Company's mission and values to integrate environmental protection , social responsibility and sustainable growth in business strategies to provide environmental friendly, high efficiency and safe professional services to clients.

A healthy corporate culture across the Group is vital for the Company to achieve its mission and value. It is the Board's role to foster the Group's culture with integrity and accountability to guide the behaviours of its employees, and ensure that the Company's mission, values and business strategies are aligned to it.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the required Model Code's standard during the Review Year.

THE BOARD

Composition

As at the date of this report, the Board is chaired by Mr. Wong Yan Hung and comprised of six members including three executive Directors and three independent non-executive Directors.

Biographical details of the Directors are set out in the section headed "Biographical Details of the Directors and Senior Management" in this report. Save for Mr. Wong Yan Hung being the father of Mr. Wong Tony Yee Pong, there are no financial, business, family or other material/relevant relationships among members of the Board.

The list of Directors with their role and function is available on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.swgrph.com).

Executive Directors

Mr. Wong Yan Hung *(Chairman)*
Mr. Wong Tony Yee Pong *(Chief executive officer)*
Mr. Lai Kwok Fai *(Chief operating officer)*

Independent Non-executive Directors

Mr. Law Ka Ho
Mr. Leung Wai Lim
Mr. Tam Wai Tak Victor

The Board has adopted four policies including board diversity policy (the "**Board Diversity Policy**"), nomination policy (the "**Nomination Policy**"), dividend policy (the "**Dividend Policy**") and anti-corruption policy (the "**Anti-Corruption Policy**").

(i) The Board Diversity Policy which sets out the approach to achieve diversity on the Board is summarised as follows:

- the Company recognises and embraces the benefits of having a diverse Board to enhance the quality and effectiveness of the Board;
- 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;
- the 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; and
- the nomination committee of the Board will report on the Board's composition under diversified perspectives, monitor the implementation of the Board Diversity Policy, review the Nomination Policy and the Board Diversity Policy to ensure effectiveness and recommend for any revisions to the Board for consideration and approval.

Regarding to the Board's current composition, the Board comprises 6 male directors which have been disclosed in "Biographical Details of the Directors and Senior Management" on pages 8 to 10 of this annual report. None of female member was appointed to the Board, thus the Board has not been considered as diverse board. To achieve board diversity, the Company is contemplating to include a female director to join the Board by December 2024. The nomination committee will continuously monitor and review the implementation operation of this policy, and make revisions to the Board for consideration and approval. Furthermore, the Board has not set any measurable objective.

The Company will also ensure that there is gender diversity when recruiting staff at mid to senior levels so that it will have a pipeline of female senior management and potential successors to the Board going forward. Gender factor will be taken into consideration in staff recruitment to strike, to the maximum extent possible, a gender balance, but there are certain limitations for women in construction sites, such as physically demanding works. As at 31 March 2024, our workforce (including senior management) consisted of 46 male and 8 female employees, representing approximately 85.2% and 14.8% of the total workforce, respectively.

(ii) The Nomination Policy which sets out the criteria and procedures for the selection, appointment/re-appointment of Directors is summarised as follows:

- the selection of candidates or re-appointment of any existing member(s) of the Board will be based on the following criteria:

  (a) reputation for integrity;

  (b) accomplishment, experience and reputation in the industry;

  (c) commitment to devote sufficient time and relevant interest;

  (d) diversity perspectives as mentioned in the Board Diversity Policy;

  (e) ability to assist and support the management of the Group;

  (f) independence for the independent non-executive Directors as defined in the Listing Rules; and

  (g) any other relevant factors as may be determined by the Board from time to time.

- The nomination and selection procedures are:

  (a) the Board shall review, from time to time the structure, size, and diversity of the Board;

  (b) proposed candidate(s) will be asked to submit the necessary personal information in order for the Board to assess the suitability of the candidate(s) based on the above listed criteria;

  (c) when any existing member(s) of the Board is subject to re-selection according the articles of association of the Company, the Board shall apply the above listed criteria to the proposed candidate(s) on his/her/their re-appointment; and

  (d) the Board shall ensure the procedures of the nomination, selection and appointment/re-appointment to comply with the articles of association of the Company, the law of the Cayman Islands and the Listing Rules.

(iii) The Dividend Policy which sets out the criteria and principals which the Board considers if the dividends should be paid to shareholders of the Company in according to the Dividend Policy is summarised as follows:

- The Board shall consider the following factors regarding the recommending/determining the frequency, amount and form of any dividend in any financial year/period:

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

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

  (c) the Group's cash flow and liquidity position, capital requirements and future expenditure plans;

  (d) the Group's business strategies, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;

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

  (f) any other factor that the Board deems appropriate and relevant.

The dividend payout ratio will vary from year to year. There is no assurance that dividends will be paid in any particular amount for any given period and are subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole.

(iv) The Group prohibits all forms of bribery and corruption. During the Review Year, the Board establishes a formal and transparent policy for all their employees. The employees are prohibited from soliciting, accepting or offering any bribe in conducting the Group's business or affairs, whether in Hong Kong or elsewhere. In conducting all business or affairs of the Group, they must comply with the Prevention of Bribery Ordinance (Cap. 201 of Laws of Hong Kong).

Employees are required to adhere to this policy, all local laws and regulation when conducting the Group's business, and also those in other jurisdictions when conducting business there or where applicable.

A channel for reporting suspicious bribery and corruption is provided to employees as well as third parties acting on behalf of the Group (e.g. agents, suppliers, consultants, contractors, etc.). Directors and senior management of the Group are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material fraudulent or bribery activities committee within the Group.

Chairman and Chief Executive Officer

To ensure a balance of power and authority, the position of the chairman and chief executive officer of the Company are held by different individuals. Mr. Wong Yan Hung is the chairman and Mr. Wong Tony Yee Pong is the chief executive officer. The primary role of the chairman is to provide leadership for the Board and to ensure it works effectively in discharging its responsibilities. The chairman is also responsibility for ensuring good corporate governance practices and procedures are established. The chief executive officer is responsible for the day-to-day management of the Group's business.

Independent Non-executive Directors

The independent non-executive Directors give the Board the benefit of their skills, expertise, various background and experiences. Through active participation in Board meetings and servicing on various Board committees, the independent non-executive Directors bring in independent judgement to bear issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. They also make valuable contributions to the effective direction and strategic decision-making of the Group.

During the Review Year and up to the date of this report, the Company has three independent non-executive Directors representing more than one third of the Board, which is in compliance with rules 3.10(1) and 3.10A of the Listing Rules. Two of the independent non-executive Directors, namely Mr. Law Ka Ho and Mr. Tam Wai Tak Victor, both possessing professional accounting qualifications, or accounting or related financial management expertise, which is in compliance with rule 3.10(2) of the Listing Rules.

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

Appointment, Re-election and Removal of Directors

Each of the executive and independent non-executive Directors has entered into a service agreement or a letter of appointment with the Company for a specific term and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the second amended and restated articles of association approved by the annual general meeting held on 7 September 2023 (the "**Second Restated Articles**").

In accordance with article 108 of the Second Restated Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 108 of the Second Restated Articles, Mr. Wong Tony Yee Pong and Mr. Tam Wai Tak Victor will retire from office as Directors at the forthcoming annual general meeting of the Company, being eligible, and offer themselves for re-election.

Role and Responsibilities

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Company's business has been delegated to management under the leadership of the chief executive officer of the Company.

The principal roles of the Board are:

- setting long term objectives and strategies;
- approving major policies and guidelines;
- preparing and approving financial statements, annual report and interim report;
- approving major capital expenditures, acquisition and disposals;
- approving connected transactions;
- establishing Board committees;
- approving material borrowings and expenditures;
- reviewing and monitoring of risk management and internal control;
- discussing the need of establishing the internal audit department; and
- declaring and recommending the payments of dividends.

The Board is also responsible for the corporate governance functions of the Company, which includes:

- reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and
- reviewing the Company's compliance with the CG code and disclosure in the corporate governance report.

Directors are required to declare their interest (if any) in the matters to be considered at the Board meetings in accordance with the Second Restated Articles. Should a potential conflict of interest involving a substantial shareholder of the Company or a Director arise, the matter will be dealt with a physical meeting rather than by written resolution. Independent non-executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues. Pursuant to the Second Restated Articles, a Director who is considered to be materially interested in the matter shall abstain from voting on the resolution approving such matter.

Directors' Insurance

The Company has arranged appropriate insurance coverage for all Directors in relation to the discharge of their responsibilities.

Directors' Training and Professional Development

The Company, from time to time, provides in-house trainings for the Directors in the form of seminars, workshops and/or reading relevant material on the latest development of applicable laws, rules and regulations, management, financial and business issues to develop and refresh their knowledge and skills. The Company also provides comprehensive, formal and tailored induction for newly appointed Directors. The above training costs are borne by the Company.

The Directors are required to provide the Company with details of the training's records. Based on those training's record, the Directors received the following training during the Review Year:

	Type of training	
Directors:	**Reading and/or on-line studying**	**Seminars/Webinars and/or workshops**
Mr. Wong Yan Hung	✓	✓
Mr. Wong Tony Yee Pong	✓	✓
Mr. Lai Kwok Fai	✓	✓
Mr. Law Ka Ho	✓	✓
Mr. Leung Wai Lim	✓	✓
Mr. Tam Wai Tak Victor	✓	✓

Board Process

The Company has in place clear board process. Regular Board meetings are scheduled at least four times per year. Directors receive at least 14 days' prior written notice of regular Board meetings and agenda. The Board papers, including supporting analysis and relevant background information, are normally sent to all Directors at least 3 days before the Board meeting. For other Board meetings, Directors are given notice as soon as possible in the circumstances. Directors may include any matters they wish to discuss in the agenda. Directors may attend the meeting in person, by phone or by other communication means, provided that all persons participating in the meeting are capable of hearing and being heard by each other.

Other than regular Board meetings, the Chairman also meets with independent non-executive Directors without the presence of executive Directors.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Company, and are open for inspection by Directors upon request. Draft and final version of minutes of each Board meeting are sent to all Directors for their comments and records respectively within a reasonable time. All Directors have access to the advice and services of the company secretary, and are allowed to seek external professional advice if needed.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group during the Review Year.

Shareholders' Meeting

At the last annual general meeting of the Company held on Thursday, 7 September 2023, the Chairman of the Board and all Board members as well as the external auditor were present to communicate with shareholders. Procedures for poll voting on the proposed resolutions were explained at the meeting by the company secretary. The Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, acted as scrutineers to ensure the votes were properly counted and the poll results were published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.swgrph.com).

Except for the annual general meeting, the Company did not convene any other shareholders' meeting during the Review Year.

During the Review Year, the Board held five meetings. The attendance record of the Board meetings and the annual general meeting are set out below:

	Board meetings attended/ Eligible to attend	Annual general meeting attended/ Eligible to attend
Executive Directors:		
Mr. Wong Yan Hung	5/5	1/1
Mr. Wong Tony Yee Pong	5/5	1/1
Mr. Lai Kwok Fai	5/5	1/1
Independent Non-executive Directors:		
Mr. Law Ka Ho	5/5	1/1
Mr. Leung Wai Lim	5/5	1/1
Mr. Tam Wai Tak Victor	5/5	1/1

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three Board committees to oversee specific aspects of the Company's affairs, namely audit committee (the "**Audit Committee**"), nomination committee (the "**Nomination Committee**") and remuneration committee (the "**Remuneration Committee**"). Each Board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each Board committee has been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Corporate Governance Report

Audit Committee

The Company established the Audit Committee on 3 September 2016 with written terms of reference in compliance with the CG code. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group's financial report system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objective of the external auditor and perform the corporate governance function.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Tam Wai Tak Victor, Mr. Law Ka Ho and Mr. Leung Wai Lim. Mr. Tam Wai Tak Victor is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the external auditors of the Company. The Audit Committee has reviewed the consolidated financial statements for the Review Year. The Audit Committee was of the opinion that the preparation of such results complied with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

During the Review Year, the Audit Committee held two meetings. The attendance record of the Audit Committee is set out below:

Name of committee members	Meetings attended/ Eligible to attend
Mr. Tam Wai Tak Victor *(Chairman)*	2/2
Mr. Law Ka Ho	2/2
Mr. Leung Wai Lim	2/2

The following is a summary of the major work performed by the Audit Committee:

- reviewed the interim results of the Group;
- reviewed the annual results of the Group;
- reviewed the Group's financial information and financial reporting system;
- reviewed the Company's auditors' independence and objectivity;
- made recommendations to the Board on the re-appointment of the Company's external auditors;
- approved the remuneration and terms of engagement of the Company's external auditors;
- reviewed the Company's external auditors' management letter, significant findings and recommendations;
- reviewed the continuing connected transactions and commented on the fairness and reasonableness of the transactions;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- reviewed and discussed the reports from the Company's external professional firm with the management;

- reviewed the Group's internal control system and discussed the relevant issues including environmental, social and governance (the "**ESG**"), financial, operational and compliance controls and risks management functions;
- reviewed the Group's ESG performance and reporting;
- reviewed the terms of reference of the Audit Committee and made recommendation to the Board for approval;
- reviewed the Company's compliance with the CG code and disclosure in the corporate governance report; and
- met with the Company's external auditors, in the absence of the management.

There had been no disagreement between the Board and the Audit Committee during the Review Year and up to this date of this report.

Nomination Committee

The Company established the Nomination Committee on 3 September 2016 with written terms of reference in compliance with the CG code. The primary duties of the Nomination Committee are to review the structure, size, composition and diversity of the Board, access the independence of the independent non-executive Directors and make recommendations to the Board regarding appointment of Board members and senior management of the Group.

The Nomination Committee consists of an executive Director, namely Mr. Wong Yan Hung and two independent non-executive Directors, namely Mr. Law Ka Ho and Mr. Tam Wai Tak Victor. Mr. Wong Yan Hung is the chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held two meetings. The attendance record of the Nomination Committee is set out below:

Name of committee members	Meeting attended/ Eligible to attend
Mr. Wong Yan Hung *(Chairman)*	2/2
Mr. Law Ka Ho	2/2
Mr. Tam Wai Tak Victor	2/2

The following is a summary of the major work performed by the Nomination Committee:

- reviewed the term of reference of the Nomination Committee and made recommendation to the Board for approval;
- reviewed the structure, size and composition and diversity of the Board;
- considered the latest update on board diversity and director independence;
- assessed and confirmed the independence of the independent non-executive Directors;
- reviewed the Nomination Policy and the Board Diversity Policy and made recommendation to the Board for approval; and
- recommended the re-election of the retiring Directors.

Remuneration Committee

The Company established the Remuneration Committee on 3 September 2016 with written terms of reference in compliance with the CG code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management, and make recommendations on the management remuneration proposals with reference to the corporate goals and objectives of the Board.

The Remuneration Committee consists of an executive Director, namely Mr. Wong Tony Yee Pong and two independent non-executive Directors, namely Mr. Law Ka Ho and Mr. Leung Wai Lim. Mr. Law Ka Ho is the chairman of the Remuneration Committee.

The Board is ultimately responsible for the Company's Remuneration Policy. The Remuneration Committee has been delegated powers to recommend the remuneration policy and structure of all Directors and senior management whilst ensuring no Director is involved deciding his own remuneration.

In order to make recommendations to the Board on the remuneration packages of all Directors and senior management, the Remuneration Committee is required to follow the Remuneration Policy of the Company, that among others, the remuneration should reflect performance and achievements with a view to attracting, motivating and retaining high performing individuals. All Directors shall be entitled to receive directors' fee as shall from time to time be determined by the Company in general meeting or, if authorised by shareholders, by the Board. The remuneration of Directors and senior management for the year were determined after reviewing the pay levels of their peers in corporations of similar size and industry and having taken into account the prevailing market practice, workload, scale and complexity of the Company's business and the responsibility involved.

During the Review Year, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	No. of person
HK$1,000,001 – HK$1,500,000	1

Further details of the remuneration of the Directors and the 5 highest paid employees are set out in Note 8 to the consolidated financial statements.

During the Review Year, the Remuneration Committee held two meetings. The attendance record of the Remuneration Committee is set out below:

Name of committee members	Meetings attended/ Eligible to attend
Mr. Law Ka Ho *(Chairman)*	2/2
Mr. Leung Wai Lim	2/2
Mr. Wong Tony Yee Pong	2/2

The following is a summary of the major work performed by the Remuneration Committee:

- reviewed the term of reference of the Remuneration Committee and made recommendation to the Board for approval;
- considered the remuneration paid to Directors and senior management with reference to their responsibilities, workload, the time devoted and the performance of the Group, as well as remuneration paid by other comparable listed companies;

- reviewed the remuneration policy and structures for Directors and senior management of the Group;
- reviewed and made recommendations on the management remuneration proposals with reference to the corporate goals and objectives of the Board; and
- made recommendations to the Board on the remuneration of independent non-executive Directors.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. The Directors also acknowledge their responsibility to ensure the consolidated financial statements are published in a timely manner. Directors are regularly provided with monthly updates on the Company's businesses, potential investments, financial objectives, plans and actions.

The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The Auditors' reporting responsibilities are set out in the section headed "Independent Auditors' Report" in this report.

AUDITORS' REMUNERATION

For the Review Year, the fee paid/payable to HLB Hodgson Impey Cheng Limited by the Group is set out as follows:

	HK$
Audit services	760,000
Non-audit services	120,000

The amount of fee incurred for the non-audit services is mainly the financial information review fee. The Audit Committee was satisfied that non-audit services for the Review Year did not affect the independence of the auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management, internal control systems, legal and regulatory and compliance, and for reviewing their effectiveness.

In meeting its responsibility, the Board, with due regard to the Group's risk appetite, evaluates and determines the nature and extent of risks (including ESG risks) that the Group is willing to accept in pursuit of its business objectives. The Group has adopted a "3 lines of defence" model to identify, analyse, evaluate, mitigate and handle risks. At the first line of defence, the departmental heads of the Group have to complete a risk management and internal control self-assessment questionnaires, identify and evaluate those significant risks and confirm to the management that appropriate internal control policies and procedures have been established and properly complied with. At the second line of defence, the management provides independent oversight of the risk management activities of the first line of defence. It ensures that risks are within the Group's risks capacity and that the control of the first line of defence is effective. At the third line of defence, the Audit Committee and the Board with the advice and opinions from an external professional party conduct a review of the Company's risk management and internal control systems on an annual basis and ensure that the first and second lines of defence are performed effectively. The management then reviewed the findings and summarised all material issues to the Board and Audit Committee annually.

The Group has established guidelines and procedures for the approval and control of expenditures, to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and the compliance with applicable laws and regulations. Whilst these guidelines and procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material misstatement, errors, losses, fraud or non-compliance.

Corporate Governance Report

The Group has defined and approved anti-corruption policy during the Review Year. Our established whistle blowing procedure is to provide a reporting channel to employees of the Group, in confidence, to raise concerns about possible irregularities or frauds in financial reporting, internal controls or other matters to the Audit Committee.

The Group recognises that good risk management is essential for the long-term development of the Group's business. Management is responsible for establishing, implementing, reviewing and evaluating the soundness and effectiveness of the internal control system underpinning the risk management framework. The management has formulated the risk management and control framework. All employees are committed to implementing the risk management framework into daily operation.

Although the Company does not have an internal audit function, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Group has engaged an external professional party to review the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. The Audit Committee and the Board are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Company has established policy for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations. Procedures such as limit access to inside information to those who need to know and requiring external parties to execute confidentiality agreement have been implemented by the Company to guard against mishandling of inside information. The Company also reminds those relevant personnel and other professional parties to preserve confidentiality of the inside information until it is publicly disclosed.

COMPANY SECRETARY

The Board has appointed Ms. To Kit Man ("**Ms. To**") as the company secretary (the "**Company Secretary**") of the Company, who is a full time employee of the Company and responsible for facilitating the Board process, as well as communications among the Directors, shareholders and the management. Ms. To has confirmed that for the Review Year, she has taken no less than 15 hours of professional training to upgrade her skills and knowledge. The biography of Ms. To is set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

The appointment and removal of the Company Secretary is subject to Board approval. Whilst the Company Secretary reports to the Chairman, and all members of the Board have access to Company Secretary's advice and service. The Company Secretary has day-to-day knowledge of the Group's affairs.

SHAREHOLDERS' RIGHTS

The Company has only one class of Shares. All Shares have the same voting rights and are entitled to all dividends declared. The right of the shareholders are set in, among others, the Second Restated Articles and the Companies Law of Cayman Islands.

Procedures for Convening General Meetings by Shareholders

Pursuant to article 64 of the Second Restated Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting.

Extraordinary general meetings shall also be convened on the requisition of one or more shareholder holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the Company Secretary by mail at Flat A, 7th Floor, Sai Wan Ho Plaza, 68 Shaukeiwan Road, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at Shareholders' Meeting

Shareholders are requested to follow article 64 of the Second Restated Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for Convening General Meetings by Shareholders".

Pursuant to article 113 of the Second Restated Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures by which Enquiries may be put to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are welcomed to send their enquiries to the Board by post to the principal place of business in Hong Kong set out in the section headed "Corporation Information" in this report or by email at info@swgrph.com.

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community, the Company has established a shareholders communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to annual and interim reports, circulars, announcements and notices of annual general meetings are updated on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.swgrph.com).

In addition, the Company regards the annual general meeting as an important event as it provides an opportunity for direct communication between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting, where all Board members and external auditors are available to answer questions on the Group's business.

During the Review Year, the Group has been closely monitoring the development of COVID-19. The Group adjusts its communication channels according to the actual implementation to reduce the risk of virus transmission.

The annual general meeting will be held on Friday, 13 September 2024, the notice of which shall be sent to the shareholders of the Company at least 21 days prior to the meeting.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Review Year, the shareholders of the Company have approved the second amended and restated memorandum and articles of association (the "**Second Memorandum and Articles**") of the Company in the annual general meeting of the Company held on 7 September 2023 by way of special resolution and the Second Memorandum and Articles has been published on the respective websites of the Stock Exchange and the Company.

Environmental, Social and Governance Report

FOREWORD

As a Hong Kong Stock Exchange (the "**Stock Exchange**") listed company, the Group has always regarded environmental protection and social responsibility as obligations. We are committed to upholding the highest ethical standards in all our operations, prioritising integrity, fairness, and accountability. We adhere to the principles of fairness and transparency and disclose the impact and measures taken in these areas in accordance with the requirements of Appendix C2 of the Listing Rules of the Stock Exchange.

Reporting Scope and Review Year

The Group has been operating in the foundation industry for years, with its main businesses located in Hong Kong. To provide a comprehensive assessment and disclosure of the Group's impact on sustainable development, this report will encompass various aspects as required by the Hong Kong Stock Exchange. The scope of this report includes the Group's operations at construction sites, office work, and charitable activities beyond production activities. Based on the aforementioned ethics, the Board is pleased to present the Environmental, Social, and Governance Report (the "**ESG Report**") covering the year ended 31 March 2024 (the "**Review Year**" or "**FY2024**") and the year ended 31 March 2023 (the "**Previous Year**" or "**FY2023**") for comparison where applicable.

A Message from the Board

The overall policies and performance of various matters in the Group are decided and supervised by the Board of Directors (the "**Board**"), and ESG-related matters are no exception. The Board attaches great importance to ESG matters and has established top-down internal policies and operational frameworks for different businesses and employees at all levels to abide by.

To ensure alignment of company policies with official requirements and to maximise the interests of stakeholders including, but not limited to, employees, customers, suppliers, and regulatory bodies, the Board and senior management team regularly engage in research with the company's internal ESG team and professional external consulting teams to study policy changes and adjust our own operations accordingly.

In the Review Year, the Group conducted a thorough review of its past business operations to address the increasingly important environmental, social, and governance requirements. As a construction industry enterprise, our operations involve numerous construction sites and workers. Therefore, controlling energy consumption and waste emissions on sites and ensuring worker safety are our Group's top sustainable development goals. The achievement of these goals will be presented in the corresponding report section with data. In addition to production-related activities, as a company deeply rooted in the local Hong Kong market, we also strive to give back to the community through donations and other forms of assistance, ensuring better welfare for local disadvantaged groups.

Upon thorough review, the Board is pleased to confirm that this ESG Report aligns with the ESG Guide, covering all significant aspects. The subsequent sections of the report will provide detailed information on the disclosure of key environmental and social factors. If shareholders have any feedback or inquiries, we encourage them to contact the Group using the provided communication channels.

Basis of Preparation

The ESG Report is compiled in accordance with the ESG Reporting Guide, with the aim to disclose and explain the major measures and activities executed by the Group in regard to ESG facets during the Review Year.

Environmental, Social and Governance Report

When preparing the ESG Report, the Group adhered to the reporting principles under the ESG Reporting Guide, which are stated below:

Materiality	Through communicating with its stakeholders, the Group carried out a materiality assessment to identify the necessary ESG-related issues to be included in the ESG Report.
Quantitative	The key performance data were collected from the Group's internal documentation, while the calculation methodologies followed the ESG Reporting Guide. When assumptions and other tools are used for the reporting, they have been disclosed in the relevant sections of the ESG Report.
Balance	By collecting data from different departments and involving multiple personnel in preparing the ESG Report, the Group ensures the objectivity and fairness of the Report. The Group is confident that the ESG Report provides an unbiased picture of its performance.
Consistency	Methodologies adopted for the preparation of this ESG Report are consistent with the Previous Year for a fair comparison unless otherwise indicated and explained in the correspondent section.

Stakeholders' Communication and Materiality Assessment

In the Review Year, our communication with various shareholders has allowed us to gain a direct understanding of their genuine concerns. This feedback has been instrumental in guiding our adjustments to internal policies and operations. We remain committed to maintaining an open mindset and welcoming input and feedback from all stakeholders. We are grateful for the oversight that motivates us to strive for continuous improvement. The chart below demonstrates the major concerns of different stakeholders and the main communication channels to convey them to the Group.

Major stakeholders	Major demands and expectations	Main communication channels
Shareholders and investors	• Return on investment • Corporate governance system • Prevention of operational risks	• Company announcements • Annual report and interim report • Annual general meetings • Company's website
Government and regulatory bodies	• Regulatory compliance • Resource conservation • Pollution control • Community involvement • Project safety	• Supervision and evaluation • ESG Report • Inspection
Customers	• Standard of services • Quality control • Information security • Pollution control	• Business communication • Customer feedback
Employees	• Corporate governance on employee rights and interests • Improvement in employee remuneration and welfare • Career development	• Staff meetings and activities • Staff training • Recruitment procedures
Media	• Information transparency • Corporate sustainability • Pollution control • Project safety	• Company's website • News
Communities	• Higher community involvement • Supporting public welfare activities • Pollution control	• Charity activities

Environmental, Social and Governance Report

GENERAL ENVIRONMENTAL POLICIES

The Group acknowledges the importance of maintaining high quality standards and addressing environmental concerns in its services. We are committed to providing quality services while minimising our environmental impact. This commitment is achieved by complying with local legislation, meeting client requirements, and adhering to other relevant standards. Our core processes are managed with a focus on customer satisfaction, pollution prevention, and resource conservation.

The Group operates mainly in Hong Kong; as such, we are required to comply with the various regulations set forth by the Environmental Protection Department of the Hong Kong Special Administrative Region. To ensure the successful implementation of our projects, our Group's undertakings must first meet the requirements of the Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong) to obtain the necessary permits. Additionally, the Group's internal policy formulation places high importance on fulfilling the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), and the Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong). These regulations establish guidelines for the Group regarding the type of fuel utilised, the quantity of exhaust emissions, on-site waste management practices, as well as permissible construction hours and noise levels.

As a proponent of the Paris Agreement, Hong Kong has established carbon reduction objectives and is committed to achieving carbon neutrality by 2050. The implementation of these regulations and aspirations necessitates collaborative efforts among various stakeholders, including contracting parties, the private sector, civil society, financial institutions, cities, and local communities, to drive more impactful and ambitious climate actions. As a Hong Kong-based company listed on the Stock Exchange, we recognise our duty to contribute to sustainable development and assume responsibility for reducing carbon emissions and mitigating climate change. Consequently, our Group's environmental policies place a strong emphasis on these objectives.

In line with our unique circumstances, adherence to laws and regulations, and response to government initiatives, our Group has formulated environmental policies that encompass both internal operations and external obligations. These policies can be outlined as follows:

1. Reducing Carbon Emissions and Promoting Energy Efficiency: Implementing energy-saving measures, improving energy efficiency, and seeking renewable energy sources as alternatives to fossil fuels.

2. Resource Efficiency and Waste Reduction: Reducing waste generation, promoting recycling and reuse, and properly disposing of waste to minimise environmental impact.

3. Noise Control: Implementing measures such as the use of silencers, noise and vibration dampening techniques, enclosing noisy equipment, utilising insulation materials, and conducting ongoing equipment maintenance.

4. Compliance with Environmental Laws and Standards: Regular monitoring and auditing, continuous improvement of environmental management systems, and ensuring legal and regulatory compliance.

5. Employee Environmental Awareness and Training: Providing training and education to increase employees' awareness of environmental issues and encouraging environmentally friendly behaviours.

USE OF RESOURCES & EMISSIONS

The Group's greenhouse gas (GHG), nitrogen oxides, sulphur oxides, and Particulate Matter emissions were calculated based on the coefficients and mythologies provided in Reporting Guidance on Environmental KPIs published by HKEX. The tables below show a breakdown of energy consumption and emission.

		Consumption		Intensity[1] (unit/million sales)	
Energy Consumption	**Unit**	**FY2024**	**FY2023**	**FY2024**	**FY2023**
Electricity	kWh	237,067	186,480	711	596
Fuel — Diesel	Litre	380,088	352,298	1,140	1,126
Fuel — Unleaded petrol	Litre	6,506	7,589	20	24
Paper	kg	924	856	3	3
Water[2]	m^3	18,848	9,994	57	32

		Emission		Intensity[1] (unit/million sales)	
Emission	**Unit**	**FY2024**	**FY2023**	**FY2024**	**FY2023**
Total GHG emission in CO_2 equivalent	Tonnes	1,136	1,042	3.4	3.3
— Direct GHG emission in CO_2 equivalent	Tonnes	1,019	945	3.1	3.0
— Indirect GHG emission in CO_2 equivalent	Tonnes	117	97	0.3	0.3
Nitrogen oxides (NO_x)	kg	404	409	1.2	1.3
Sulphur oxides (SO_x)	kg	6	6	0.02	0.02
Particulate Matter (PM)	kg	31	31	0.1	0.1

Notes:

1 Intensity is calculated by the total amount of consumption over total revenue for FY2024 and FY2023, which are approximately HK$333.4 million and HK$312.9 million, respectively.

2 Water consumption refers to water used in construction sites, warehouses and offices.

The main contributors to the Group's energy consumption were vehicles, machinery, equipment, trucks, and lorries used in projects and operations. Throughout the Review Year, the Group aimed to maintain its emission intensities at levels similar to the Previous Year. The amount of resources consumed and pollutants emitted by the Group largely depended on the types of foundation projects undertaken during the Review Year, as well as the conditions of each project site, which influenced the amount of energy required. Consequently, it is typical in our industry for total energy consumption and pollutant emissions to fluctuate from year to year. Therefore, the Group finds it difficult to set specific quantifiable emission reduction targets but has been continuously improving its operational methods to reduce relative emissions.

Compared to the Previous Year, the surge in foundation projects throughout the Review Year has inevitably led to a proportional increase in electricity consumption, water usage, and fuel consumption. Nevertheless, using total revenue as a gauge of the Group's business activities, the emissions intensity remained relatively stable, implying that the Group's operations have become more environmentally conscious. Moving forward, the Group is committed to making additional efforts in energy conservation and further reducing pollutant emissions to enhance its environmental performance.

WASTE MANAGEMENT

The Group's operations do not generate a substantial quantity of hazardous waste that poses significant risks or environmental concerns. Regarding non-hazardous waste, the increase in the number and complexity of projects during the Review Year has resulted in a significant increase in waste. The Group's waste primarily comprises inert construction materials, including rock, rubble, boulders, earth, soil, sand, concrete, asphalt, brick, tile, masonry, and used bentonite. Most of these construction wastes were responsibly disposed of in public fill reception facilities, which are regulated by the Hong Kong government. The table provided below offers a detailed breakdown of the Group's construction waste, categorised by waste type and the respective waste disposal facility:

Type of construction waste	Waste disposal facilities	Construction waste produced by the Group (tonnes)		Intensity (unit/million sales)	
		FY2024	FY2023	FY2024	FY2023
Consisting entirely of inert construction waste	Public fill reception facilities	156,671	91,032	469	291
Containing more than 50% by weight of inert construction waste	Sorting facilities	98	193	0.29	0.62
Containing not more than 50% by weight of inert construction waste	Landfills	1,735	96	5.19	0.31
Total		158,504	91,321	475	292

EMPLOYMENT & LABOUR STANDARDS

The Group is dedicated to safeguarding the human rights, well-being, and interests of its employees, as they are the driving force behind its business operations. To ensure compliance with applicable laws and regulations, the Group's human resources department conducts regular reviews of policies and procedures governing our business operations.

All the Group's employees are based in Hong Kong and are covered and protected by the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), in accordance with Hong Kong employment laws. The Group upholds equality and diversity in the workplace and prohibits all forms of discriminatory behaviour. All remuneration, promotion, and termination decisions are made based on equal opportunity. During the Review Year, there were no instances of non-compliance related to employment.

The Group maintains a strict policy against the use of child labour or forced labour in any form. To ensure compliance, the Human Resources department thoroughly verifies the personal information of all job applicants, ensuring that every employee meets the legal working age requirements in Hong Kong.

In the event of any suspicion or discovery of child labour or forced labour, the Group promptly initiates an investigation. As a precautionary measure, the job duties of the employees in question are immediately suspended. Should the investigation confirm the presence of child labour or forced labour, the employee's contract will be terminated accordingly. It is worth noting that during the Review Year, no instances of child labour or forced labour were identified within the Group.

Furthermore, the Group fulfils all legally required insurance and retirement contributions for eligible employees. Additionally, the Group provides various types of leave, including annual, maternity, paternity, and examination leave, to ensure the well-being and work-life balance of its employees.

Employment Structure

In line with the prevailing practice in Hong Kong's construction industry, our on-site construction workers are typically engaged on a project basis. This approach allows for flexibility in adjusting the workforce size according to each project's specific requirements and scale. As a result, the number of employees we have may fluctuate significantly from year to year. This dynamic workforce composition enables us to efficiently allocate resources and effectively manage labour needs in accordance with project demands.

As at March 31, 2024, the Group employed a total of 54 individuals in Hong Kong. Recognising the challenges faced by the construction industry in attracting talents, the Group actively embraces employees from various backgrounds, fostering an inclusive work environment. The table below presents a breakdown of the full-time employees based on their employment type, job function, gender, and age group:

	Numbers of employees	
	FY2024	FY2023
By employment type		
Daily	**34**	73
Monthly	**20**	24
By job function		
Management	**8**	10
Administration	**9**	9
Supervisors	**4**	5
Technicians	**2**	2
Workers	**31**	71
By gender		
Male	**46**	92
Female	**8**	5
By age group		
≤30	**1**	6
31–40	**6**	21
41–50	**11**	21
51–60	**19**	24
≥61	**17**	25
By location		
Hong Kong	**54**	97
Total	**54**	97

As our onsite workers are hired on a project basis, our employee turnover rate varies significantly from year to year. The table below demonstrates the details of the Group's employee turnover rate by various categories:

	Employee turnover rate (%)	
	FY2024	FY2023
By gender		
Male	**38**	26
Female	**59**	29
By age group		
≤30	**88**	4
31–40	**73**	12
41–50	**61**	10
51–60	**47**	7
≥61	**43**	5
By location		
Hong Kong	**57**	33
Total	**57**	33

WORK ENVIRONMENT SAFETY

As a construction company in Hong Kong, the Group places great emphasis on creating a safe work environment for its employees and workers both in the office and at the construction sites. The Group's primary objective is to cultivate a healthy workplace environment that adheres to the standards set by the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). To achieve this, the Group takes proactive measures to raise awareness about occupational safety and provide complete guidance for safe operations; the measures can be summarised as follows:

1. Providing comprehensive on-site and mechanical safety training, industrial knowledge training, and instruction on the proper use of tools and equipment to raise awareness and ensure workers are equipped with the necessary knowledge and skills for safe work practices;

2. Establishing detailed safety guidelines and accident reporting procedures that provide clear protocols for prompt reporting and resolution of safety risks, allowing for quick identification and elimination of potential hazards or dangers in the workplace;

3. Utilising posters and guidelines in the work environment to constantly remind and reinforce safety protocols and operational instructions, creating a visual reminder for employees and workers to prioritise safety in their daily tasks;

4. Assigning on-site safety officers who conduct daily inspections of all projects to proactively identify and address any safety hazards or non-compliance with government regulations and ordinances, ensuring a safe working environment for all;

5. Conducting regular safety audits and inspections with external third-party organisations to ensure compliance with industry standards and regulations.

The following table lists the numbers of employees being involved in work-related accidents for the past three years:

	Employee work-related accidents								
	FY2024			FY2023			FY2022		
	Work-related injuries	**Work-related fatal incidents**	**Lost working days**	Work-related injuries	Work-related fatal incidents	Lost working days	Work-related injuries	Work-related fatal incidents	Lost working days
Involving workers from sub-contractor	**1**	**0**	**136**	0	0	0	2	0	2
Involving workers from the Group	**2**	**0**	**358**	0	0	0	1	0	62

During the Review Year, the Group regrets to announce that three work-related accidents have taken place, with two involving injuries to our internal workers, resulting in a total loss of 358 working days, and the other involving an injury to a subcontractor's worker resulting in a loss of 136 working days. The Group acknowledges the significance of these incidents and has made it a top priority to ensure equitable compensation for the workers affected. Thorough investigations have also been carried out to gain insights from these occurrences, and proactive measures will be implemented to prevent any recurrence in the future.

STAFF DEVELOPMENT & TRAINING

Recognising the significance of career development and growth for employees, the Group promotes a fair and competitive environment that values merit over factors such as race, ethnicity, gender, age, or sexual orientation when evaluating employee performance. Exceptional performers may be eligible for discretionary bonuses.

In FY2024, the Group prioritised equipping its workforce with the necessary skills and knowledge for success by providing comprehensive training programs. These programs included on-site and mechanical safety training, theoretical knowledge training, and instruction on the proper use of tools and equipment. To reinforce training and development, the Group also implemented ongoing guidance and reminders in the work environment.

The table below summarises the Group's training hours by different categories of employees:

	FY2024			FY2023		
	Number of employees trained	**Average training hours completed per employee**	**The percentage of employees trained* (%)**	Number of employees trained	Average training hours completed per employee	The percentage of employees trained* (%)
By gender						
Male	**61**	**13.5**	**88**	85	11.3	92
Female	**6**	**6.7**	**92**	4	10.2	80
By job function						
Management	**4**	**7.5**	**44**	8	3.9	80
Workers	**55**	**14.9**	**100**	72	13.3	100
Administration/supervisors/technicians	**8**	**1.5**	**53**	9	1.6	53
Total	**67**	**12.9**	**85**	89	11.3	90

* The percentage of employees trained is determined by dividing the number of employees trained within each category by the total number of employees in that respective category.

In addition to training courses, the Group has implemented a performance evaluation mechanism that ensures employees are evaluated in an unbiased setting. This mechanism protects employees and promotes fairness in career development opportunities. By creating a fair and competitive environment, the Group cultivates a positive organisational culture that motivates employees to strive for excellence and reach their maximum potential.

Our flow of growth potential evaluation:

SUPPLY CHAIN MANAGEMENT

The Group conducts supply chain management to ensure that suppliers not only provide high-quality products but also prioritise their performance in ESG aspects. In terms of environmental sustainability, the Group selects suppliers and partners that adhere to environmental standards and are committed to practices such as controlling carbon emissions, energy conservation, waste reduction, and resource recycling. In terms of social responsibility, the company ensures that labour rights and human rights are respected and protected within the supply chain. The Group also establishes transparent and responsible corporate governance structures, including ethical codes and policies, supervision mechanisms, and supply chain risk assessment and monitoring.

To achieve efficient supply chain management, the Group emphasises transparency in the supply chain, including information disclosure and supply chain visibility. The company adopts supply chain data management systems and monitoring tools, requiring suppliers and partners to provide relevant information. Additionally, the company continuously improves supply chain performance by setting specific goals and indicators, conducting regular monitoring and evaluations, and implementing continuous improvement measures to enhance the sustainability and performance of the suppliers.

During the Review Year of 2024, all 180 of our key suppliers in Hong Kong were found to have no violations or significant environmental threats.

PROJECT MANAGEMENT

The Group's revenue mainly derives from individual projects carried out in collaboration with trusted recurring clients, such as developers and landlords who have maintained long-standing relationships with the Group over the years. These enduring partnerships with recurring clients have solidified the Group's credibility and integrity.

Quality Assurance

We prioritise the delivery of services with the highest level of quality. Our policies and procedures are specifically designed to ensure compliance with applicable laws and regulations, safeguarding the well-being of our employees, clients, and the public. We maintain a strong commitment to occupational health and safety, implementing comprehensive measures to prevent accidents and protect the welfare of all individuals involved in our projects. Regular inspections, risk assessments, and training programmes are conducted to maintain a safe working environment. Furthermore, our quality assurance protocols encompass continuous improvement, stringent quality control, and the utilisation of cutting-edge technologies to exceed customer expectations.

Customer Relationship Management

The Group highly values the delivery of exceptional customer service and actively works to foster strong relationships with clients and other stakeholders involved in each project. Regular feedback exchanges and follow-up procedures are conducted to ensure effective communication. To enhance efficiency in addressing customer inquiries, the Group has implemented a dedicated customer communication channel. As a testament to these efforts, the Group has achieved outstanding performance in customer relationship management, as demonstrated by the absence of significant complaints received during the Review Year, as well as in the Previous Year.

Intellectual Property Rights

In compliance with the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), the Group respects intellectual property rights and takes significant measures to safeguard its own intellectual properties and those of its business partners. The management and relevant departments diligently review contracts with customers and suppliers to ensure proper consideration of intellectual property rights.

Data Privacy

Operating in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the Group ensures the confidentiality and internal use only of customer information. Throughout the Review Year, all operational activities of the Group remained compliant with the Personal Data (Privacy) Ordinance.

ANTI-CORRUPTION

The Group places utmost importance on honesty, integrity, and fair play, considering them core values and conveying this message to all employees. Throughout the Review Year, we strictly adhered to the provisions of the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). We recognise the significance of maintaining a high standard of corporate governance and have adopted the Code of Corporate Governance Practices, as outlined in Appendix C1 of the Listing Rules, as the foundation for designing internal rules and regulations pertaining to integrity, discipline, and clean administration.

Our anti-corruption policy reflects a zero-tolerance stance on corruption and related malpractice. We have implemented stringent measures to prohibit the solicitation and acceptance of bribes, offering improper advantages, and facilitation payments. It is crucial for all employees to comply with applicable laws and regulations, decline any advantages that compromise objectivity, avoid engaging in excessive entertainment, and promptly disclose any conflicts of interest that may arise.

To ensure clarity and consistency in our anti-corruption efforts, the Group has established and circulated comprehensive internal anti-corruption guidelines and procedures among all employees. These guidelines include a dedicated whistle-blowing procedure, which provides a confidential channel for reporting suspected corruption. We actively encourage a culture of reporting and believe that transparency and accountability are vital for maintaining a clean and ethical work environment. By promoting a culture of integrity and providing clear guidelines, we strive to mitigate any potential ambiguity and reinforce our commitment to combating corruption in all its forms.

During the Review Year, the Group conducted seven anti-corruption training sessions with a total of 4 participants. The Group did not engage in any corruption litigation and did not receive any suspected corruption reports.

COMMUNITY INVESTMENT

As a Hong Kong-based foundation contractor, the Group holds a genuine concern for the local community and aims to make a positive contribution to our society. By staying informed about local news and engaging in meaningful conversations, the Group actively seeks to identify areas of charitable activities that are most needed within our community.

In September 2023, our Group extended a sponsorship of HK$38,000 to the Lifewire Foundation in support of children afflicted with rare diseases. In February 2024, we made a donation of HK$10,000 to visit the Caritas Yuen Long Elderly Community Centre, where Cantonese opera performances were given and essential daily items were gifted to the elderly residents, caring for their mental and physical well-being.

ESG REPORTING GUIDE INDEX

ESG Reporting Guide General Disclosures		Section	Remarks
Mandatory Disclosure Requirements (MDR)			
MDR 13	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Foreword	Complied
MDR 14	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: (a) Materiality, (b) Quantitative, (c) Consistency reporting principles.	Foreword	Complied
MDR 15	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Foreword	Complied
A. Environment			
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. GHG include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	General Environmental Policies and Use of Resources & Emissions	Complied

ESG Reporting Guide General Disclosures		Section	Remarks
KPI A1.1	The types of emissions and respective emissions data.	Use of Resources & Emissions	Complied
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Use of Resources & Emissions	Complied
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		Not applicable — the Group's operation does not generate a meaningful amount of hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	Complied
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	General Environmental Policies and Use of Resources & Emissions	Complied
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	Complied
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	General Environmental Policies and Use of Resources & Emissions	Complied
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources & Emissions	Complied
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources & Emissions	Complied
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	General Environmental Policies and Use of Resources & Emissions	Complied
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.		Not applicable — sourcing water in operation was insignificant
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		Not applicable — packaging materials used in operation were insignificant

ESG Reporting Guide General Disclosures		Section	Remarks
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	General Environmental Policies and Use of Resources & Emissions	Complied
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	General Environmental Policies and Use of Resources & Emissions	Complied
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	General Environmental Policies and Use of Resources & Emissions	Complied
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	General Environmental Policies and Use of Resources & Emissions	Complied
B. Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment & Labour Standards	Complied
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment & Labour Standards	Complied
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment & Labour Standards	Complied

ESG Reporting Guide General Disclosures		Section	Remarks
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Work Environment Safety	Complied
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Work Environment Safety	Complied
KPI B2.2	Lost days due to work injury.	Work Environment Safety	Complied
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Work Environment Safety	Complied
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Staff Development & Training	Complied
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff Development & Training	Complied
KPI B3.2	The average training hours completed per employee by gender and employee category.	Staff Development & Training	Complied
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment & Labour Standards	Complied

ESG Reporting Guide General Disclosures		Section	Remarks
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment & Labour Standards	Complied
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment & Labour Standards	Complied
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	Complied
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	Complied
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	Complied
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	Complied
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	Complied
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Project Management (except for the insignificant areas: advertising and labelling relating to products and services)	Complied
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		Not Applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Project Management	Complied
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Project Management	Complied

ESG Reporting Guide General Disclosures		Section	Remarks
KPI B6.4	Description of quality assurance process and recall procedures.	Project Management	Complied
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Project Management	Complied
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	Complied
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	Complied
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption	Complied
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	Complied
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	Complied
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	Complied
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	Complied

Directors' Report

The Board is pleased to submit this annual report together with the audited financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, the principal activities of its principal subsidiaries are set out in Note 12 to the consolidated financial statements.

RESULTS/BUSINESS REVIEW

The results of the Group for the Review Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 55 in this report. The business review of the Group for the Review Year is set out in the section headed "Management Discussion and Analysis" on pages 4 to 7 in this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various risks and uncertainties. The following are the key risks and uncertainties faced by the Group:

Industry Risks

The future development of the foundation industry and the availability of foundation projects in Hong Kong depends largely on the continued development of the property market in Hong Kong. The nature, extent and timing of available foundation projects will be determined by an interplay of a variety of factors, including the Government's policies on the property market, land supply and public housing policy, the investment of property developers and the general conditions and prospect of Hong Kong's economy. Any slowdown of the property market may affect the availability of foundation projects in Hong Kong and have a material and adverse impact on our Group's business.

Compliance Risks

Due to the nature of foundation industry, many aspects of the Group's business operation are governed by various laws and regulations and Government policies. The requirements in respect of the granting and/or renewal of various licences and qualifications may change from time to time, and there is no assurance that the Group will be able to respond to such changes in a timely manner. Such changes may also increase the costs and burden in complying with them, which may materially and adversely affect the Group's business, financial condition and results of operation.

Uncertainties in Construction Progress

(1) unexpected geological or sub-soil conditions

Prior to commencement of the foundation works, the customers would normally provide ground investigation reports to the Group. However, information contained in these reports may not be sufficient to reveal the actual geology beneath the construction site due to limitation in the scope of the underground investigation works that can be carried out at the site and/or other technical limitations. There may be discrepancies between the actual geological conditions and the findings set out in these investigation reports, and the investigation may not be able to reveal the existence of rocks or to identify any antiquities, monuments or structures beneath the site.

All these may eventually present potential issues and uncertainties in the carrying out of our foundations works, such as the possible increase in the complexity of the project resulting from additional work procedures, workers, equipment and times required to deal with any unexpected existence of rocks, antiquities or monuments, which may also lead to additional costs to be incurred. Nevertheless, in case of any significant unexpected difficult geological or sub-soil conditions, the Group may incur additional costs in dealing with such unforeseen conditions, which may lead to cost overruns and may thus materially and adversely affect the Group's business operation and financial position.

(2) damage of various underground service utilities

Services utilities may be laid underground or below carriageways and footways in Hong Kong. The Group may be obstructed by those service utilities when carrying out foundation works. There is no assurance that damage to those utilities will not occur during the foundation works. Accordingly, the Group may be liable to the costs for the repair of such damaged service utilities to the extent not covered by insurance.

Failure to Guarantee New Business

Revenue is typically derived from projects which are non-recurrent in nature. As the Group does not enter into long-term agreements with the customers, there is no guarantee that the Group will be able to secure new businesses from customers. The number and scale of projects from which the Group derives revenue from may vary significantly from period to period, and it may be difficult to forecast the volume of future business. In the event that the Group fails to secure new contracts or there is a significant decrease in the number of tender invitations or contracts available for bidding in the future, the business and financial positions and prospect of the Group could be materially and adversely affected.

ENVIRONMENTAL POLICIES AND PERFORMANCE

In undertaking foundation works, the Group may cause (i) emission of air pollutants; (ii) emission of noise from construction activities; and (iii) disposal of construction waste. Therefore, the foundation works are subject to the requirements of the following laws and regulations in relation to the environmental protection.

The laws and regulations which have a significant impact on the Group includes, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong), Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong) and Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong).

The Group places an emphasis on environmental protection when undertaking its projects. The Group has implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001:2015. Besides that, the Group has also established environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by employees and workers of the sub-contractors.

In order to promote environmental awareness with the business partners, the Group reviews their sub-contractors regularly with environmental contribution being one of the criteria, higher priority is given to sub-contractors possessing ISO 14001 certification.

The Group also establishes, implements and maintains an occupational health and safety ("**OH&S**") management system with aim to provide safe and healthy workplaces by preventing work-related injury and ill health. The OH&S management system was certified to be in compliance with standard required under ISO 45001.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Review Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has material impact on the business and operation of the Group.

Directors' Report

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

Employees

The Group considers its employees the key to sustainable business growth and also recognises its employees as its valuable assets. The Group provides comprehensive remuneration package to attract, motivate and retain appropriate and suitable employees to serve the Group. The Group has in place a fair and effective performance appraisal system and incentive bonus scheme designed to motivate and reward employees at all levels to deliver their best performance and achieve targets. The Group also provides on-the-job training and development opportunities to enhance its employees' career development and learning.

Customers

The Group are aware of the risk of customer concentration, and sought to reduce the reliance on major customer by undertaking more sizeable projects for other customers. Besides that, the Group believes a strong and good relationship with customers would increase its recognition and visibility in the foundation industry. As such, the Group values the views and opinions of all customers through various means and channels, including regular review and analysis on customer feedback. The Group also believes that a strong and good relationship with customers can further develop new business opportunities in the foundation industry.

Suppliers and Sub-contractors

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

SHARE CAPITAL

Details of movement in the share capital of the Company during the Review Year are set out in Note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Review Year are set out in the section headed "Consolidated Statement of Changes in Equity" on page 57 in this report.

Distributable reserves of the Company as at 31 March 2024, calculated under the Companies Law of Cayman Islands amounted to approximately HK$30 million.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Review Year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

For the Review Year and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group during the Review Year are set out in Note 13 to the consolidated financial statements.

Directors' Report

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Second Restated Articles or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 11 to 23 in this report.

ANNUAL GENERAL MEETING ("AGM")

The 2024 AGM will be held on Friday, 13 September 2024. The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Hong Kong branch register of members of the Company will be closed from Tuesday, 10 September 2024 to Friday, 13 September 2024 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. No transfer of shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Monday, 9 September 2024.

DIRECTORS

The Directors during the Review Year and up to the date of this report are:

Executive Directors:

Mr. Wong Yan Hung
Mr. Wong Tony Yee Pong
Mr. Lai Kwok Fai

Independent Non-executive Directors:

Mr. Law Ka Ho
Mr. Leung Wai Lim
Mr. Tam Wai Tak Victor

In accordance with article 108 of the Second Restated Articles, at each AGM, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 108 of the Second Restated Articles, Mr. Wong Tony Yee Pong and Mr. Tam Wai Tak Victor will retire from office as Directors at the forthcoming AGM being eligible, and offer themselves for re-election.

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

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of 3 years and shall continue thereafter until being terminated by either party giving not less than three months' written notice.

Each of the independent non-executive Directors has entered a letter of appointment with the Company for a term of 2 years and shall continue thereafter until being terminated by either party giving not less than three months' written notice.

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

NON-COMPETITION UNDERTAKING

Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong, Mr. Lai Kwok Fai and May City Holdings Limited ("**May City**") (collectively, the "**Controlling Shareholders**") entered into a deed of non-competition dated 3 September 2016 in favour of the Group (the "**Deed of Non-Competition**"). Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of the subsidiaries), among others, that, during the period which (i) the Shares remain listed on the Stock Exchange; and (ii) the Controlling Shareholders and their close associates (other than members of the Group) individually or jointly, are entitled to exercise, or control the exercise of, not less 30% of the voting power at general meeting of the Company or the Controlling Shareholders or the relevant close associates remains as a director of any member of the Group, he/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to carry on or be engaged, concerned or interested, or otherwise be involved 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 or any business activity to be conducted by any member of the Group from time to time.

Each of the Controlling Shareholders further undertakes that if any business investment or other commercial opportunity which may compete with the business of the Group is identified by or offered to him/it, he/it shall procure that his/its close associates to promptly notify the Group in writing and the Group shall have a right of first refusal to take up such opportunity. The Group shall within 30 days after the 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 Controlling Shareholders whether the Group will exercise the right of first refusal.

The Company has received a written confirmation from the Controlling Shareholders in respect of the compliance with and the enforcement of the terms of the Deed of Non-Competition by the Controlling Shareholders during the Review Year.

All independent non-executive Directors have reviewed the compliance of the Deed of Non-Competition entered into by the Controlling Shareholders as to whether the Controlling Shareholders had abided by the Deed of Non-Competition. All independent non-executive Directors also confirmed that the Controlling Shareholders had not been in breach of the Deed of Non-Competition during the Review Year.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Review Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group, is set out on page 98 in this report.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising from corporate activities.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

No Director 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 for the Review Year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 8 to 10 in this report.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set in Note 8 to the consolidated financial statements.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 March 2024, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange, were as follows:

i. Long position in our Shares

Name of Directors	Capacity/Nature	Number of Shares held/interested in	Percentage of shareholding
Mr. Wong Yan Hung	Interest in a controlled corporation (Note)	2,040,000,000	51%
Mr. Wong Tony Yee Pong	Interest in a controlled corporation (Note)	2,040,000,000	51%
Mr. Lai Kwok Fai	Interest in a controlled corporation (Note)	2,040,000,000	51%

Note:

These 2,040,000,000 Shares are held by May City, the entire issued share capital of which is owned as to 40% by Mr. Wong Yan Hung, 30% by Mr. Wong Tony Yee Pong and 30% by Mr. Lai Kwok Fai. Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai have had a mutual understanding all along to jointly control the Group and thus they are presumed to be acting in concert (within the meaning of the Takeovers Code). Therefore, each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is deemed, or taken to be, interested in all the Shares held by May City for the purposes of the SFO. Each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is a director of May City.

ii. Long position in the shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/Nature	Number of shares held/interested in	Percentage of interest
Mr. Wong Yan Hung	May City	Beneficial interest	40	40%
Mr. Wong Tony Yee Pong	May City	Beneficial interest	30	30%
Mr. Lai Kwok Fai	May City	Beneficial interest	30	30%

Save as disclosed above, as at 31 March 2024, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

INTERESTS OF SUBSTANTIAL AND OTHER SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2024, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature	Number of Shares held/interested in	Percentage of interest
May City	Beneficial interest (Note 1)	2,040,000,000	51%
Ms. Choi Mei Chu	Interest of spouse (Note 2)	2,040,000,000	51%
Ms. Lee Pik Yu, Kenji	Interest of spouse (Note 3)	2,040,000,000	51%
Ms. Mak Kit Ling	Interest of spouse (Note 4)	2,040,000,000	51%
Kingkey Investment Fund SPC — Kingkey Global Equity I Fund SP	Beneficial interest	204,000,000	5.1%

Notes:

1. These 2,040,000,000 Shares are held by May City, the entire issued share capital of which is owned as to 40% by Mr. Wong Yan Hung, 30% by Mr. Wong Tony Yee Pong and 30% by Mr. Lai Kwok Fai. Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai have had a mutual understanding all along to jointly control the Group and thus they are presumed to be acting in concert (within the meaning of the Takeovers Code). Therefore, each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is deemed, or taken to be, interested in all the Shares held by May City for the purposes of the SFO. Each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is a director of May City.

2. Ms. Choi Mei Chu is the spouse of Mr. Wong Yan Hung and is deemed or taken to be interested in all the Shares in which Mr. Wong Yan Hung has, or is deemed to have, an interest for the purposes of the SFO.

3. Ms. Lee Pik Yu, Kenji is the spouse of Mr. Wong Tony Yee Pong and is deemed or taken to be interested in all the Shares in which Mr. Wong Tony Yee Pong has, or is deemed to have, an interest for the purposes of the SFO.

4. Ms. Mak Kit Ling is the spouse of Mr. Lai Kwok Fai and is deemed or taken to be interested in all the Shares in which Mr. Lai Kwok Fai has, or is deemed to have, an interest for the purposes of the SFO.

Save as disclosed above, and as at 31 March 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 3 September 2016. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. The total number of Shares available for issue under the Share Option Scheme is 400,000,000 Shares, representing 10% of the issued Shares as at the date of this report. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 3 September 2016, and there is no outstanding share option as at 31 March 2024.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Review Year and up to the date of this report was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of sales and purchases for the Review Year attributable to the Group's major customers and suppliers are as follow:

Sales	
— the largest customer	35%
— five largest customers	85%
Purchases	
— the largest supplier	20%
— five largest suppliers	53%

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers noted above.

DONATIONS

During the Review Year, the Group made charitable and other donations amounting to HK$48,000.

RELATED PARTIES

Details of the significant related party transactions undertaken in the normal course of business are set out in Note 27 to the consolidated financial statements, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in Note 12 to the consolidated financial statements.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules for the Review Year and up to the date of this report.

RETIREMENT SCHEME

The Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Save as the aforesaid, the Group did not participate in any other pension schemes during the Review Year.

AUDITORS

The consolidated financial statement for the Review Year have been audited by HLB Hodgson Impey Cheng Limited, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

EVENTS AFTER THE REVIEW YEAR

There is no material subsequent event undertaken by the Group after 31 March 2024 and up to the date of this report.

By Order of the Board
Shun Wo Group Holdings Limited
Wong Yan Hung
Chairman

Hong Kong, 27 June 2024

Independent Auditors' Report

HLB 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 SHAREHOLDERS OF
SHUN WO GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Shun Wo Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 55 to 97, 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 matter	How our audit addressed the key audit matter
Revenue recognition for provision of foundation work services	
We identified the revenue recognition for provision of foundation work services as a key audit matter due to its significance to the consolidated financial statements. During the year ended 31 March 2024, the Group generated revenue of approximately HK$333,430,000 from provision of foundation work services as disclosed in Note 5 to the consolidated financial statements. As disclosed in Note 5 to the consolidated financial statements, the Group recognised revenue from provision of foundation work services over time using output method, i.e. based on surveys of foundation work completed by the Group to date as certified by architects, surveyors or other representatives appointed by the customers or estimated with reference to the progress payment application submitted by the Group to the customers in relation to the work completed by the Group.	Our procedures in relation to the revenue recognition for provision of foundation work services included but not limited to: • obtaining an understanding on the management's key process in recognition of the contract revenue for provision of foundation work services; • checking the total contract value to the contracts and variation orders (if any) to the agreements or other correspondence, on a sample basis; and • evaluating the reasonableness of revenue from provision of foundation work services recognised to date by: — checking to the certificates issued by the architects or surveyors appointed by the customers before and subsequent to year end date to evaluate the value of work already performed during the year and the subsequent progress of respective projects, on a sample basis; and — discussing with the management of the Group to understand the status of respective foundation work service contracts, on a sample basis. We found that the revenue recognition for provision of foundation work services to be supportable by available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables and contract assets	
We identified impairment assessment of trade receivables and contract assets as a key audit matter due to its significance to the consolidated financial statements as a whole and management's estimate in evaluating the expected credit losses of the trade receivables and contract assets.	Our procedures in relation to impairment of trade receivables and contract assets mainly included but not limited to: • obtaining an understanding on how the management assess the expected credit losses for trade receivables and contract assets; • testing the integrity of information used by management for the assessment, including ageing analysis of trade receivables, on a sample basis, by comparing individual items in the analysis with the relevant underlying documents; • testing, on a sample basis, the collection of receivables after the year end from the customers; • assessing the reasonableness of the basis and judgement of the management in determining credit loss allowance on trade receivables and contract assets; and • testing the key data sources applied in the expected credit losses computation on a sample basis by checking to the supporting information and external data sources, as applicable. We found that the management judgement and estimates used to determine the impairment of trade receivables and contract assets to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditors' 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 THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

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

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 director on the audit resulting in this independent auditors' report is Mr. Yau Wai Ip.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yau Wai Ip
Practising Certificate Number: P07849

Hong Kong, 27 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	**333,430**	312,906
Direct costs		**(272,636)**	(288,333)
Gross profit		**60,794**	24,573
Other income and other gains	5	**4,391**	1,865
Administrative and other operating expenses		**(22,352)**	(22,278)
(Impairment losses)/reversal of impairment losses on financial assets and contract assets, net		**(52)**	14,772
Profit before income tax	6	**42,781**	18,932
Income tax expense	9	**(3,316)**	–
Profit and total comprehensive income for the year attributable to owners of the Company		**39,465**	18,932
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share (HK cents)	10	**0.99**	0.47

Details of dividends are disclosed in Note 11 to the consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**12,580**	16,733
Right-of-use assets	14	**34**	67
		12,614	16,800
Current assets			
Contract assets	16	**40,342**	63,820
Trade and other receivables	17	**50,600**	37,659
Pledged bank deposit	18	**6,460**	6,138
Bank balances and cash	19	**93,395**	45,040
		190,797	152,657
Total assets		**203,411**	169,457
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	20	**40,000**	40,000
Reserves	21	**105,713**	66,248
Total equity		**145,713**	106,248
LIABILITIES			
Current liabilities			
Trade and other payables	23	**30,775**	63,209
Contract liabilities	24	**23,607**	–
Income tax payable		**2,162**	–
		56,544	63,209
Non-current liability			
Deferred tax liabilities	25	**1,154**	–
Total liabilities		**57,698**	63,209
Total equity and liabilities		**203,411**	169,457
Net current assets		**134,253**	89,448
Net assets		**145,713**	106,248

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2024 and signed on its behalf by:

Mr. Wong Yan Hung
Director

Mr. Lai Kwok Fai
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital HK$'000 (Note 20)	Share premium HK$'000 (Note 21)	Merger reserve HK$'000 (Note 21)	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
Balance at 1 April 2022	40,000	56,625	198	(9,507)	87,316
Profit and total comprehensive income for the year	–	–	–	18,932	18,932
Balance at 31 March 2023 and 1 April 2023	40,000	56,625*	198*	9,425*	106,248
Profit and total comprehensive income for the year	–	–	–	39,465	39,465
Balance at 31 March 2024	**40,000**	**56,625***	**198***	**48,890***	**145,713**

* These reserve accounts comprise the consolidated reserves of approximately HK$105,713,000 (2023: HK$66,248,000) in the consolidated statement of financial position.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Net cash generated from operations	26(a)	**48,896**	35,727
Net cash generated from operating activities		**48,896**	35,727
Cash flows from investing activities			
Interest received		**2,054**	163
Decrease in bank deposit with original maturity over three months		**–**	2,005
Purchases of property, plant and equipment		**(2,621)**	(8,855)
Proceed from disposal of property, plant and equipment		**26**	41
Net cash used in investing activities		**(541)**	(6,646)
Net increase in cash and cash equivalents		**48,355**	29,081
Cash and cash equivalents at the beginning of year		**45,040**	15,959
Cash and cash equivalents at the end of year		**93,395**	45,040
Analysis of cash and cash equivalents			
Pledged bank deposit and bank balances and cash		**99,855**	51,178
Less: pledged bank deposit		**(6,460)**	(6,138)
Cash and cash equivalents		**93,395**	45,040

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Shun Wo Group Holdings Limited (the "**Company**") is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") is principally engaged in undertaking foundation works in Hong Kong.

The Company was incorporated in the Cayman Islands on 3 May 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 28 September 2016.

As at 31 March 2024, its parent and ultimate holding company is May City Holdings Limited ("**May City**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned as to 40% by Mr. Wong Yan Hung ("**Mr. YH Wong**"), 30% by Mr. Wong Tony Yee Pong ("**Mr. Tony Wong**") and 30% by Mr. Lai Kwok Fai ("**Mr. Lai**").

The address of the registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Flat A, 7/F., Sai Wan Ho Plaza, 68 Shaukeiwan Road, Hong Kong.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "**Listing Rules**") and by the Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies of the Group.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The area involving a high degree of judgement or complexity, or areas where assumptions and estimate are significant to the consolidated financial statements, are disclosed in Note 4 to the consolidated financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Change in accounting policy and disclosures

(i) 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 HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform — Pillar Two Model Rules

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.

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

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

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

The change in accounting policy has no material impact on the Group's consolidated financial statements for the current and previous year.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Change in accounting policy and disclosures (continued)

(ii) Amendments to HKFRSs in issue but not yet effective

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

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

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

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

2.3 Principal of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business, the equity interests issued by the Group, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Business combinations (continued)

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.7 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other income, other gains and losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives at the following rates per annum:

Furniture, fixtures and office equipment	20%
Plant, machinery and equipment	20%
Motor vehicles	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.9 Impairment of non-financial assets

All non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Investment and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**"), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Investment and other financial assets (continued)

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Investment and other financial assets (continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables and contract assets.

Impairment on other receivables is measured as either 12-month ("**12m**") expected credit losses ("**ECL**") or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

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 expected loss rates are based on the payment profiles of project individually 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.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

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. 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.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.12 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less impairment losses.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to on insignificant risk of changes in value, and bank overdrafts (if any).

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payable

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer) after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing cost are expensed in the period in which they are incurred.

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Retirement benefits

The Group operates defined contribution plans and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2.20 Share-based payments

Share-based compensation benefits are provided to employees via an employee share scheme. Information relating to the scheme is set out in Note 22.

The fair value of options granted under the scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.21 Provisions

Provisions are recognised when, the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Contingent liabilities and contingent assets

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

2.23 Revenue recognition

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 customers.

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

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

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

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Revenue recognition (continued)

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

In respect of contract modifications, including changes in the scope or price (or both) of a contract that is approved by the parties to the contract, that are not accounted for as separate contracts, the promised goods or services that are not yet transferred at the date of the contract modification (i.e. the remaining promised goods or services) which are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification, are accounted for by treating the contract modification as if it were a part of the existing contract. The effect that the contract modification has on the transaction price, and on the Group's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e. the adjustment to revenue is made on a cumulative catch-up basis).

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability is recognised when the amounts received from a customer exceed revenue recognised for a contract or when advance payment is received from a customer before a good or service is transferred.

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

Revenue from construction contracts is described in the accounting policy on construction contracts below.

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.24 Construction contracts

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

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the output method, based on direct measurement of the value of contract work performed, provided that the value of contract work performed can be measured reliably. The value of contract work performed is measured according to the completion of specific detailed components as set out in the contract. Variations in contract work are recognised as contract revenue to the extent that the modification has been approved by the parties to the contracts and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.26 Leases

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group leases various premises and car parks and rental contracts are typically made for fixed periods of 12 to 24 months. In addition, the Group also leases certain machineries for its operation. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.26 Leases (continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date. Depreciation on right-of-use assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated lease period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group leased certain of its machineries and derived rental income. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2.27 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealing with the entity.

For the year ended 31 March 2024

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing financial assets.

Other than bank balances with variable interest rates, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group currently does not hedge its exposure to the interest rate risk as the management of the Group considers that the risk is insignificant.

Credit risk

Credit risk arises mainly from contract assets, trade and other receivables, pledged bank deposit and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all 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.

The expected loss rates are based on the payment profiles of project individually 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.

For the year ended 31 March 2024

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

Credit risk (continued)

The loss allowance for trade receivables and contract assets were determined as follows:

	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
As at 31 March 2024						
Expected credit loss rate	**0.11%**	**0.11%**	**–**	**–**	**100%**	
Gross carrying amount — trade receivables	**26,902**	**8,709**	**–**	**–**	**182**	**35,793**
Gross carrying amount — contract assets	**40,392**	**–**	**–**	**–**	**1,377**	**41,769**
Loss allowance	**77**	**9**	**–**	**–**	**1,559**	**1,645**
As at 31 March 2023						
Expected credit loss rate	0.23%	0.19%	–	–	100%	
Gross carrying amount — trade receivables	24,656	5,050	–	–	–	29,706
Gross carrying amount — contract assets	63,966	–	–	–	1,377	65,343
Loss allowance	206	10	–	–	1,377	1,593

The closing loss allowance for trade receivables and contract assets as at 31 March 2024 and 2023 reconciled to the opening loss allowance are as follows:

	Trade receivables Life-time ECL (not credit impaired) HK$'000	Trade receivables Life-time ECL (credit impaired) HK$'000	Contract assets Life-time ECL (not credit impaired) HK$'000	Contract assets Life-time ECL (credit impaired) HK$'000	Total HK$'000
As at 1 April 2022	22	15,861	482	–	16,365
Loss allowance recognised/(reversed) in profit or loss during the year	48	(15,861)	(336)	1,377	(14,772)
As at 31 March 2023 and 1 April 2023	70	–	146	1,377	1,593
Loss allowance (reversed)/recognised in profit or loss during the year	(34)	182	(96)	–	52
As at 31 March 2024	**36**	**182**	**50**	**1,377**	**1,645**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

Credit risk (continued)

The Group performs impairment assessment under the ECL model on other receivables, pledged bank deposit and bank balances. The ECL on these assets are based on 12m ECL as there have been no significant increase in credit risk since initial recognition.

The credit risk on other receivables is limited because the counterparties have no historical default record and the directors are of the opinion the risk of default by the counterparties of other receivables is not significant. Based on the average loss rate, the 12m ECL on other receivables is considered to be insignificant and therefore no loss allowance was recognised.

The credit risk of pledged bank deposit and bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. Based on the average loss rate, the 12m ECL on pledged bank deposit and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

As at 31 March 2024, there were 4 (2023: 5) customers which individually contributed over 10% of the Group's trade receivables and contract assets. The aggregate amounts of trade receivables and contract assets from these customers amounted to approximately 85% (2023: 89%) of the Group's total trade receivables and contract assets as at 31 March 2024.

Other than concentration of credit risk on liquid funds which are deposited with banks with sound credit ratings or good reputation and on trade receivables and contract assets as disclose above, the Group does not have any other significant concentration of credit risk.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet their liquidity requirements in the short and long terms. Management believes there is no significant liquidity risk as the Group has sufficient financial resources to fund their operations.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group may be required to pay:

	On demand or within one year HK$'000	Over one year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2024				
Trade and other payables	**30,775**	**–**	**30,775**	**30,775**
As at 31 March 2023				
Trade and other payables	63,209	–	63,209	63,209

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities divided by the total equity.

The gearing ratios of the Group are as follows:

	2024 HK$'000	2023 HK$'000
Total borrowings	**–**	–
Total equity	**145,713**	106,248
Gearing ratio	**0%**	0%

3.3 Fair values estimates

The fair value measurements are categorised under the three-level fair value hierarchy as defined in *HKFRS 13 Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group has no financial instrument measured at fair value subsequent to initial recognition on a recurring basis as at 31 March 2024 and 2023.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position are not materially different from their fair values at 31 March 2024 and 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Impairment of trade receivables and contract assets

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Progress towards completion of construction works

The Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation of the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

For the year ended 31 March 2024

5. REVENUE, OTHER INCOME AND OTHER GAINS AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue recognised during the year are as follows:

	2024 HK$'000	2023 HK$'000
Revenue		
Main contracting	**242,884**	203,937
Sub-contracting	**90,546**	108,969
	333,430	312,906
Other income and other gains		
Project management fee	**731**	–
Gain on disposal of property, plant and equipment	**26**	41
Bad debt recovery	**556**	–
Interest income	**2,432**	396
Sales of scrap materials	**500**	–
Government grants (Note)	**–**	1,360
Others	**146**	68
	4,391	1,865

Note: During the year ended 31 March 2023, the Group recognised government grants in respect of COVID-19 pandemic which included subsidies of HK$1,360,000 under the employment support scheme. There was no unfulfilled condition in respect of the grants.

Disaggregation of revenue from contracts with customers

	2024 HK$'000	2023 HK$'000
Timing of revenue recognition		
Over-time	**333,430**	312,906
Types of goods and services		
Foundation work services	**333,430**	312,906

For the year ended 31 March 2024

5. REVENUE, OTHER INCOME AND OTHER GAINS AND SEGMENT INFORMATION (CONTINUED)

Performance obligations for contracts with customers

The Group provides foundation work services 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 as the asset is created or enhanced. Revenue for these services is therefore recognised over-time using output method, i.e. based on surveys of the relevant services completed by the Group to date with reference to certificates issued by customers or payment applications. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2024 and 2023 and the expected timing of recognising revenue are as follows:

	Foundation work services 2024 HK$'000	Foundation work services 2023 HK$'000
Within one year	**89,550**	283,128
Over one year	**–**	54,388
	89,550	337,516

Segment information

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews consolidated financial statements accordingly. Also, the Group only engages its business in Hong Kong and all the non-current assets of the Group are located in Hong Kong. Therefore, no segment and geographical information is presented.

Information about the major customers

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

	2024 HK$'000	2023 HK$'000
Customer A	**117,485**	125,418
Customer B	**48,555**	N/A[1]
Customer C	**45,712**	N/A[1]
Customer D	**41,720**	77,845

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

For the year ended 31 March 2024

6. PROFIT BEFORE INCOME TAX

	2024 HK$'000	2023 HK$'000
Included in direct costs:		
Depreciation of property, plant and equipment	**5,111**	4,211
Staff costs	**22,092**	23,471
Included in administrative and other operating expenses:		
Auditors' remuneration		
— Audit services	**760**	720
— Non-audit services	**120**	120
Depreciation of property, plant and equipment	**1,663**	2,187
Depreciation of right-of-use assets	**33**	34
Expense relating to short-term leases not included in the measurement of lease liabilities	**2,966**	2,991
Staff costs, including directors' emoluments	**11,131**	10,854

7. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2024 HK$'000	2023 HK$'000
Salaries and allowances	**32,542**	33,513
Retirement scheme contributions		
— Defined contribution plan	**681**	812
	33,223	34,325

The Group operates a defined contribution scheme in Hong Kong which comply with the requirements under the Mandatory Provident Fund ("**MPF**") Schemes Ordinance. Contributions are made based on a percentage of the employee's basic salaries, subject to cap of monthly relevant income of HK$30,000, and are charged to the consolidated statement of profit or loss as they have payable in accordance with the rules of the MPF scheme. All assets under the scheme are held separately from the Group under independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF scheme.

During the years ended and as at 31 March 2024 and 2023, no contribution was forfeited (by the Group on behalf of its employees who leave the defined contribution schemes prior to vesting fully in such contributions) and was utilised by the Group to reduce the current level of contributions.

For the year ended 31 March 2024

8. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the years ended 31 March 2024 and 2023 is set out below:

	Fees	Salaries, allowances and other benefits in kind	Discretionary bonuses (Note)	Retirement scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2024					
Executive directors					
Mr. YH Wong	**510**	**1,440**	**284**	**6**	**2,240**
Mr. Tony Wong (Chief executive officer)	**500**	**1,200**	**189**	**18**	**1,907**
Mr. Lai	**500**	**1,200**	**189**	**15**	**1,904**
Independent non-executive directors					
Mr. Law Ka Ho	**150**	**–**	**–**	**–**	**150**
Mr. Leung Wai Lim	**150**	**–**	**–**	**–**	**150**
Mr. Tam Wai Tak Victor	**150**	**–**	**–**	**–**	**150**
	1,960	**3,840**	**662**	**39**	**6,501**
Year ended 31 March 2023					
Executive directors					
Mr. YH Wong	510	1,440	120	18	2,088
Mr. Tony Wong (Chief executive officer)	500	1,200	100	18	1,818
Mr. Lai	500	1,200	100	18	1,818
Independent non-executive directors					
Mr. Law Ka Ho	150	–	–	–	150
Mr. Leung Wai Lim	150	–	–	–	150
Mr. Tam Wai Tak Victor	150	–	–	–	150
	1,960	3,840	320	54	6,174

During the year ended 31 March 2024, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2024 (2023: Nil).

Note: Discretionary bonuses were determined with reference to the Group's operating results and individual performance for the years ended 31 March 2024 and 2023.

For the year ended 31 March 2024

8. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, 3 (2023: 3) of them are directors of the Company whose emoluments are disclosed above. The emoluments in respect of the remaining 2 (2023: 2) highest paid individuals are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and other benefits in kind	**1,690**	1,553
Discretionary bonuses	**147**	158
Retirement scheme contributions	**36**	30
	1,873	1,741

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Nil – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**1**	1

During the years ended 31 March 2024 and 2023, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group.

9. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current income tax		
— Hong Kong profits tax	**2,162**	–
Deferred tax (Note 25)	**1,154**	–
	3,316	–

Hong Kong profits tax is calculated at a rate of 16.5% of the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK$2,000,000 of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%.

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2024 HK$'000	2023 HK$'000
Profit before income tax	**42,781**	18,932
Calculated at a tax of 16.5%	**7,058**	3,123
Tax effects of:		
— Income not subject to tax	**(403)**	(290)
— Expenses not deductible for tax purposes	**635**	607
— Temporary difference not recognised	**29**	138
— Utilisation of previously unrecognised tax losses	**(3,835)**	(3,960)
— Tax loss not recognised	**–**	382
— Tax exemptions granted	**(3)**	–
— Income tax at concession rate	**(165)**	–
Income tax expense	**3,316**	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Profit attributable to owners of the Company (HK$'000)	**39,465**	18,932
Weighted average number of ordinary shares in issue (thousands of shares)	**4,000,000**	4,000,000
Basic earnings per share (HK cents)	**0.99**	0.47

The diluted earnings per share were the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2024 and 2023.

11. DIVIDENDS

No dividend was paid or proposed by the Board for the year ended 31 March 2024 (2023: Nil).

12. SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 March 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid-up share capital	Proportion of ownership interest held by the Company	Principal activities
Umma Floral Limited ("**Umma Floral**")	BVI	United States Dollars ("**US$**") 10,500,000	100% (direct)	Investment holding
Hop Kee Construction Company Limited ("**Hop Kee Construction**")	Hong Kong	HK$50,000,000	100% (indirect)	Provision of foundation works in Hong Kong
Hop Kee Machinery Transportation Company Limited ("**Hop Kee Machinery**")	Hong Kong	HK$30,000,000	100% (indirect)	Acquisition and holding of plant and machinery of the Group
Hop Kee Construction Company Limited ("**Hop Kee Construction (BVI)**")	BVI	US$1	100% (indirect)	Handling intellectual property and other administrative matters of the Group

For the year ended 31 March 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment HK$'000	Plant, machinery and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
As at 1 April 2022	541	55,054	2,270	57,865
Additions	–	3,718	5,137	8,855
Disposals	–	(621)	–	(621)
As at 31 March 2023	541	58,151	7,407	66,099
Accumulated depreciation				
As at 1 April 2022	(527)	(40,814)	(2,248)	(43,589)
Charge for the year (Note 6)	(6)	(5,555)	(837)	(6,398)
Disposals	–	621	–	621
As at 31 March 2023	(533)	(45,748)	(3,085)	(49,366)
Net book value				
As at 31 March 2023	8	12,403	4,322	16,733
Cost				
As at 1 April 2023	541	58,151	7,407	66,099
Additions	14	1,687	920	2,621
Disposals	–	(160)	(419)	(579)
As at 31 March 2024	**555**	**59,678**	**7,908**	**68,141**
Accumulated depreciation				
As at 1 April 2023	(533)	(45,748)	(3,085)	(49,366)
Charge for the year (Note 6)	(5)	(5,032)	(1,737)	(6,774)
Disposals	–	160	419	579
As at 31 March 2024	**(538)**	**(50,620)**	**(4,403)**	**(55,561)**
Net book value				
As at 31 March 2024	**17**	**9,058**	**3,505**	**12,580**

For the year ended 31 March 2024

14. RIGHT-OF-USE ASSETS

	Car parks HK$'000
As at 31 March 2024	
Carrying amount	**34**
As at 31 March 2023	
Carrying amount	67
For the year ended 31 March 2024	
Depreciation charge *(Note 6)*	**(33)**
For the year ended 31 March 2023	
Depreciation charge *(Note 6)*	(34)

The right-of-use assets are depreciated over the lease term.

	2024 HK$'000	2023 HK$'000
Depreciation of right-of-use assets	**33**	34
Expense related to short-term leases	**2,966**	2,991

Short-term leases are leases related to office premises, car parks and warehouse.

For the year ended 31 March 2024

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2024 HK$'000	2023 HK$'000
Financial assets		
At amortised cost		
Trade and other receivables excluding prepayments	**49,420**	36,594
Pledged bank deposit	**6,460**	6,138
Bank balances and cash	**93,395**	45,040
	149,275	87,772
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**30,775**	63,209

16. CONTRACT ASSETS

	2024 HK$'000	2023 HK$'000
Contract assets	**41,769**	65,343
Less: allowance for credit losses	**(1,427)**	(1,523)
	40,342	63,820

As at 1 April 2022, contract assets amounted to approximately HK$48,234,000.

Contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on factors other than passage of time. The amounts represent the Group's rights to considerations from customers for foundation work services, which arise when: (i) the Group completed the relevant construction works under such contracts and pending for the certification by the customers; or (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for defect liability period after completion of the relevant works. The contract assets are transferred to trade receivables when the rights become unconditional.

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

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.

See Note 3.1 for further information about expected credit loss provision.

For the year ended 31 March 2024

17. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**35,793**	29,706
Less: allowance for credit losses	**(218)**	(70)
	35,575	29,636
Other receivables, deposits and prepayments	**15,025**	8,023
	50,600	37,659

As at 1 April 2022, trade receivables amounted to approximately HK$53,196,000.

Notes:

(a) The credit period granted to customers ranges from 30 to 45 days (2023: 14 to 45 days) generally. Trade receivables are denominated in HK$.

(b) The ageing analysis of the trade receivables, net of allowance for credit losses based on date of payment certificates issued by customers or invoice date, whichever is applicable, are as follows:

	2024 HK$'000	2023 HK$'000
0–30 days	**26,728**	24,596
31–60 days	**5,709**	5,040
61–90 days	**3,138**	–
	35,575	29,636

(c) See Note 3.1 for details about expected credit loss provision.

(d) Included in the other receivables, deposits and prepayments at 31 March 2024 are cash collateral of approximately HK$8,094,000 (2023: approximately HK$4,204,000) placed with insurance companies in Hong Kong for the provision of the surety bonds for certain of the Group's construction projects (Note 29).

(e) As at 31 March 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$8,700,000 (2023: approximately HK$5,040,000) which are past due at the reporting date.

18. PLEDGED BANK DEPOSIT

	2024 HK$'000	2023 HK$'000
Pledged bank deposit (Note)	**6,460**	6,138

Note: The effective interest rate for the pledged bank deposit is 5.25% (2023: 2.90%) per annum as at 31 March 2024. The carrying amount of pledged bank deposit is denominated in HK$. The bank deposit has been pledged to bank as surety bond for faithful performance in accordance to the contract between the Group entity and the customer.

For the year ended 31 March 2024

19. BANK BALANCES AND CASH

	2024 HK$'000	2023 HK$'000
Cash at banks	**1,303**	11,973
Bank deposits	**92,092**	33,067
Bank balances and cash	**93,395**	45,040

Notes:

(a) The carrying amount of bank balances and cash are denominated in HK$.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(c) Bank deposits carry interest rate ranging from 3.90% to 4.41% (2023: 2.10% to 3.52%) per annum as at 31 March 2024 and with original maturities of ranging from one week to three months (2023: ranging from one week to three months).

20. SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

	Number of ordinary shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**10,000,000,000**	**100,000**
Issued and fully paid:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**4,000,000,000**	**40,000**

21. RESERVES

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

Merger reserve

Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation.

22. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 3 September 2016. The share option scheme is to attract and retain the best personnel, to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants, advisors, substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors of the Company (or as the case maybe, the independent non-executive directors of the Company) from time to time on the basis of the directors' opinion as to their contribution or potential to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at anytime by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

For the year ended 31 March 2024

22. SHARE OPTION SCHEME (CONTINUED)

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the board of directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of 10 years commencing on 3 September 2016, subject to early termination provisions contained in the Scheme.

No share options were granted, exercised, cancelled or lapsed since the adoption of the Scheme and there were no share option outstanding as at 31 March 2024 and 2023.

23. TRADE AND OTHER PAYABLES

	2024 **HK$'000**	2023 HK$'000
Trade payables	**12,758**	49,879
Retention payables	**10,516**	9,518
Accruals and other payables	**7,501**	3,812
	30,775	63,209

Notes:

(a) Payment terms granted by suppliers are generally within two months.

The ageing analysis of trade payables based on the invoice date are as follows:

	2024 **HK$'000**	2023 HK$'000
0–30 days	**8,501**	32,349
31–60 days	**3,130**	16,995
61–90 days	**12**	–
Over 90 days	**1,115**	535
	12,758	49,879

(b) Retention payables to sub-contractors of contract works are interest-free and payable by the Group after the completion of maintenance period for periods ranging from 6 months to 1 year from completion of the relevant works.

(c) All trade and other payables are denominated in HK$.

For the year ended 31 March 2024

24. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Arising from performance under construction contracts	**23,607**	–

Contract liabilities relating to construction contracts are balances due to customers under construction contracts.

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

Construction contracts

In recognising the construction revenue, the Group adjusts the amount of payment received for the goods and services transferred to the customers. In certain circumstances, the adjustment will result the amount of payment received in excess of the revenue recognised to date. Such difference will be recorded as contract liabilities.

25. DEFERRED TAX LIABILITIES

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	**44**	1,720
Deferred tax liabilities	**(1,198)**	(1,720)
	(1,154)	–

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	ECL provision HK$'000	Tax losses HK$'000	Tax depreciation HK$'000	Total HK$'000
As at 1 April 2022	(83)	(1,330)	1,413	–
Charged/(credited) to profit or loss (Note 9)	48	(355)	307	–
As at 31 March 2023 and 1 April 2023	(35)	(1,685)	1,720	–
(Credited)/charged to profit or loss (Note 9)	(9)	1,685	(522)	1,154
As at 31 March 2024	**(44)**	**–**	**1,198**	**1,154**

As at 31 March 2024, the Group has estimated unused tax losses of approximately HK$10,187,000 (2023: approximately HK$43,646,000), which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department. No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams.

As at 31 March 2024, the Group has deductible temporary differences of approximately HK$1,110,000 (2023: approximately HK$941,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

For the year ended 31 March 2024

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash generated from operations

	2024 HK$'000	2023 HK$'000
Profit before income tax	**42,781**	18,932
Adjustments for:		
Depreciation of property, plant and equipment	**6,774**	6,398
Depreciation of right-of-use assets	**33**	34
Interest income	**(2,432)**	(396)
Impairment losses/(reversal of impairment losses) on trade receivables	**148**	(15,813)
(Reversal of impairment losses)/impairment losses on contract assets	**(96)**	1,041
Gain on disposal of property, plant and equipment	**(26)**	(41)
Operating profit before working capital changes	**47,182**	10,155
(Increase)/decrease in trade and other receivables	**(12,711)**	34,984
Increase in pledged bank deposit	**(322)**	(1,122)
Decrease/(increase) in contract assets	**23,574**	(16,627)
(Decrease)/increase in trade and other payables	**(32,434)**	8,337
Increase in contract liabilities	**23,607**	–
Net cash generated from operations	**48,896**	35,727

(b) Cash outflows for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 HK$'000	2023 HK$'000
Within operating cash flows	**2,966**	2,991
	2,966	2,991

27. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following companies that had transactions with the Group are related parties:

Name	Relationship with the Group
Hop Kee Development Co., Limited	A related company owned by Mr. YH Wong and Mr. Tony Wong as to 50% and 30% respectively
Shun Tai Holdings Limited	A related company owned by Mr. YH Wong, Mr. Tony Wong and Mr. Lai as to 40%, 30% and 30% respectively
Shun Hang Chemical Limited	A related company owned by Mr. YH Wong and Mr. Tony Wong as to 50% and 50% respectively

For the year ended 31 March 2024

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related parties during the year.

	Notes	2024 HK$'000	2023 HK$'000
Rental of office and car parks paid to:			
Hop Kee Development Co., Limited	i	**608**	636
Short-term warehouse lease expense paid to:			
Shun Tai Holdings Limited	i	**2,295**	2,295
Purchase of a motor vehicle from:			
Shun Hang Chemical Limited		**–**	1,576

Notes:

(i) The rental expenses for office premises, car parks and warehouse payable to the above related parties are based on the agreements entered into between the parties involved with lease term of 12 months.

(c) The emoluments of the directors (representing the key management personnel) during the years ended 31 March 2024 and 2023 are disclosed in Note 8.

28. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: — Property, plant and equipment	**4,743**	–

29. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group entity to issue guarantees for the performance of contracts in the form of surety bonds secured by pledged bank deposits or a corporate indemnity issued by insurance companies secured by pledged deposit.

As at 31 March 2024, the Group has outstanding surety bonds of approximately HK$18,969,000 (2023: approximately HK$9,808,000). The surety bonds will be released upon completion of the contracting works.

Saved as disclosed above, as at 31 March 2024, the Group did not have any other material contingent liabilities.

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	2024 HK$'000	2023 HK$'000
ASSETS		
Non-current assets		
Investment in a subsidiary	**81,375**	81,375
Current assets		
Other receivables and prepayments	**354**	349
Bank balances	**18**	21
	372	370
Total assets	**81,747**	81,745
EQUITY		
Capital and reserves		
Share capital	**40,000**	40,000
Reserves	**30,246**	33,973
Total equity	**70,246**	73,973
LIABILITIES		
Current liabilities		
Accruals	**592**	747
Amounts due to subsidiaries	**10,909**	7,025
Total liabilities	**11,501**	7,772
Total equity and liabilities	**81,747**	81,745
Net current liabilities	**(11,129)**	(7,402)
Total assets less current liabilities	**70,246**	73,973

The Company's statement of financial position were approved and authorised for issue by the board of directors on 27 June 2024 and signed on its behalf by:

Mr. Wong Yan Hung
Director

Mr. Lai Kwok Fai
Director

For the year ended 31 March 2024

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of the Company

	Share premium HK$'000	Merger reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2022	56,625	(2)	(19,074)	37,549
Loss and total comprehensive expense for the year	–	–	(3,576)	(3,576)
As at 31 March 2023 and 1 April 2023	56,625	(2)	(22,650)	33,973
Loss and total comprehensive expense for the year	–	–	(3,727)	(3,727)
As at 31 March 2024	**56,625**	**(2)**	**(26,377)**	**30,246**

Summary of Financial Information

The financial summary of the Group for the last five years is set as follows:

RESULTS

	For the year ended 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**333,430**	312,906	242,292	144,359	134,392
Direct costs	**(272,636)**	(288,333)	(224,925)	(121,309)	(140,540)
Gross profit/(loss)	**60,794**	24,573	17,367	23,050	(6,148)
Other income and other gains	**4,391**	1,865	1,539	4,942	1,090
Change in fair value of financial assets at fair value through profit or loss	**–**	–	–	(18)	(2,488)
Administrative and other operating expenses	**(22,352)**	(22,278)	(22,390)	(22,802)	(22,146)
(Impairment losses) /reversal of impairment losses on financial assets and contract assets, net	**(52)**	14,772	(1,011)	(11,614)	(2,960)
Finance costs	**–**	–	–	–	–
Profit/(loss) before income tax	**42,781**	18,932	(4,495)	(6,442)	(32,652)
Income tax (expense)/credit	**(3,316)**	–	–	369	(401)
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company	**39,465**	18,932	(4,495)	(6,073)	(33,053)

ASSETS AND LIABILITIES

	As at 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**12,614**	16,800	14,377	19,708	18,059
Current assets	**190,797**	152,657	127,811	91,581	101,653
Non-current liabilities	**(1,154)**	–	–	–	(369)
Current liabilities	**(56,544)**	(63,209)	(54,872)	(19,478)	(21,459)
Equity attributable to owners of the Company	**145,713**	106,248	87,316	91,811	97,884