ANNUAL REPORT 2024-2025

VICON

VICON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 3878

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chow Kwok Chun
(Chairman and Chief Executive Officer)
Mr. Leung Hing Wai

Independent Non-executive Directors

Mr. Ip Ka Ki
Mr. Tse Ka Ching Justin
Mr. Chan Wai Kit
Ms. Tam Yuk Yu (appointed on 28 November 2024)

BOARD COMMITTEES

Audit Committee

Mr. Tse Ka Ching Justin *(Chairman)*
Mr. Ip Ka Ki
Mr. Chan Wai Kit
Ms. Tam Yuk Yu (appointed on 28 November 2024)

Nomination Committee

Mr. Chow Kwok Chun *(Chairman)*
Mr. Ip Ka Ki
Mr. Tse Ka Ching Justin

Remuneration Committee

Mr. Ip Ka Ki *(Chairman)*
Mr. Chow Kwok Chun
Mr. Chan Wai Kit
Ms. Tam Yuk Yu (appointed on 28 November 2024)

COMPANY SECRETARY

Mr. Leung Cheuk Hei *(HKICPA)*

AUTHORISED REPRESENTATIVES

Mr. Chow Kwok Chun
Mr. Leung Cheuk Hei

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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REGISTERED OFFICE

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Cayman Islands

PRINCIPAL SHARE REGISTRAR

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Hutchins Drive
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Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers
Room Nos. 4101-4104, 41/F, Sun Hung Kai Centre
30 Harbour Road, Wan Chai
Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank (Asia) Corporation Limited

AUDITOR

CCTH CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
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No. 51 Kwai Cheong Road,
Kwai Chung, New Territories,
Hong Kong

COMPANY'S WEBSITE

www.vicon.com.hk

STOCK CODE

3878

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Vicon Holdings Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2025 (the "**Year**" or "**FY2025**").

The Group is a Hong Kong-based specialist foundation contractor and focuses on design-and-build foundation projects in the Hong Kong private sector. Our foundation projects involve different types of construction works, such as piling construction, ELS works, pile cap construction and general buildings works in Hong Kong.

During the Year, the Group recorded an decrease in revenue by approximately HK$182.7 million, from approximately HK$486.6 million for the year ended 31 March 2024 ("**Last Year**" or "**FY2024**") to approximately HK$303.9 million for the Year. The Group recorded a profit for the Year of approximately HK$4.8 million as compared to approximately HK$8.3 million for the Last Year. The decline in profit was primarily attributable to the combined effects of the following factors: (i) the Group completed certain projects with relatively higher contract sums during the Last Year; (ii) intense competition in the industry affected contract prices for newly awarded projects during the Current Year, resulting in low margins; and (iii) new projects commenced during the Current Year were in the beginning phases which contributed less revenue to the Group.

The Hong Kong construction industry in 2025 is navigating a complex landscape, influenced by high interest rates, geopolitical uncertainties, and a subdued property market. The private sector, a key focus for the Group, is experiencing softer demand, reflecting cautious investor sentiment. Ongoing labor shortages and rising costs for materials and energy also pose challenges to profitability. The government's long-term infrastructure plans, including the Northern Metropolis and railway projects like the Northern Link, present promising opportunities for the industry. However, in the near term, global economic conditions may moderate the pace of investment. Looking ahead, the Group anticipates a competitive construction market in Hong Kong, with private sector project slowdowns likely to increase pricing pressures on tenders and contract awards.

Our management will also monitor the project costs and collaborate with our subcontractors and suppliers on any cost issues in the foundation industry. As usual, we are mindful not to reduce our profit margin without considering the negative impact to our shareholders' interests. To maintain our competitive edge, we will continue to focus on "design and build" projects and deploy our expertise in foundation design and project management to meet the requirements of future potential projects.

The Board will strive for the best for the Group. Our management will closely monitor the foundation industry trends and will continuously adjust our operation strategy to maximise shareholders' return.

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

Chow Kwok Chun
Chairman

Hong Kong, 26 June 2025

BUSINESS AND FINANCIAL REVIEW

The Group is a specialist foundation contractor and focuses on design-and-build foundation projects in the Hong Kong private sector. Our foundation projects involve different types of construction works, such as piling construction, ELS works and pile cap construction in Hong Kong. The Group also engages in the provision of construction services including leasing of construction machinery.

For FY2025, the Group recorded revenue of approximately HK$303.9 million as compared to revenue of approximately HK$486.6 million for FY2024, which represented a decrease of approximately HK$182.7 million.

The decline of revenue for FY2025 was primarily driven by the decrease in revenue in the construction works segment for the reasons detailed below.

The majority of our revenue continued to come from projects where we acted as main contractor. Revenue contribution from these main contractor projects remained stable at approximately 96.6% in FY2025 as compared with approximately 95.2% in FY2024. The Group continued to act as main contractor in the newly awarded projects.

The amount of backlog revenue as at 31 March 2025 was approximately HK$394.3 million (2024: HK$229.4 million).

Foundation Works and Ancillary Services

Foundation works mainly include mini-piling, percussive piling, rock socketed in steel H-pile and bored pile, together with pile cap. Ancillary services mainly include site formation and demolition works which covers clearance of the site, excavation, demolition of a building or any substantial part of a building.

During FY2025, there were 9 projects (FY2024: 10 projects) contributing revenue of approximately HK$297.9 million (FY2024: HK$483.4 million) to the Group.

The decrease in revenue was primarily because i) the Group completed certain projects with relatively higher contract sums during the Last Year; and ii) the new projects commenced during the Current Year were mainly in the beginning phases which contributed less revenue to the Group.

Leasing of construction machinery

Leasing of construction machinery mainly include the rental of our construction machinery according to the requirements of the customers.

During FY2025, the revenue derived from leasing of construction machinery amounted to approximately HK$6.0 million (FY2024: HK$3.2 million), accounting for approximately 2.0% (FY2024: 0.7%) of our total revenue.

The increase in revenue from leasing of construction machinery of the Group was mainly due to the increase in the number of machinery rented out to our customers based on the progress of their construction works during FY2025.

PRINCIPAL RISKS AND UNCERTAINTIES

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

– Our business is project-based and the contracts are not recurrent in nature and were awarded by a few customers, and any decrease in the number of projects with the Group's major customers would adversely affect the Group's business, financial conditions and operating results;

– As the Group engages third party subcontractors to perform certain parts of the works under our contracts, the Group may bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of the Group's subcontractors; and

– The Group determines the tender price based on the estimated time and costs to be involved in a project pursuant to our industry experience and with reference to a number of factors and the actual time and costs incurred may deviate from our estimate due to unexpected circumstances.

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in the prospectus of the Company dated 12 December 2017 (the "**Prospectus**").

Revenue

Our revenue decreased by approximately HK$182.7 million, from approximately HK$486.6 million for FY2024 to approximately HK$303.9 million for FY2025.

The decrease in revenue was primarily because (i) the Group completed certain projects with relatively higher contract sums during the Last Year; and (ii) the new projects commenced during the Current Year were mainly in the beginning phases which contributed less revenue to the Group.

Cost of Sales

Our direct costs decreased from approximately HK$442.7 million for FY2024 to approximately HK$283.3 million for FY2025, representing a decrease of approximately HK$159.4 million. The decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK$23.4 million, from approximately HK$44.0 million for FY2024 to gross profit of approximately HK$20.6 million for FY2025.

Our gross profit margin decreased from approximately 9.0% for FY2024 to approximately 6.8% for FY2025.

The decrease in gross profit was mainly attributable to a decrease in profit margin of the newly awarded projects in FY2025 as the contract prices were affected by the keen competition in the Hong Kong foundation industry.

Other income and other gain

Our other income and other gain decreased from approximately HK$6.8 million for FY2024 to approximately HK$3.9 million for FY2025, which was mainly attributable to the recognition of one-off income of approximately HK$4.8 million from the disposal of steel working platforms upon handover of construction sites to the respective contractors responsible for general building construction in our normal course of operation in FY2024, in which there was no such corresponding income recorded in FY2025. This was partially offset by the increase in interest income earned from approximately HK$1.2 million for FY2024 to approximately HK$3.2 million for FY2025.

Impairment losses on financial assets

Our impairment losses on financial assets represents a provision for impairment loss allowance amounting to approximately HK$7.5 million (FY2024: HK$32.9 million), consisting of impairment losses recognised on trade and retention receivables of approximately HK$1.3 million (FY2024: HK$7.5 million) and impairment losses recognised on contract assets and contract deposits of approximately HK$6.2 million (FY2024: HK$25.4 million), which is made based on the management's latest assessment of risk of default in the Group's financial assets for FY2025. The decrease in the amounts of impairment losses on financial assets for FY2025 as compared with FY2024 was due to the general improvement in the credit profiles on financial assets.

In general, the Group holds progress meetings with customers and their consultants on a regular basis to communicate on progress during the course of the project. The Group conducts a thorough evaluation of its work done and the relevant payment status for each project.

The Group engaged an independent valuer to provide an independent opinion on the expected credit loss for its contract assets, contract deposits and trade and retention receivables as at 31 March 2025. The valuation was conducted based on the specific risk profile of each customer, the ageing pattern of the financial assets, historical credit loss percentage and the market credit loss percentage.

The Directors considered that the valuation model adopted, including the basis of valuation, assumptions made and valuation methodology used, were fair and reasonable and reflected an accurate estimate of the recoverability of the Group's contract assets, contract deposits and trade and retention receivables and therefore the loss allowance were adequate.

The Group continues to monitor the settlement status, including both the subsequent settlement and subsequent billing of contract assets, contract deposit, and trade and retention receivables and keeps in communication with the customer for progress certification of works done and release progress payments to us. For completed projects that have yet to certify the final accounts and release the retention monies, we follow up with the customer on a regular basis to demand payment for our works done, and our project team addresses any dispute. We generally resolved all such disputes via negotiation, taking into account both the ongoing business relationship between the Group and the customer, and the relative cost and risk involved in taking legal action for recovery. Up to the date of this report, approximately HK$60.2 million of the net contract assets, recorded as at 31 March 2025 have been settled.

The closing loss allowance for contract assets and contract deposits increased to approximately HK$71.6 million as at 31 March 2025 (2024: HK$65.4 million), which was at an expected credit loss rate of approximately 43.5% (2024: 43.0%). The expected credit loss rate has remained stable. The change in the age profile of the contract assets and deposits portfolio has resulted in a higher overall expected credit loss rate being recognised. The Group will consider to write off the specific loss allowance for the respective contract assets upon the review on the respective status.

Impairment loss recognised on intangible asset

Our impairment loss recognised on a club membership represents a provision for impairment loss allowance amounting to approximately HK$1.6 million, based on its recoverable amount in the market.

Other administrative expenses

Our administrative expenses remained stable, at approximately HK$9.7 million, as compared to approximately HK$10.8 million for FY2024, as the scale of the Group is consistent in both FY2025 and FY2024.

Finance costs

Our finance costs decreased by approximately HK$0.1 million, or approximately 9.3%, from approximately HK$0.6 million for FY2024 to approximately HK$0.5 million for FY2025. Such decrease was mainly due to the repayments of certain finance leases during FY2025.

Income tax (expense)/credit

Our income tax (expense)/credit changed, from income tax credit of approximately HK$1.9 million for FY2024 to income tax expense of approximately HK$0.3 million for FY2025 mainly due to the utilisation of deferred tax assets for FY2025.

Profit and total comprehensive income attributable to equity holders of the Company

Based on the above factors, profit and total comprehensive income attributable to equity holders of the Company decreased by approximately HK$3.5 million from approximately HK$8.3 million for FY2024 to approximately HK$4.8 million for FY2025.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through retained profits, borrowings and cash inflows from operating activities.

As at 31 March 2025, the capital structure of the Group consisted of equity of approximately HK$271.3 million (2024: HK$266.5 million) and bank borrowings of approximately HK$7.8 million (2024: HK$7.8 million). For details, please refer to the paragraph headed "Bank borrowings" below.

As at 31 March 2025, the Company had 479,600,000 ordinary shares in issue and the Company's issued share capital was HK$4,796,000.

Cash position and fund available

During the year, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows and bank borrowings.

As at 31 March 2025, our cash and cash equivalents were approximately HK$30.4 million (2024: HK$35.6 million). As at 31 March 2025, the Group also had HK$4.6 million pledged bank deposits in deposited for a bank to issue surety bonds in respect of our foundation projects (2024: HK$19.9 million) and had HK$30.0 million time deposit with original maturity of over three months when acquired (2024: Nil).

As at 31 March 2025, the current ratio of the Group was approximately 5.3 times (2024: 6.1 times).

Bank borrowings

The Group generally meets its working capital requirement by cash flows generated from its operation and borrowings. The maturity and interest rate profile of the Group's borrowings are set out below.

(a) The maturity of borrowings is as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	7,830	7,830

(b) The weighted average interest rates were as follows:

	2025	2024
Short-term bank loans	4.81%	5.13%

GEARING RATIO

As at 31 March 2025, the Group's gearing ratio was approximately 2.9% (2024: 2.9%), calculated as the total borrowings divided by the total equity as at the end of the respective years and multiplied by 100%.

NET CURRENT ASSETS

As at 31 March 2025, the Group had net current assets of approximately HK$227.0 million (2024: HK$214.1 million). The increase in net current assets position was mainly attributable to the receipts generated from operating activities during the Year.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from the banks to meet its liquidity requirements. The Board is not aware of any liquidity issue that may cast significant doubt on the Group's ability to continue as a going concern.

CAPITAL EXPENDITURES

The Group did no incur any capital expenditures during FY2025 (2024: HK$1.2 million).

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the year ended 31 March 2025. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

CONTINGENT LIABILITIES

As at 31 March 2025, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to approximately HK$4.6 million (2024: HK$19.9 million). The performance bonds were secured by pledged bank deposits amounting to approximately HK$4.6 million (2024: HK$19.9 million). The performance bonds as at 31 March 2025 will be released in accordance with the terms of the respective construction contracts.

PLEDGE OF ASSETS

As at 31 March 2025, a bank borrowing granted to the Group in respect of the key management insurance contract, with an amount of approximately HK$7.8 million (2024: HK$7.8 million) were guaranteed by (i) the Company; and (ii) charge over the Group's key management insurance contract with cash surrender value of approximately HK$8.4 million (2024: HK$8.1 million).

CAPITAL COMMITMENTS

As at 31 March 2025, the Group did not have any capital commitments contracted but not provided for.

SEGMENT INFORMATION

The Group's reportable segments are as follows:

– Construction works; and

– Leasing of construction machinery

In view of the growth of the Group's leasing of construction machinery business, a new reportable segment – leasing of construction machinery has been included for the year ended 31 March 2021.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 31 March 2025, the Group had a total of 22 employees (2024: 21). Total staff costs (including Directors' emoluments) for the year were approximately HK$21.0 million (2024: HK$20.6 million). The remuneration offered to employees generally includes salaries, medical benefits and bonuses. In general, the Group determines salaries of its employees based on each employee's qualification, position and seniority. The Group provides training to its employees according to the work requirements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2025.

SIGNIFICANT INVESTMENT HELD

The Group did not have any significant investment held as at 31 March 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 31 March 2025.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2025 and up to the date of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Vicon Holdings Limited (the "**Company**"), together with its subsidiaries (the "**Group**"), is pleased to present our Environmental, Social and Governance Report (the "**Report**" or "**ESG Report**") to provide an overview of the Group's management on significant issues affecting the operation, and the performance of the Group in terms of environmental and social aspects.

Preparation Basis and Scope

This Report is prepared in accordance with "Environmental, Social and Governance Reporting Guide" in Appendix 27 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and has complied with the "comply or explain" provisions in the Listing Rules.

This Report details the environmental, social and governance performance of the Group and demonstrates our sustainability initiatives during the reporting period from 1 April 2024 to 31 March 2025 (the "**reporting period**").

With the aim to improving the disclosure requirements in the Report, the Group has committed to formulate policies, record relevant data as well as implement and monitor measures. Should there be any discrepancy between the Chinese and the English versions of this Report, the English version shall prevail.

Confirmation and Approval

Information disclosed in this Report is sourced from the internal documents and statistical data of the Group. This Report has been confirmed and approved by the board (the "**Board**") of directors of the Company in June 2025.

Access to the Report and Contact Information

The ESG Report is part of the Annual Report, which is present on the Company's website at http://www.vicon.com.hk. The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email at info@vicon.hk.

CORPORATE PROFILE

The Group is a Hong Kong-based specialist foundation contractor and focuses on design-and-build foundation projects in Hong Kong private sector. With strong experience in completing complicated foundation and engineering designs projects, we strive to provide the highest quality services to our customers. Under the leadership of the management, the Group has been successfully listed on the Main Board of the Stock Exchange on 22 December 2017.

To maintain competitiveness in the market and provide outstanding services to the customers, the Group places significant focus on the long-term sustainability. We are determined to comply with relevant regulations and rules as well as requirements from our stakeholders. Various policies and procedures are established to assist the management on monitoring the operation risks regarding the environment and society.

As at 31 March 2025, there were 5 subsidiaries directly or indirectly wholly owned by the Company. For the list of subsidiaries, please refer to Note 34 to the consolidated financial statements. Our major business operation are carried through the below 3 subsidiaries.

1. Vicon Construction Company Limited
2. Vicon Machinery Company Limited
3. Vicon Construction (Macau) Company Limited

ESG GOVERNANCE

The Group understands that good ESG governance is the key to the long-term development of an enterprise. The Board upholds its primary leading role and management responsibilities in the ESG aspects, including overseeing the Group's assessment of relevant environmental and social impacts; understanding the potential impact of ESG issues on the Group's business model and associated risks; aligning with the expectations of investors and the requirements of regulatory authorizations; improving materiality assessment and reporting processes to ensure that policies are implemented and enforced decisively and consistently; and promoting a top-down culture to ensure that ESG considerations are integrated into the business decision-making process.

To prepare and compile this Report, the Group has specifically formed a reporting team consisting of director, company secretary, management and external consultant, which updates the Board on a regular basis regarding the reporting progress. The main responsibilities of the team include: to formulate the Group's ESG strategy and report, and is also responsible for identifying and assessing the Group's ESG related risks to ensure an effective ESG risk management and internal control system, thereby enhancing the ESG performance of the Group; to review, recognize and report to the Board of Directors on the Group's ESG framework, standards, prioritization and objectives, and to supervise and implement the ESG strategies on the Group's level; to monitor, review and evaluate the Group's ESG performance; to review and advise the Board on the Group's reporting to the public. The department heads are responsible for overseeing their respective ESG risks and objectives, and reporting regular updates to the ESG reporting team and the Board on relevant progress and challenges encountered.

The Group is committed to operate in a sustainable manner and at the same time maintain the balance of rights and interests between different stakeholders. With a view to enhancing our ESG disclosure, the procedures and matrix diagram of materiality assessment has been included in this Report. Quantitativeness of the Report has also been strengthened by providing narrative to explain the basis for KPIs calculation.

The Group has measured and reported various environmental and social KPIs. The measurement and reporting of KPIs is an ongoing and consistent process, allowing for meaningful comparisons of ESG data in subsequent ESG reports. By comparing the environmental KPI of FY23-24 and FY24-25, the Board is pleased that the Group in general has achieved a lower intensity in emissions, waste produced and resource consumption.

When preparing and compiling this Report, the Group has reviewed its existing policies and achieved a better understanding of the values of ESG reporting. During the reporting process through the approach of measurement, management and changes, the Group hopes to drive improvement and innovation while minimizing the Group's non-financial risks. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

REPORTING PRINCIPLES

The ESG Report adheres to the ESG Reporting Principles set out in the ESG Guide, including materiality, quantitative and consistency. Details are illustrated as follows:

Materiality

The content of the ESG Report is determined through stakeholder engagement and materiality assessment processes, which include identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance of the issues and preparing and validating the information reported. The ESG Report covers the key issues concerned by different stakeholders.

Quantitative

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders are able to have a comprehensive understanding of the Group's ESG performance. Information on the standards, methodologies, references and source of key emission and conversion factors used on these KPIs are stated wherever appropriate.

Consistency

In order to enhance and maintain comparability of ESG performances between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. Any changes in methodologies and specific standards have been presented and explained in detail in corresponding sections. The Group will continue to adopt consistent methodologies as far as reasonably practicable in the future, in case of any changes that could affect a meaningful comparison of the KPIs between years.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

To prepare for further development and business growth, the Group recognises the importance of intelligence gained from the stakeholders' insights, inquiries and continuous feedback on the Group's business activities. We maintain various channels with our stakeholders on relevant issues including the performances and challenges that we come across. The outcomes of these stakeholder engagement processes have been consistently applying to our continuous improvement activities.

Stakeholders	Engagement channels
Government	– Work reports preparation and submission for approval – Annual reports – Website
Shareholders and Investors	– Annual general meeting and other shareholder meetings – Annual reports and announcements
Employees	– Trainings and orientation – Internal meetings and email communication – Corporate activities
Customers	– Business visits – Email communication and customer service hotline – Regular meetings
Suppliers and subcontractors	– Business visits – Procurement contracts and letters of undertaking – Performance appraisals
Public and communities	– Charity activities – Volunteer works

With these on-going dialogues, we obtain more understandings on the expectations and concerns from stakeholders. The Group believes it enhances our business management as well as decision making for the Group's long-term development.

The principle of materiality strengthens the Group's ESG reporting which means understanding the ESG issues that are important to the Group's business, informing the issue and key performance indicators (KPIs) to cover in the Report. The Group's approach to materiality in this Report is based on the best-practice recommendations of the ESG Reporting Guide and the GRI Guidelines.

We evaluated and analysed the importance of any changes in business environment, as well as overall sustainability challenges to the Group. As part of this exercise, internal and external stakeholders, including the public community, our employees, consumers, shareholders and investors, contributed their perspectives regarding ESG reporting and the broader ESG issues relevant to the Group.

The assessment, through the following steps, also considered ESG issues relevant to the Group's industry and operation locations.

Step 1: Identification – Industry Benchmarking

- The Group identified relevant ESG issues based on the feedback from the stakeholders, sustainability indices and the ESG reports of the Group's industry peers.
- The materiality of each ESG issue was determined based on the frequency of its disclosure by selected peer companies.

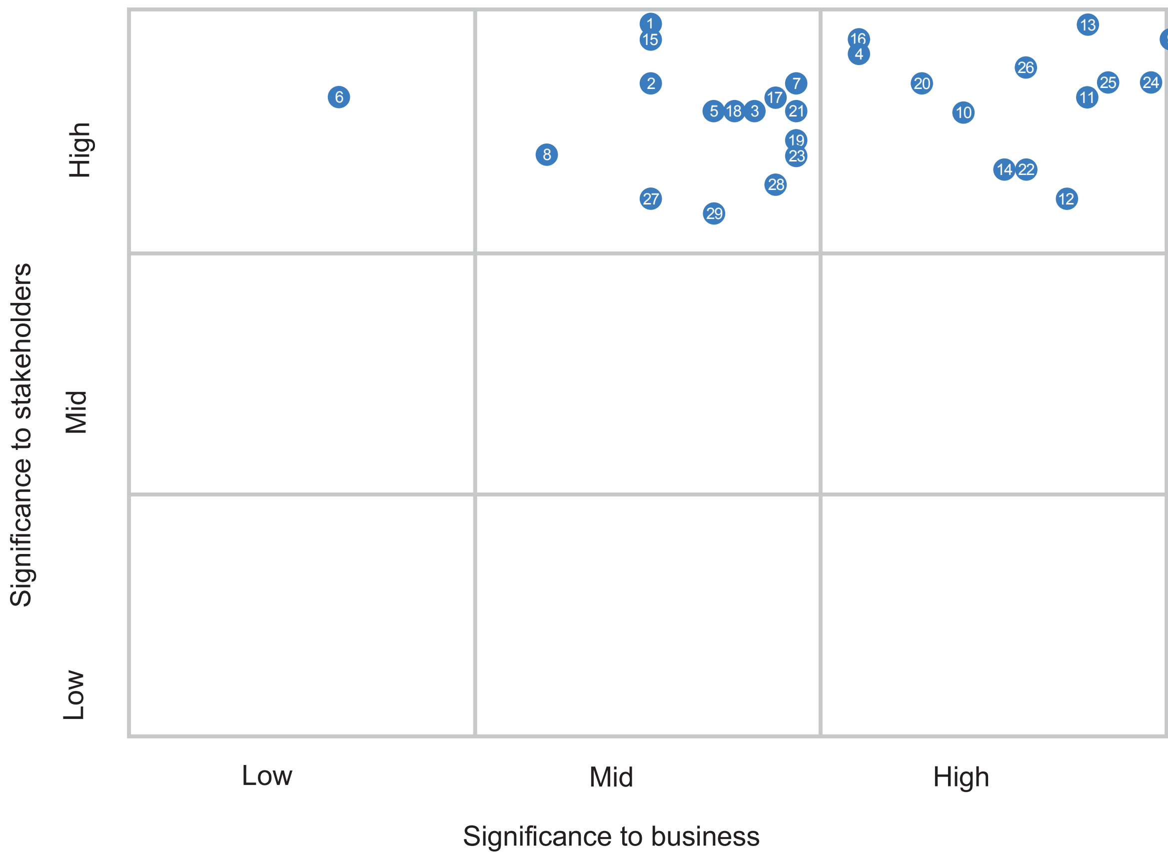
Step 2: Prioritisation – Stakeholder Engagement

- Key stakeholders were engaged on ESG issues with impact on our Group.
- The Group asked the stakeholders on ranking each of the identified ESG issues according to their view of its importance to the operation and business development of the Group.

Step 3: Validation – Determining Material Issues

- Our management performed an all rounded review and finalised on the range of ESG issues being reported, so as to ensure the results of the materiality assessment properly reflected the importance of the issues to the Group's business development and long term sustainability.

As a result of the above assessment, the Group has prepared a matrix diagram below to illustrate the significance of various issues to your stakeholders and business:



Environment	Labour Practices	Operating Practices	Community Investment
1. Environmental compliance	9. Employment compliance	16. Operational compliance	27. Charity work
2. Vehicle emissions management	10. Remuneration and benefits	17. Management of environmental risks in the supply chain	28. Promotion of community development
3. Greenhouse gas emissions	11. Working hours and holidays	18. Management of social risks in the supply chain	29. Poverty alleviation work
4. Waste management	12. Diversity and equal opportunities	19. Purchasing practices	
5. Use of energy	13. Occupational health and safety	20. Quality management	
6. Use of water resources	14. Training and development	21. Customer health and safety	
7. Green office	15. Prevention of child labour and forced labour	22. Protection of intellectual property	
8. Responses to climate change		23. Research and development	
		24. Information security	
		25. Customer privacy protection	
		26. Anti-corruption	

Based on the above materiality assessment, 13 material aspects has been identified for the Group's business and stakeholders. The Group has spent more effort to assess, control, monitor and report the material aspects to meet stakeholders' expectations.

Material Aspects	
4. Waste management	16. Operational compliance
9. Employment compliance	20. Quality management
10. Remuneration and benefits	22. Protection of intellectual property
11. Working hours and holidays	24. Information security
12. Diversity and equal opportunities	25. Customer privacy protection
13. Occupational health and safety	26. Anti-corruption
14. Training and development	

ENVIRONMENTAL POLICY

As a registered specialist contractor, we recognise that we have an obligation to reduce the impact of our operations on the environment and be accountable for the resources and materials that we used in our daily foundation operations. We would place strong effort on protecting the environment by promoting the importance of the environmental protection to our employees, adopting the latest rules and standards relating to the environment and community, using environmental friendly products as well as encouraging the recycle and reuse of materials. Through continuously improving the environmental sustainability of our business, we believe there would be promising development and growth in the long run. The principles of our environmental policy are as follows:

– focus on prevention of pollution, waste minimization and resource conservation as critical considerations within our core management processes;

– compliance with applicable legal requirements and other requirements to which the Group subscribes which relate to its environmental aspects;

– provide sufficient resources and facilities for the implementation of environmental nuisance abatement and environmental management;

– obtain and renew the necessary environmental licenses registrations and permits and comply with relevant statutory requirements and licensing standards;

– regular performance reviews to ensure that environmental objectives and the requirements of interested parties are met;

– prevent pollution within and outside of the site;

– minimizing environmental nuisances and generation of construction and demolition materials in execution of the works;

– provision of staff training to all levels of persons involved in the works to ensure understanding, implementation and development of these principles throughout our business; and

– continual improvement.

We consider at all times the environmental management of construction works as a priority task and acknowledges that managing environmental protection measures is an integral part of our daily operations to provide a better environment for our future generations.

We adopt the following principles in operating our projects:

– To comment on implementing and maintaining a high-level environmental management system in full compliance with applicable statutory requirements, codes of practice and contractual obligations as the minimum standards.

– To provide adequate and appropriate resources to implement this policy.

– To select responsible subcontractors and suppliers who do also adopt good practices in environmental management, provide proper site facilities and also maintain a good working environment so as to prevent environmental pollution and achieve good environmental performance.

– To work and enhance awareness and fully understand and comply with the environmental management policy with the workforce including subcontractors and suppliers.

– To ensure Project Managers and Construction Managers are accountable to the top management for the overall coordination and implementation of this policy and responsible for ensuring their subordinates do understand, implement and comply with this policy.

– To ensure employees at all levels are competent to carry out their duties and responsibilities.

– To monitor the efficiency and effectiveness of our environmental management system.

– To conduct periodical reviews which may help the continual improvement of our environmental performance with all Staff, subcontractors and suppliers.

– To achieve the standards of ISO 14001 Environmental Management System by 4Rs approach (Reduction, Reuse, Recycling and Recovery) to minimize the quantity of construction wastes.

The policy would be reviewed regularly but at least annually so as to timely incorporate the prevailing best practices adopted in the industry.

Minimizing impact of our operations to the environment and natural resources

We do not tolerate any environmental non-compliance and conduct weekly or monthly environmental inspections at construction sites to uncover any environmental non-compliance. If an instance of environmental non-compliance is detected, a programme of corrective actions will be implemented accordingly to rectify the situation.

In this reporting period, we have two major foundation projects involving the implementation of Building Environmental Assessment Method (BEAM Plus) scheme minimizing environmental impacts arising from the construction period.

As our primary business activities are based in the construction industry, it is inevitable to produce air pollution and construction waste which cause impacts to the environment. When carrying out dusty construction activities such as piling work, excavation, at locations near the public, our on-site project team is required to provide dust abatement measures, such as water spraying or the fitting of vacuum cleaning devices and better covering or sheltering dusty materials, to the satisfaction of the registered engineer onsite.

Regarding air pollution abatement, we have incorporated relevant considerations into the EM Plan. Measures are specified for our construction teams to follow to prevent air pollution. Mitigation measures are also in place with regards to gaseous emissions, notably black smoke/fumes, from different construction equipment.

Although our construction projects generate only minimal wastewater, our onsite project teams are well aware of and are required to implement wastewater pollution abatement measures whenever possible. For example, surface runoff is to be prevented from washing across the site and spilling over to areas outside the site by diverting all the water to treatment facilities before discharge and sealing up hoarding skirts.

We adopt a four-step process for handling waste– “Avoidance and Minimization”, “Re-use and Recycle” and “Disposal Method”, as our main environmental control measures to achieve “recognized environmental standard” as specified in the Beam Plus scheme, including the following major mitigation measures adopted during the construction to minimize waste generated from site:

Avoidance and Minimization Measures

– Careful design and planning with good site management to minimize over ordering and generation of waste materials such as concrete, mortars and cement grouts.

– Proper control and documentation on material flow to minimize over-ordering.

– Surplus materials shall be returned to stock in a centralized area with suitable protective measures.

– Formwork and hoarding systems, if required, will use durable and reusable systems (ex. steel formwork and plastic fence) to replace timber formwork wherever practicable.

– A summary table for Work Processes or Activities requiring Timber for Temporary Works to be included in the plan and update on monthly basis in EM&A report

– Raw materials will be utilized as much as possible to avoid wastage. This will include the conservation of paper in the site office such as use of both sides of papers.

– Cement, Pulverized fuel ash or any other dusty materials collected fabric filters or other air pollution control system or equipment should be disposed of in totally enclosed containers.

Reuse and Recycle Measures

– Sorting should be made at the source of generation as much as possible to avoid double handling.

– Sorted inert C&D materials for disposal to public filling outlets should contain no observable non-inert materials.

– General refuse generated on the site shall be sorted away from the inert C&D materials or reusable/ recyclable C&D material.

Disposal Methods

– All non-inert materials, which cannot be reused, should be removed off site as soon as practicable in order to optimize the use of the on-site storage space to minimize potential environmental impact.

– Materials that cannot be reused or recycled will require disposal off site. Open burning of wastes would be strictly prohibited.

– The non-recyclable general refuse will be disposed of at Government Landfills, the recyclable material will be sold or recycled to commercial outlets while the C&D non-recyclable inert waste will be sent to the public filling area. VC will endeavor to achieve recycling of at least 30% of the foundation wastes from the works.

As a result of our effective environmental policies, we have minimized environmental risks and impacts caused by construction wastes disposed from its operation. During this reporting period, to the best of our knowledge, we did not have any non-compliance issues in relation to environmental laws and regulations in Hong Kong regarding air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.

EMISSIONS

The Group is subject to various local environmental laws and regulations related to the operations. During the reporting period, the Group had no material non-compliance regarding environmental issues.

Air Pollutant Emission

Air pollutants such as nitrogen oxides ("$\mathbf{NO_x}$"), sulphur oxides ("$\mathbf{SO_x}$") and respiratory suspended particles ("**RSP**", also known as Particulate Matters ("**PM**")) bring significant impact to our environment and thus the health of our staff. To mitigate the impact, the Group has taken initiatives to formulate plans for the reduction of air pollutants.

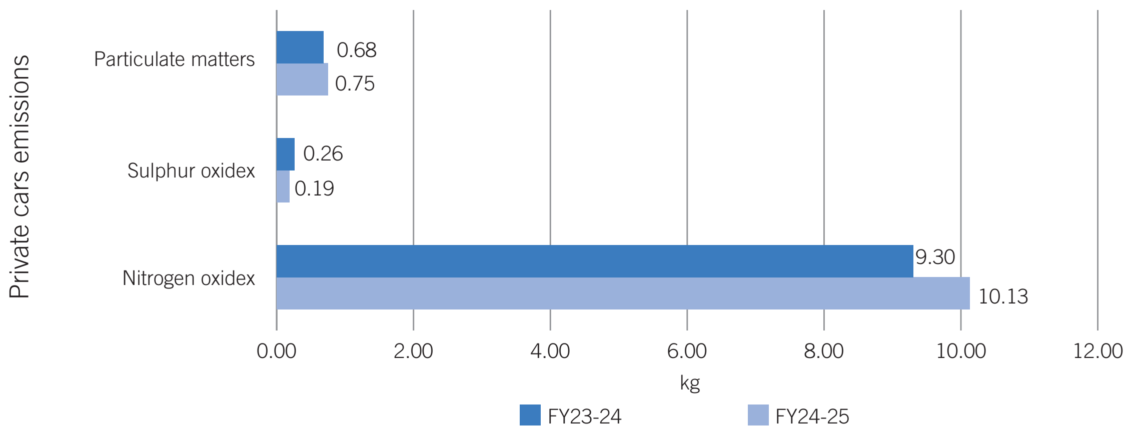
Our air pollutants are mainly generated from the motor vehicles through consumption of fuels. We carry out regular quarterly or yearly vehicle maintenance, including replacement of any wear components and generator cleaning. Vehicle usage is well controlled by proper route planning and encouragement of using public transport. The increase in air emissions during the reporting period is due to increase in business activates and size of the Group's workforce.

The air pollutant emission during the reporting period is as follows:

KPI A1.1: The types of emissions and respective emissions data[1]

Item	Unit	FY24-25	FY23-24
Nitrogen oxides	kg	10.13	9.30
Sulphur oxides	kg	0.19	0.26
Particulate matters	kg	0.75	0.68

KPI A1.1: The types of emissions and respective emissions data



1 The vehicle and machinery emission factors were calculated based on the Hong Kong Environmental Protection Department's Vehicle Emission Calculation Model.

Greenhouse Gas ("GHG") Emission

Global warming is a serious environmental issue that our world is facing. The major sources of air and greenhouse gas (GHG) emissions we associated are energy consumptions, including the purchased electricity used in our daily operations and the fuels consumed by the motor vehicles and machinery. Our Group is taking different measures to minimise the GHG emissions.

The Group manages these emissions by implementing our policy focusing on regulating the use of vehicles, including:

- Closely monitoring the fuel consumption on every motor vehicle to prevent fuel from being wasted.

- Purchasing environmentally friendly motor vehicles and taking vehicle weight into consideration.

- Regularly servicing the vehicles to maintain the engine functions.

- Using fuel with a Sulphur content up to 0.005% in accordance with the Air Pollution Control Ordinance; and

- Strictly enforcing the policy of switching off all idling vehicles.

In the office area, we encouraged to take relevant actions of saving energy including:

- Eco-friendly labels affixed near the operation panel of air conditioners to indicate a reminder to set the comfortable temperature at an eco-friendly level of 25˚C.

- Reminder labels affixed near the lighting switches to remind colleagues to switch off lights when leaving the works station/office area.

The Group had successfully reduced overall GHG emissions in terms of the "use of vehicles", "mobile combustion sources" and "generation of purchased electricity" as compared to the last review year through the effective implementation of the above measures. During the reporting period, we did not use any liquefied petroleum gas and therefore do not have any information on GHG emissions to report.

We have also adopted energy saving initiatives that are mentioned in the section headed "Use of Resources" below.

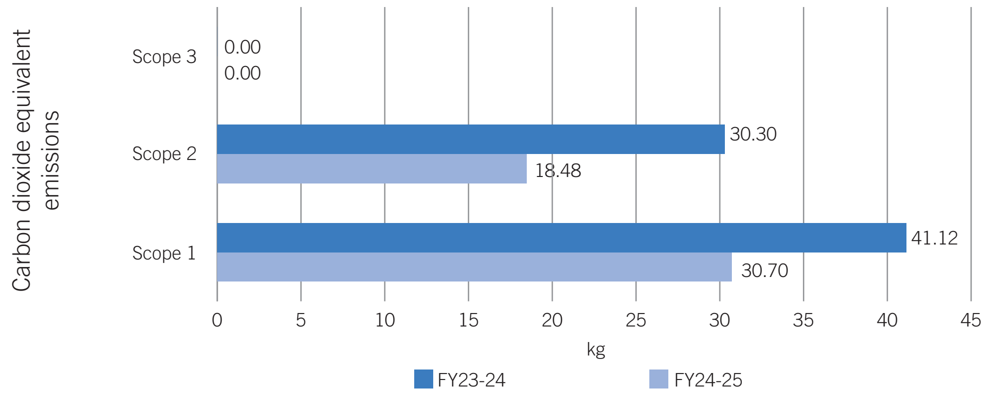
During the reporting period, the carbon dioxide equivalent emission of GHG is as follows:

KPI A1.2: Greenhouse gas emissions in total and intensity

Item	Unit	FY24-25	FY23-24
Scope 1[2]	tonnes	30.70	41.12
Scope 2[3]	tonnes	18.48	30.30
Scope 3[4]	tonnes	–	–
Total	tonnes	49.18	71.42
CO_2 equivalent emissions intensity	tonnes/employee	2.24	2.75
CO_2 equivalent emissions intensity	tonnes/HK$'000 revenue	0.00016	0.00015

The increase in GHG Emission during the reporting period is due to increase in business activates and size of the Group's workforce. The indirect emissions from purchased electricity consumed by the Group and other indirect emissions from water used increase due to various construction factors, such as the number of construction sites and the construction duration.

KPI A1.2: Greenhouse gas emissions in total



[2] Scope 1: Direct emission from sources that are owned or controlled by the Group. The carbon dioxide equivalent emissions was calculated based on the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" published by the Hong Kong Environmental Protection Department and Hong Kong Electrical and Mechanical Services Department.

[3] Scope 2: Indirect emissions from purchased electricity consumed by the Group. The carbon dioxide equivalent emissions from purchased electricity was calculated based on the emission factor obtained from the "2022 Sustainability Report" of CLP Group.

[4] Scope 3: Other indirect emissions from GHG emissions due to electricity used for fresh water processing by the Water Services Department and GHG emissions due to electricity used for sewage processing by the Drainage Services. In FY21-22, the water consumption in the office and construction sites during the reporting period was provided by the landlord or subcontractors, therefore consumption data is not available.

Hazardous and Non-hazardous Wastes

Hazardous wastes generated during our operating process mainly consisted of toner and batteries used in the office, which were collected or recycled by relevant service provider. In case of any hazardous wastes are produced in construction sites, we would have the wastes properly handled by the qualified contractor.

Non-hazardous wastes generated from the Group mainly include domestic waste and paper. Domestic waste was handled by the property management company and paper waste were recycled and reused. We have adopted several environmental friendly practices, which include:

– Encouraging double-sided printing and photocopying; and

– Promoting the usage of e-documents for internal and external communication.

The amount of non-hazardous wastes produced from the Group is not significant. The Group has also put effort in recycling/reusing waste papers. The amount of waste generated during the reporting period is as follows:

KPI A1.3 & A1.4: Total hazardous and non-hazardous waste produced and intensity

Item	Unit	FY24-25	FY23-24
Total hazardous waste produced	tonnes	2,189.80	175.30
Total non-hazardous waste produced	tonnes	25,931.70	126,945.10
Intensity of hazardous waste produced	tonnes/HK$'000 revenue	0.01	0.00
Intensity of hazardous waste produced	tonnes/employee	99.54	6.74
Intensity of non-hazardous waste produced	tonnes/HK$'000 revenue	0.09	0.26
Intensity of non-hazardous waste produced	tonnes/employee	1,178.71	4,882.50

The amount of the waste recycled during the reporting period is as follows:

Waste recycled/reused

Item	Unit	FY24-25	FY23-24
Paper	kg	118	118

USE OF RESOURCES

The Group places high priority on the efficient use of resources. We have adopted a set of guidelines to improve the efficient use of energy and water. Policy and control measure with continuous effort are required to minimize environmental impacts and promote efficient use of resources. The Group has adopted various policies and measures to tackle different kinds of potential impact to the environment. The policies and measures are regularly reviewed by the project team/supervisor to monitor the effectiveness and efficiency. In case the policies or measures cannot effectively minimize the nuisance or promote efficient use of resources, project team/supervisor shall advise other measures to further control the impacts. In addition, the Group considers the efficient use of resources on site or in the office, such as electricity and water, is of equal importance to emission policies.

We have set the designated location for collecting used papers for our colleagues to make use of them as recycling used papers for printing, re-use old envelopes for internal communication or drafting. To build up a paperless culture, we would prefer electronic documents used in daily operations (i.e. by emails, WhatsApp) instead of hard copy.

We have set up a good pantry equipped with a stream oven and instruments to make it convenient for our colleagues to bring their own lunch box instead of "takeaways" to reduce domestic rubbish.

Eco-friendly reminder labels were affixed at appropriate positions (near control panels) to remind our colleagues to set comfortable temperatures at 25°C and switch off computers/lighting while leaving the office/workstation to achieve our policy of saving energy. In addition, we would drive our effort on minimizing the consumption of electricity and petrol in line with our environmental protection policy by optimizing the use of electric devices, purchasing energy-efficient appliances and cleaning the air filter of air-conditioners regularly to improve cool airflow efficiency.

We did not have any issue on our water source operations, but we are still committed to promoting water conservation. We strived to reduce water usage and increase the overall water usage efficiency.

The Group did not consume packaging materials during our normal operations. As such, the data on the total amount of packaging materials consumed is not relevant to the Group.

Efficient use of resources not only can reduce waste and emissions from the sources, but also reduce operating expenses, which is mutually beneficial to the Group and the environment.

Through the implementation of the policies, measures and monitoring of their effectiveness, during the reporting period, the Group has successfully reduced its carbon footprint by controlling the intensity of emissions, waste produced and resources consumption. The Group shall continue to optimize the policies and measures in order to control or reduce the intensity of emissions, wasted produced and resources consumption in the future.

Energy

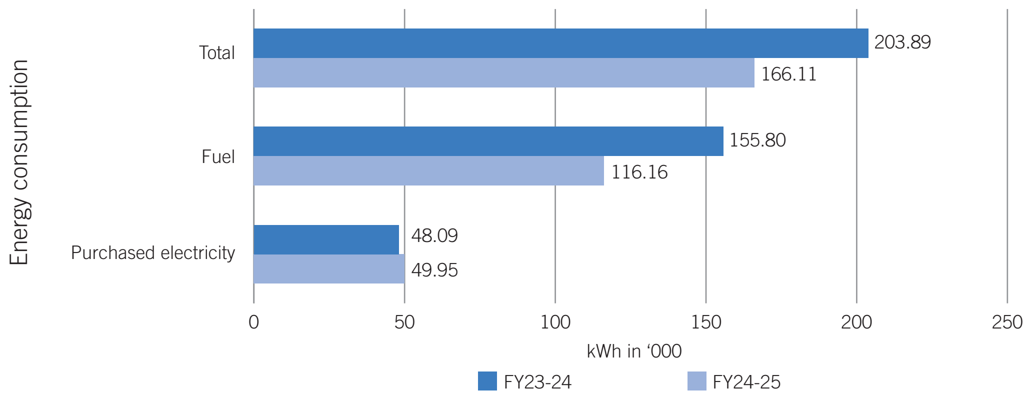
The Group aims to promote resource saving and implement suitable energy saving measures in order to improve the energy saving performance and reduce resource consumption as much as possible. For example, we would proactively switch off any unnecessary electrical appliances, and make use of light-emitting diode ("**LED**") bulbs which give higher efficiency. During the reporting period, the energy consumptions are as follows:

KPI A2.1: Direct and/or indirect energy consumption by type in total and intensity

Item	Unit	FY24-25	FY23-24
Purchased electricity	kWh in '000	49.95	48.09
Fuel[5]	kWh in '000	116.16	155.80
Total	kWh in '000	166.11	203.89
Energy consumption intensity	kWh in '000/employee	7.55	7.84
Energy consumption intensity	kWh in '000/HK$'000 revenue	0.0005	0.0004

The decrease in the total fuel energy consumption is due to the decrease of our usage of petrol of private cars and diesel oil as some of the machinery have been leased to customers during the reporting period.

KPI A2.1: Direct and/or indirect energy consumption by type in total



[5] The energy consumption of fuel was calculated based on the data obtained from the "Energy Statistics Manual" issued by the International Energy Agency.

Water

Another resource that we have used for the daily operation is water. Though the amount of water that we use or discharge is not significant due to our business nature, for saving the use of water, the Group also promotes water saving practices among our staff. For example, we encourage our staff not to keep running water taps while cleaning any stuff in pantry. The water consumption during the reporting period is as follow:

KPI A2.2: Water consumption in total and intensity

Item	Unit	FY24-25	FY23-24
Water consumption	m^3	25,632	10,801
Water consumption intensity	m^3/employee	1,165.09	415.42
Water consumption intensity	m^3/HK$'000 revenue	0.084	0.022

Packaging Material

As the Group's business is service focused, there were no significant amounts of packaging material used for finished products during the reporting period.

THE ENVIRONMENT AND NATURAL RESOURCES

As a registered specialist contractor, we recognise our impact on the environment in our daily project operations. To minimise the significant impact on the environment and natural resources, we are committed to carry out necessary measures mentioned in the sections headed "Emission" and "Use of Resources" in energy saving, emissions reduction and environmental protection. The Group would also promote environmental awareness amongst the customers, subcontractors, suppliers, business partners and other stakeholders aiming to mitigate the waste of resources as a whole.

RESPONSES TO CLIMATE CHANGE

The increase in climate change has led to extreme weather events such as global warming, rising sea level and drought, which may affect the Group's operation indirectly.

For minimizing potential impacts arising from extreme weather such as cyclones, flooding or hot weather, and heavy rainstorms affecting our construction site operation, we have laid down relevant safety procedures and control measures against such adverse weather including but not limited to:

– Execute emergency evacuation procedure in danger situation.

– Inspect to ensure site drainage system in proper function without blockages.

– Emergency team and equipment available for emergency actions.

– Enhance protection on slope and excavation surface.

– Strengthen to prevent surface water running out of the site area.

In addition, we would maintain a large supplier base to secure a stable materials supply in adverse weather conditions by selecting alternative suppliers to standby for backup if necessary.

In extreme hot weather, we would adopt a series of control measures for the prevention of hot stroke including the provision of sufficient drinking water points, shelter rest areas, air blowers, wet towels, short breaks etc. The Group has adopted energy conservation measures to manage such risks, which are detailed in the subsection headed "Use of Resources".

The Group would continuously monitor the climate-related risks and implement relevant measures to minimize the potential physical and transition risks caused by extreme weather conditions.

SOCIAL ASPECTS

Employment and Labour Practices

Employment

The Group values our employees as an important and valuable asset; and competent employees is the foundation for the long term business success of the Group. We have carried out different policies to stipulate key human resources management practices in working hours, equal opportunities, recruitment, promotion, resignation and compensation benefits. The Group's recruitment and promotion policies have to be followed with the principle of equal opportunities. All employees are hired based on the merits and treated equally, regardless of their nationality, age, race, gender, religion and marital status, etc.

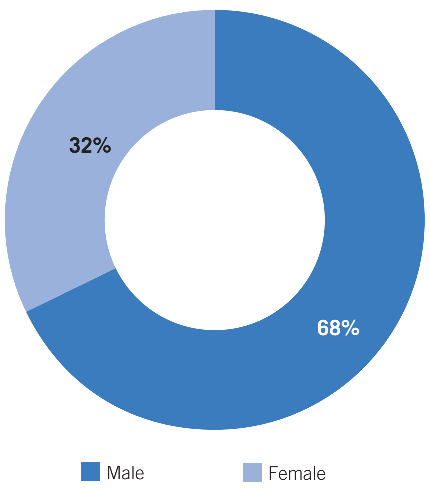
A tour of workplace and a formal introduction is provided to all the newly joined employees, aiming at sharing with them a better understanding of the Group. An employee handbook would also be provided to each of our employees for their understanding on the relevant policies and code of conduct of our Group.

The Group supports harmonious and work-life balance culture. Through organising annual dinner and employee gatherings during the reporting period, not only can the employees enjoy a relaxing moment, but also enhance their team spirit building and promote friendly working environment.

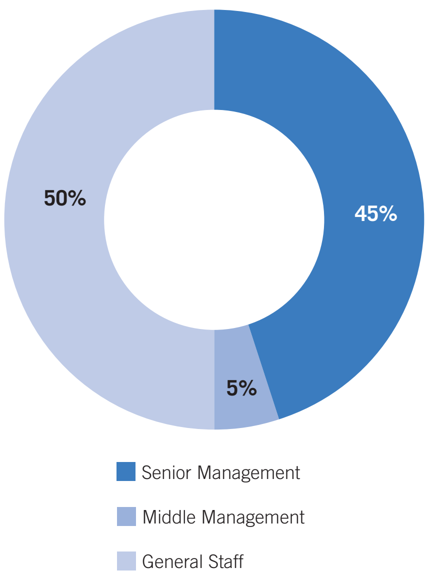
The adoption of these human resources policies and procedures also ensures the Group's compliance with the relevant labour laws and regulations where it operates, including the Employment Ordinance in Hong Kong. During the reporting period, we did not record material non-compliance incident relating to applicable employment laws and regulations.

At the end of the reporting period, the employee composition (in percentage of total staff) by gender, employee category, age group and geographical location are as follows:

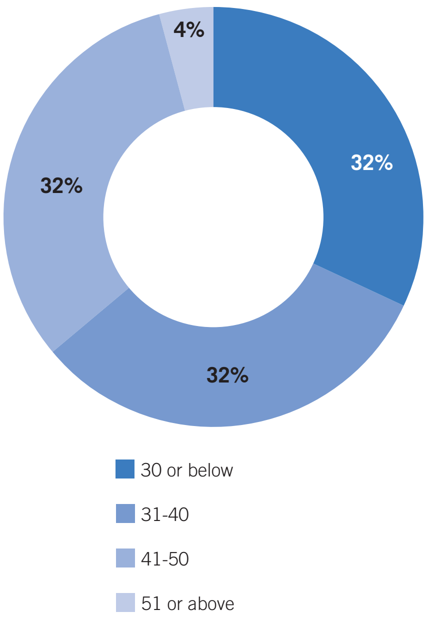
By Gender



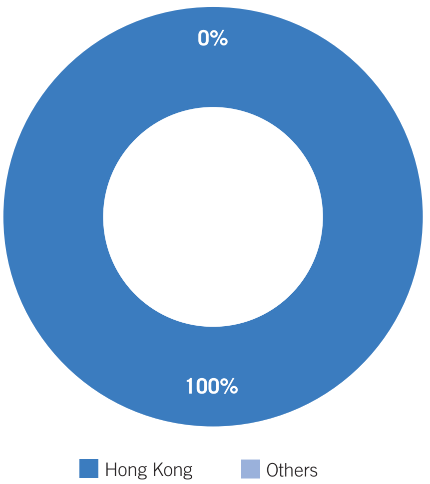
By Employment Category



By Age Group



By Geographical Location



The employee turnover rates by gender, age group and geographical region at the end of the reporting period are as follows:

KPI B1.2: Employee turnover rate by gender, age group and geographical region[6]

Category	FY24-25 Turnover Rate	FY23-24 Turnover Rate
Total workforce	18.18%	19.23%
Male	6.67%	22.22%
Female	42.86%	12.50%
30 years old or below	0.00%	66.67%
31-40 years old	28.57%	0.00%
41-50 years old	0.00%	40.00%
51 years old or above	28.57%	9.09%
Hong Kong	18.18%	19.23%
Others	0.00%	0.00%

6 Turnover rate by gender refers to total number of employee turnover of the gender group per the total number of employees of the corresponding gender group at the end of the year. Turnover rate by age group refers to total number of employee turnover of the age group per the total number of employees of the corresponding age group at the end of the year. Turnover rate by geographical region refers to total number of employee turnover of the region per the total number of employees of the corresponding region at the end of the year.

HEALTH AND SAFETY

The Group is committed to providing a safe and healthy workplace for all its employees. We take work safety seriously in all of our projects and have established measures to promote work safety and to ensure compliance with applicable laws and regulations. In this reporting period, there was no fatal accident and no suspension notice issued by the Labour Department.

We have adopted the following KPIs to monitor the current safety performance in the past three years.

Key Performance Indicator (KPI)	2022-23 (1/4/2022-31/3/2023)	2023-24 (1/4/2023-31/3/2024)	2024-25 (1/4/2024-31/3/2025)
Accident Rate per 1,000 employee	50.47	0.00	15.18
Day loss caused by the reportable accident	427	712	533
Nos. of Accident	5	0	0
Nos. of Fatal Accident	0	0	0
No of Suspension Notice issued by	0	0	0

In comparison with the figures of Accident Rate per 1,000 workers in Hong Kong in the past 3 years as announced by the Labour Department (Labour Department's Occupational Safety and Health Statistics Bulletin Issue No. 23 (August 2023), we could keep stay at the above position and we are still looking for continuous improvement to maintain such status.

Years	In 2022	In 2023	In 2024
Accident Rate per 1,000 Workers in Hong Kong Construction Industry	29.1	27.6	24.8

In our top management's commitment, we shall enforce the proper implementation of our safety and health policy as follows to secure our safety management system and build up our safety culture.

– Protect the safety and health of all persons employed and the public affected by the project operations.

– Comply with all relevant statutory and contractual safety and health requirements at all times.

– Ensure that all construction and project planning shall take into account the safety and health of all persons who may be affected by the work.

– Provide trained, experienced and competent management and professionals for the daily safety supervision and management.

– Provide and maintain plants, places and systems of work to ensure they are safe and without health risks.

– Provide all personnel with adequate information, instructions, safety training, supervision and all necessary protective equipment.

– Control, coordinate and monitor the activities of all Contractors in safety and health, effectively.

– Communicate and consult all relevant parties involved in the project on safety and health matters.

– Commit to ensure the policy is being understood, implementation and maintenance at all levels in the organization.

– Improve safety performance by regular monitoring and inspecting for all risk areas.

Apart from the above, our safety management system has been certified with ISO 45001:2018 through annual accredited audit which could identify the strong and weak areas of our safety and health management system for continual improvements.

All employees/site workers are required to attend site specific induction training to understand basic safety requirements and strengthen safety mindset and to receive tool box trainings on different safety subjects upon the actual training needs, on a regular basis to refresh their safety mindset.

We update our corporate safety manual annually as a main safety document leading all members to develop and implement our safety and health management system which consist of 14 key elements including safety policy, safety rules, safety training, safety inspection, accident investigation etc. All elements are developed physical actions implemented on site level from top to bottom, including site safety training on program, provision of suitable personal protective equipment, regular site safety inspection on schedule, regular site committee patrol and meeting etc.

To maintain efficient operation of safe work system, we would appoint external safety auditor to conduct regular safety audit to ascertain the effectiveness of safe working operation.

DEVELOPMENT AND TRAINING

The Group recognises the importance of providing our staff the opportunity to continuously improve the professional skill set and hence the quality of our services. The Group encourages the senior management and department heads to carry out proactive coaching and provide detailed guidance to the subordinates in order to meet their current and future business needs.

All of our new staff are provided with detailed orientation from which our staff would get an understanding of the job responsibilities, work safety as well as the corporate culture and policies. To ensure the staff bears with certain technical skills, on-the-job coaching would be provided to staff at different position. The Group also promotes lifelong learning among its staff and encourages staff to attend different external seminars or trainings such as first aid training course and safety supervisor training course.

The percentage of employees trained by gender and employee category are as follows:

KPI B3.1: The percentage of employees trained by gender and employee category

Category	FY24-25 Percentage	FY23-24 Percentage
Male	100%	88.89%
Female	100%	87.50%
Senior Management	100%	100%
Middle Management	100%	100%
General Staff	100%	81.25%
Total workforce	100%	100%

The average training hours completed per employee by gender and employee category are as follows:

KPI B3.2: The average training hours completed per employee by gender and employee category

Category	FY24-25 Average training hours completed	FY23-24 Average training hours completed
Male	11.73	9.06
Female	5.43	5.57
Senior Management	14.20	14.00
Middle Management	10.00	2.00
General Staff	5.64	4.31
Total workforce	0.10	0.13

LABOUR STANDARDS

The Group prohibits the employment of child labour and forced labour. We strictly comply with the relevant laws and regulations including the Employment Ordinance in Hong Kong. We have established transparent labour policies and dynamic reporting channels to ensure a fair labour practice is adopted. During the reporting period, the Group did not find any cases relating to child labour or forced labour.

OPERATING PRACTICES

Supply Chain Management

The Group relies on subcontractors and suppliers to provide different construction machinery and materials. We are fully aware of the potential environmental and social risks associated with our supply chain and are committed to reducing such risks in the collaboration with our subcontractors and suppliers. Before and during the engagement with our subcontractors and suppliers, we would carry out regular assessment on the supplier's corporate conditions, reputation, credibility as well as the quality of the services provided. The Group maintains a long-term strategic relationship with our subcontractors and suppliers based on the results from the assessment. More environmental friendly products or services should be procured when it is feasible, with a view to minimizing negative impacts to the environment and human health, and also conserving natural resources. During the Year, the Group's number of suppliers by geographical region, where the practices above are being implemented, are as follows:

- Hong Kong: 87
- Others: 0

SERVICES RESPONSIBILITY

We place the quality of our services as the utmost important focus in our operation. The Group is in strict compliance with the related laws and regulations, aiming to provide a high-quality standard of services to our customers. During the reporting period, the Group did not discover any significant risk exposure in relation to our services.

We have maintained a quality management system which follows the ISO 9001:2008 standards in order to execute the quality control policy of our Group. Our quality management system is part of our project quality plans which specify the steps to be carried out and complied with throughout the execution of our foundation projects from the pre-construction stage to maintenance stage. To ensure that our works meet the required standard, we normally assign one foreman on a full time basis at each of the construction sites to monitor the quality of foundation works done by our own staff and, as the case may be, our subcontractors. Our project managers visit the construction sites from time to time and monitor the work quality, the progress of construction work and ensure that the works are duly completed according to the implementation schedules.

During the reporting period, no complaints relating to the quality of services were received by the Group.

Intellectual Property Protection

Our Group protects intellectual property rights and regards it as an area of substantial importance. We would take active steps to protect our trademarks and other intellectual property rights by completing necessary filing and registration. For any new trademark to be licensed, the Group shall take all appropriate action to register and protect trademarks in the jurisdictions in which our operations are carried out.

Customer Information Protection

We fully respect customer data privacy. The Group is committed to preventing customer data leakage or loss and has taken proper measures to safeguard data integrity by restricting the access of confidential customer data. All collected customer personal data and property are only accessible by authorised personnel and handled with care. During the reporting period, there were no complaints received concerning breaches of customer privacy and loss of data.

Anti-corruption

The Group is committed and determined to maintain a culture of honesty and opposition to fraud and corruption, with zero tolerance towards any kind of bribery and money-laundering activities.

The Group implements related policies and procedures including an anti-fraud framework and whistle-blower program. These policies and procedures outline the principles to which we are committed to preventing, reporting and managing fraud, corruption and bribery. We have communicated with our employees on these policies and procedures throughout our daily operations. To prevent conflict interest, the Group has also identified procedures with relatively high risk on conflict of interest, such as project bidding, recruitment and promotion, etc. and established transparent policy to minimise its impact.

All of our employees are required to make a declaration to the management through the reporting channels once there is any actual or potential conflict of interest found. Employees cannot receive any gift from any external business parties unless prior approval is obtained from the management.

The Group regularly provides anti-corruption training for directors and employees to strengthen their awareness of integrity and self-discipline. During the reporting period, the Group has provided anti-corruption training material for 13 employees, managements and directors to self-study, with a total of 13 hours training with average 1 hour of training per person. The Group will continue to provide regular anti-corruption trainings to its directors and employees.

During the reporting period, the Group is not aware of any non-compliance or violation of any relevant laws and regulations in respect of anti-corruption and money laundering.

COMMUNITY

Community Investment

Contribution to the community and maintaining a harmonious and prosperous society are crucial for the sustainable development of the Group. Apart from our pursuit of the business development, we encourage our staff to actively participate in charitable activities and volunteer works, especially on those relating to environmental protection.

We have also encouraged our employees to participate in environmental and charitable activities, make donations to assist underprivileged students and engage in social services. We believe that the participation in activates that repay society can increase our employees' civic awareness and establish correct values. We will seek opportunities to identify suitable projects and contribute to the community and environment to bring positive progress to society.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company aims to achieve high standards of corporate governance which is crucial to the development of the Group and safeguard the interests of the shareholders.

The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, save for the deviation from code provision C.2.1 described in the paragraph headed "Chairman and Chief Executive Officer" below, the Company was in compliance with the code provisions set out in the CG Code during the year ended 31 March 2025.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Year.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**"). Pursuant to which, in considering the declaration and payment of dividends, the Board shall maintain adequate cash reserves for meeting its working capital requirements and future business growth and take into account the following factors of the Group:

a. operations and earnings;

b. business development;

c. capital requirements and surplus;

d. general financial conditions;

e. contractual restrictions (if any); and

f. any other factors that the Board consider appropriate.

The Board has discretion to declare and distribute dividends to the shareholders of the Company, subject to the Bye-laws and all applicable laws and regulations. The Board will review the Dividend Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of five Directors including two executive Directors and four independent non-executive Directors:

Executive Directors

Chow Kwok Chun *(Chairman and Chief Executive Officer)*
Leung Hing Wai

Independent Non-executive Directors

Ip Ka Ki
Tse Ka Ching Justin
Chan Wai Kit
Tam Yuk Yu (appointed on 28 November 2024)

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 51 to 54 under the section headed "Biographical Details of Directors and Senior Management".

Ms. Tam Yuk Yu, who was appointed to the Board on 28 November 2024, had obtained legal advice as required under Rule 3.09D of the Listing Rules on 19 November 2024 and she has confirmed that her understanding of the obligations as a director of a listed issuer.

Directors' Training

According to the code provision C.1.4 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development and provided to the Company a record of training they received for the period.

The individual training record of each Director received for the Year is summarised below:

Name of Directors	Attending seminars/ reading materials relevant to the director's duties
Chow Kwok Chun *(Chairman and Chief Executive Officer)*	√
Leung Hing Wai	√
Ip Ka Ki	√
Tse Ka Ching Justin	√
Chan Wai Kit	√
Tam Yuk Yu (appointed on 28 November 2024)	√

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code requires that the responsibilities between the chairman and the chief executive officer be segregated.

The Board is aware of the above deviation of code provision C.2.1. However, the Board believes that it is appropriate and in the interests of the Company for Mr. Chow to take up both roles at the present stage as it helps to ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning for the Group. The Board also believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with not less than half the number thereof being independent non-executive directors. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in the circumstances.

Code provision C.2.7 of the CG Code requires that the Chairman should at least annually hold meetings with the independent non-executive Directors without the other Directors present. During the Year, the Chairman held a meeting with the independent non-executive Directors without the presence of the other executive Director.

Independent Non-executive Directors

The independent non-executive Directors are appointed for a specific term and they are also subject to the retirement by rotation at least once every three years in accordance with the articles of association of the Company.

The four independent non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of construction, accounting and finance. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gave a confirmation of his independence to the Company, and the Company considered each of them is independent under Rule 3.13 of the Listing Rules.

Functions of the Board and Management

The Board is primarily responsible for establishing the overall strategies of the Group, setting objectives and business development plans, assuming responsibility of corporate governance and monitoring the performance of senior management.

The management, under the leadership of the executive Directors of the Company, is responsible for implementing the strategies and plans established by the Board and reporting on the Group's operations to the Board on a regular basis to ensure effective performance of the Board's responsibilities.

All the Directors have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request. All the Directors have been provided with monthly updates on the Group's performance and financial position to enable the Board as a whole and each Director to discharge their duties.

Board Diversity Policy

The Board adopted a board diversity policy on 30 November 2017 (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of diversity in the Board and is committed to enhancing quality of opportunity in all aspects of its business. The Company seeks to achieve Board diversity through the consideration against a range of objective criteria, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

The Board delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Nomination Committee will make recommendations to the Board on measurable objectives for achieving diversity of the Board and monitor the progress on achieving the objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

Board Meetings

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and propose matters to be discussed in the meeting agenda. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meeting to ensure that the Directors are given sufficient time to review the documents.

During the year ended 31 March 2025, the Board held 4 meetings and 1 annual general meeting. The attendance record of each Director is set out below:

Name of Directors	Attendance/Number of meeting held Regular board meetings	AGM
Executive Directors		
Mr. Chow Kwok Chun *(Chairman and Chief Executive Officer)*	4/4	1/1
Mr. Leung Hing Wai	4/4	1/1
Independent Non-executive Directors		
Mr. Ip Ka Ki	4/4	1/1
Mr. Tse Ka Ching Justin	4/4	1/1
Mr. Chan Wai Kit	4/4	1/1
Ms. Tam Yuk Yu (appointed on 28 November 2024)	1/1	Not applicable

Board minutes are kept by the Company secretary of the Company (the "**Company Secretary**") and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

Appropriate insurance cover has been arranged by the Company in respect of relevant actions against its Directors.

NOMINATION COMMITTEE

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Company established the Nomination Committee with written terms of reference on 30 November 2017 and currently consists of one executive Director and two independent non-executive Directors, namely Mr. Chow Kwok Chun (as chairman), Mr. Ip Ka Ki and Mr. Tse Ka Ching Justin. The terms of reference of the Nomination Committee is currently made available on the websites of the Stock Exchange and the Company. The terms of reference of the Nomination Committee have been revised pursuant to a Board resolution passed on 26 June 2025.

Terms of reference of the Nomination Committee are aligned with the code provisions set out in the CG Code.

The primary duties and roles of the Nomination Committee include, but are not limited to, (a) reviewing the structure, size and composition and diversity (including the skills, knowledge, educational background, experience and diversity) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board in the selection of individuals nominated for directorships; and (c) assessing the independence of independent non-executive Directors.

In considering the composition of the Board, the Board diversity will been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, ethnicity, professional experience, skills and knowledge, length of services and time to be devoted as a director in accordance with the Board Diversity Policy. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 March 2025, the Nomination Committee held two meetings.

Name of Members	Number of attendance
Mr. Chow Kwok Chun *(Chairman)*	2/2
Mr. Ip Ka Ki	2/2
Mr. Tse Ka Ching Justin	2/2

During the meetings of the Nomination Committee, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- the structure, size and composition of the Board with due regard of the Board Diversity Policy;
- implementation and effectiveness of the Board Diversity Policy;
- Independence of the Independent Non-executive Directors;
- implementation and effectiveness of the Board's mechanisms to ensure independent views and inputs are available;
- preparation and nomination for appointment of Ms. Tam Yuk Yu as our new Independent Non-executive Director; and
- consideration of the next Board evaluation.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee with written terms of reference on 30 November 2017 and currently consists of one executive Director and three independent non-executive Directors, namely Mr. Ip Ka Ki (as chairman), Mr. Chow Kwok Chun, Mr. Chan Wai Kit and Ms. Tam Yuk Yu. The terms of reference of the Remuneration Committee is currently made available on the Stock Exchange's website and the Company's website.

Terms of reference of the Remuneration Committee are aligned with the code provisions set out in the CG Code.

The primary duties and roles of the Remuneration Committee include, but not limited to, (a) making recommendations to the Board on the policy and structure for the remuneration of all of Directors and senior management personnel and on the establishment of a formal and transparent procedure for developing the policy on such remuneration; (b) making recommendations to the Board on the specific remuneration packages of individual executive Directors and senior management; (c) reviewing and approving management's remuneration proposals with reference to the Board's corporate goals and objectives; and (d) making recommendations to the Board on the remuneration of non-executive Directors.

During the year ended 31 March 2025, the Remuneration Committee held four meetings.

Name of Members	Number of attendance
Mr. Ip Ka Ki *(Chairman)*	4/4
Mr. Chow Kwok Chun	4/4
Mr. Chan Wai Kit	4/4
Ms. Tam Yuk Yu (appointed on 28 November 2024)	1/1

During the four meetings of the Remuneration Committee, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- external market benchmark and internal salary positioning review for the Group; and
- remuneration package of Chairman, Executive Directors, Chief Executive Officer and other senior management members based on individual performance appraisal.

The emoluments payable to Directors and senior management depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in Note 14 to the consolidated financial statements.

Senior Management's Remuneration

Senior management's remuneration for the Year falls within the following bands:

	Number of individuals
Nil to HK$1,000,000	–
HK$1,000,001 to HK$2,000,000	1
HK$2,000,001 to HK$3,000,000	–
HK$3,000,001 to HK$4,000,000	1
HK$4,000,001 to HK$5,000,000	1

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference on 30 November 2017 and revised on 28 December 2018 and currently consists of four independent non-executive Directors, namely Mr. Tse Ka Ching Justin (as chairman), Mr. Ip Ka Ki, Mr. Chan Wai Kit and Ms. Tam Yuk Yu. The terms of reference of the Audit Committee is currently made available on the websites of the Stock Exchange and the Company.

Terms of reference of the Audit Committee are aligned with the code provisions set out in the CG Code.

The primary duties and roles of the Audit Committee include, but not limited to, (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (c) reviewing the financial controls, risk management and internal control systems of the Group.

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

During the year ended 31 March 2025, the Audit Committee held two meetings.

Name of Members	Number of attendance
Mr. Ip Ka Ki	2/2
Mr. Tse Ka Ching Justin	2/2
Mr. Chan Wai Kit	2/2
Ms. Tam Yuk Yu (appointed on 28 November 2024)	Not applicable

During the two meetings of the Audit Committee, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- engagement of external auditor, independence and remuneration of external auditor;
- audit findings by external auditor and related management responses, as well as development in accounting standards and its effects on the Group;
- financial reporting system, accounting policies and practices, annual and interim results announcements and financial statements;
- Corporate governance practices and policies, compliance with CG Code and disclosure in Corporate Governance Report;
- internal audit relating to the Company's ESG reporting; and
- adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's internal audit, accounting and financial reporting functions, as well as those relating to ESG performance and reporting.

The Audit Committee noted the existing risk management and internal control systems of the Group and also noted that review of the same will be carried out annually.

The accounts for the Year were audited by CCTH CPA Limited whose term of office will expire upon the conclusion of the forthcoming annual general meeting of the Company ("**2025 AGM**"). The Audit Committee has recommended to the Board that CCTH CPA Limited be re-appointed as the auditors of the Company at the 2025 AGM.

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance functions are performed by the Board.

The corporate governance functions are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements, to oversee the Company's orientation program for new Director, to review and monitor the training and continuous professional development of Directors and senior management, to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors, and to review the Company's disclosure in the Corporate Governance Report.

AUDITOR'S REMUNERATION

During the Year, the remuneration paid/payable to the Company's auditor are set out below:

	Fee paid/payable HK$'000
Audit services	910

COMPANY SECRETARY

The Company has appointed Mr. Leung Cheuk Hei, who is an employee of the Company, as its Company Secretary. Mr. Leung Cheuk Hei has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training. The biography of Mr. Leung Cheuk Hei is set out in the section headed "Biographical Details of Directors and Senior Management" of this report.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Shareholders to convene an EGM

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Office D, 16/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong, for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted at the EGM. The Requisition must be signed by the Eligible Shareholder(s) concerned.

The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will request the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder at the EGM.

Putting enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong at Office D, 16/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong by post or by email to stanleyleung@vicon.hk.

Procedures for shareholders to propose a person for election as a Director

If a shareholder of the Company wishes to propose a person other than a director of the Company for election as a Director, the Shareholder must deposit a written notice (the "**Notice**") to the principal place of business of the Company in Hong Kong at Office D, 16/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong, or the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited ("**Share Registrar**"), at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for the attention of the Company Secretary.

The Notice must state clearly the name, the contact information of the Shareholder and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and be signed by the Shareholder concerned (other than the person to be proposed). The Notice must also be accompanied by a letter of consent (the "**Letter**") signed by the person proposed to be elected on his/her willingness to be elected as a Director.

The period for lodgment of the Notice and the Letter will commence no earlier than the day after the despatch of the notice by the Company of the general meeting appointed for election of Directors and end no later than seven days prior to the date of such general meeting.

The Notice will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Nomination Committee and the Board to consider to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

Procedures for shareholders to put forward proposals at general meetings

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her/its proposal (the "**Proposal**") with his/her/its detailed contact information at the principal place of business of the Company in Hong Kong, with a copy of the Proposal served to the Company's share registrar in Hong Kong at their respective address and contact details set out on page 2 of this annual report.

The request will be verified with the Company's share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the shareholders for consideration of the Proposal raised by the shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than twenty-one clear days and not less than twenty clear business days in writing if the Proposal requires approval in an annual general meeting of the Company; and

(2) Notice of not less than fourteen clear days and not less than ten clear business days in writing if the Proposal requires approval in an extraordinary general meeting of the Company.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of 2025 AGM will be voted by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders.

Information of the Company is disseminated to the shareholders in the following manner:

- Delivery of annual and interim reports to all shareholders;

- Publication of announcements on the annual and interim results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and

- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's consolidated financial statements for each financial year which give a true and fair view of the financial position of the Group and of the financial performance and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 March 2025, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

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

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledge that it is responsible for the risk management and internal control systems and reviewing their effectiveness. The internal control systems of the Group are structured to assist in the achievement of the Group's goals, to safeguard the Group's assets and to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, who oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the Year. A review of the effectiveness of the risk management and internal control systems have been conducted by the Board at least annually.

Risk management

The Company has already reviewed its risk management framework and processes and has implemented relevant measures resulting from this exercise that aim to enhance its framework and processes. In particular, the Company has developed, approved and implemented a risk management system, which is defined and supported by its endorsed risk management policy. The system comprises the following phases:

- *Identification:* Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- *Analysis:* Analyze the existing control, likelihood and consequence of risks and evaluate the risk portfolio accordingly.

- *Management:* Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Internal control measures

The internal control system of the Group covers its major business aspects such as revenue management, expenditure management, human resources and payroll, cash and treasury management, financial reporting, compliance and information technology. The internal control measures are supervised by management team including executive Directors of the Company. The management team is responsible to identify risks and internal control deficiencies, evaluate the internal control system of the Group from time to time and implementing additional control measures, if necessary, to improve the internal control system. Results of the internal assessments, internal surveys and routine inspections would be reported to the Audit Committee of the Board, which is responsible to review the financial information and supervise the financial reporting system and internal controls system of the Group.

Internal audit function

The Board conducted an annual review on the effectiveness of risk management and internal control systems, covering all material controls such as financial, operational and compliance controls. In addition, the Board has appointed an internal control review consultant to review the internal control systems of the Group on an on-going basis. For the Year, the review covered key processes of project tendering, payment processing and administration, payroll and legal and compliance of the Group. Such review shall be conducted annually. The Board considered that the risk management and internal control systems of the Company for the Year were effective and adequate.

Handling and dissemination of inside information

With respect to the monitoring and disclosure of inside information, our Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

Whistle-blowing policy

A Whistle-blowing Policy has been implemented to promote a culture of compliance, ethical behavior, and good corporate governance. This Whistleblowing Policy is designed to encourage employees or those who deal with the Company to raise serious concerns, without fear of reprisal or victimisation, in a responsible and effective manner rather than overlooking a problem or blowing the whistle outside.

The Whistle-blowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness, and the Company Secretary receives reports on the nature, status, and results of any complaints received under the policy.

No incident of fraud or misconduct that have material effect on the Company's financial statements or overall operations for the year ended 31 March 2025 has been discovered.

Anti-corruption policy

The Group has implemented an anti-corruption policy that applies to all of its employees, and is included in the Group's staff manual. The Group is fully committed to upholding the highest standards of integrity and ethical behavior in all of its business activities. The policy requires employees to act with integrity and to report any suspected cases of bribery, corruption, or money laundering to management or the Audit Committee.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chow Kwok Chun ("Mr. Chow"), aged 48, was appointed as our Director on 13 January 2016, and re-designated as an executive Director and chairman of our Board on 13 May 2017. He was appointed as the Chief Executive Officer on 21 December 2021. He is mainly responsible for our Group's overall strategic planning and overseeing the general management of our Group. Mr. Chow is also the chairman of the nomination committee and a member of the remuneration committee of our Board. Mr. Chow became one of the shareholders of Vicon Construction Company Limited ("**Vicon Construction**") in April 2007 and has been a director of Vicon Construction since April 2007 and Vicon Machinery Company Limited ("**Vicon Machinery**") since November 2013.

Mr. Chow obtained a Bachelor of Engineering in Civil Engineering and a Master of Science in Geotechnical Engineering from University of Newcastle Upon Tyne in July 2000 and May 2004 respectively.

Mr. Chow has accumulated about 21 years of experience in the construction industry.

Mr. Leung Hing Wai ("Mr. Leung"), aged 41, was appointed as our Director on 21 December 2021.

Mr. Leung is our design manager who is mainly responsible for preparation of temporary work design and alternative design for foundation works for our Company and its subsidiaries (the "**Group**"). He holds a Bachelor of Engineering in Civil and Structural Engineering and a Master of Science in Construction Law and Dispute Resolution, both obtained from The Hong Kong Polytechnic University in December 2007 and March 2018, respectively.

Mr. Leung has accumulated over 16 years of experience in civil, building and foundation construction works. Mr. Leung has been admitted as member of The Hong Kong Institution of Engineers since May 2012. He has also been a Registered Professional Engineer of Engineers Registration Board since October 2013.

Mr. Leung first joined our Group as a site agent in May 2012 and left in September 2018 with position last held as principal engineer and rejoined our Group as design manager in September 2021. Prior to rejoining our Group, Mr. Leung was employed by Shunlee Engineering Corporation Limited, a company principally engaged in the foundation works in Hong Kong, from October 2018 to September 2021 with his last position as project director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ip Ka Ki ("Mr. Ip"), aged 45, was appointed as our independent non-executive Director on 30 November 2017. He is also the chairman of the remuneration committee, a member of the audit committee and a member of the nomination committee of our Board.

Mr. Ip obtained his Bachelor of Business Administration in Accountancy degree from Lingnan University in November 2003. He has been Member of The Association of Chartered Certified Accountant since 2007 and Associate of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) since 2015.

Mr. Ip has been the assistant financial controller and the company secretary of Imperium Group Global Holdings Limited (stock code: 0776) (formerly known as JF Household Furnishings Limited) since 2011 and April 2017, respectively. From 2006 to 2011, he worked for Shinewing (HK) CPA Limited, an accountancy company, with his last position as assistant manager and was responsible for providing audit works for listed companies. During the period from August 2016 to November 2016, he was an executive director of Grand Peace Group Holdings Limited (stock code: 8108). During the period from August 2022 to October 2022, he was an independent non-executive director of Crown International Corporation Limited (stock code: 727).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Wai Kit ("Mr. Chan"), aged 42, was appointed as our independent non-executive Director on 27 September 2021. He is also a member of the audit committee and the remuneration committee of our Board.

Mr. Chan holds a Bachelor Degree in Information Systems and a Master Degree of Accounting from Curtin University of Technology, Australia. He has been appointed as a committee member of the 9th Committee of Maoming City of The Chinese People's Political Consultative Conference since January 2017. He has extensive experience in information technology, accounting, finance, corporate governance, strategic planning, as well as merger and acquisition.

Mr. Chan is a committee member of the 9th and 10th Committee of Maoming City of the Chinese Peoples Political Consultative Conference since January 2017. He is an executive director of Yong Tai Berhad (Stock Code: 7066), a public company listed on the Main Market of Bursa Malaysia Securities Berhad since November 2019. He is an executive director of Mobile Internet (China) Holdings Limited (stock code: 1439), a company listed on the Main Board of the Stock Exchange since March 2023. He is an independent non-executive director of China Tontine Wines Group Limited (stock code: 389), a company listed on the Main Board of the Stock Exchange since September 2024. Mr. Chan was an executive director, an authorised representative and a compliance officer of Aurum Pacific (China) Group Limited (stock code: 8148), a company listed on the GEM of Stock Exchange from October 2014 to November 2018. He was the chairman and executive director of PPS International (Holdings) Limited (stock code: 8201), a company listed on the GEM of the Stock Exchange from June 2015 to July 2016. He was also an executive director of China Taifeng Beddings Holdings Limited (stock code: 873), a company listed on the Main Board of the Stock Exchange from July 2016 to August 2016. He was also an executive director of Green Energy Group Limited (stock code: 979), a company listed on the Main Board of the Stock Exchange from February 2017 to July 2017. He was also an executive director of Elegance Optical International Holdings Limited (stock code: 907), a company listed on the Main Board of the Stock Exchange from May 2017 to April 2018. He was also an independent non-executive director of Huiyin Holdings Group Limited (formerly known as Share Economy Group Limited) (stock code: 1178), a company listed on the Main Board of the Stock Exchange from December 2017 to October 2018. He was also an independent non-executive director of Ding He Mining Holdings Limited (stock code: 705), a company listed on the Main Board of the Stock Exchange from January 2018 to July 2018. He was also a non-executive director of Evershine Group Holdings Limited (stock code: 8022), a company listed on the GEM of the Stock Exchange from May 2017 to January 2022. He was an executive director of Asia Television Holdings Limited (Stock Code: 707), a company listed on the Main Board of the Stock Exchange from November 2018 to March 2023.

Mr. Tse Ka Ching Justin ("Mr. Tse"), aged 38, was appointed as our independent non-executive Director on 30 May 2019. He is also the chairman of the audit committee, a member of the nomination committee and a member of the remuneration committee of our Board. Mr. Tse obtained a bachelor of science degree with honours in human biology in the University of Toronto in Canada in June 2009. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2014. Mr. Tse worked in KPMG from August 2010 to April 2018 with his last position held was audit manager. Mr. Tse is currently the Group Financial Controller at Pacific Tiger Group Limited. From September 2018 to March 2023, he was an independent non-executive director of Hang Yick Holdings Company Limited (stock code: 1894), a company listed on the Main Board of the Stock Exchange.

Ms. Tam Yuk Yu ("**Ms. Tam**"), aged 38, was appointed as our independent non-executive Director on 28 November 2024. She is also a member of the audit committee and the remuneration committee of our Board.

Ms. Tam has over ten years of experience in the field of accounting and audit. Ms. Tam joined KPMG as an audit associate in July 2008, where she remained until March 2013 with her last position as assistant manager. From March 2013 to March 2014, she was finance manager at China Merchants Finance Holdings Co., Ltd, a subsidiary of China Merchants Group. From August 2014 to June 2015, she was an audit senior at Wong C. Fung & Co. From July 2015 to July 2017, Ms. Tam joined B. & McK. Services Limited as assistant billing manager in the accounts department. From February 2018 until January 2023, Ms. Tam was a senior accountant at Philip Morris Asia Limited. Ms. Tam obtained a Bachelor in Business Administration from the Hong Kong University of Science and Technology in 2008. She has been a member of the Hong Kong Institute of Certified Public Accountants since January 2012. She is an independent non-executive director of Strong Petrochemical Holdings Limited (stock code: 852), a company listed on the Main Board of the Stock Exchange since January 2025.

Ms. Tam has entered into a letter of appointment with the Company for a term of three years. She is entitled to remuneration of HK$180,000 per annum, which is based on her duties and responsibilities in the Company, the prevailing market rate and the remuneration policy of the Company. Ms. Tam's appointment is subject to retirement by rotation at annual general meeting of the Company, and she shall be eligible for re-election in accordance with the articles of association of the Company.

SENIOR MANAGEMENT

Mr. Chow Kwok Chun is our executive Director and chief executive officer. Please refer to the section headed "Executive Directors" above in this annual report for his biographical information.

Mr. Leung Hing Wai is our executive Director and technical director. Please refer to the section headed "Executive Directors" above in this annual report for his biological information.

Mr. Tsang Hing Kuen ("Mr. Tsang"), aged 56, is our project director. He was appointed as our Director on 13 January 2016, and re-designated as an executive Director and our chief executive officer on 13 May 2017. Mr. Tsang resigned from his role as executive Director and chief executive officer on 21 December 2021 but remains a member of the senior management of our Group. Mr. Tsang is in charge of the overall management of our Group's projects. Mr. Tsang has accumulated about 28 years of experience in building construction business in Hong Kong. Mr. Tsang joined our Group in June 2012 and has been a director of Vicon Construction since June 2012 and Vicon Machinery since November 2013.

Mr. Tsang obtained a Bachelor of Engineering in Civil Engineering and a Master of Business Administration from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in October 1992 and from the University of Wollongong, New South Wales, Australia, in August 2005 respectively. Mr. Tsang also obtained a Postgraduate Certificate in Hong Kong Law from City University of Hong Kong in November 2000.

Mr. Tsang has the following professional qualifications:

Qualifications	Year of award	Conferring departments or institutions
Authorised Signatory and Technical Director for Vicon Construction as Specialist Contractor in the Site Formation Works Category	June 2019	Buildings Department
Authorised Signatory and Technical Director for Vicon Construction as General Building Contractor	September 2015	Buildings Department
Authorised Signatory and Technical Director for Vicon Construction as Specialist Contractor in the Foundation Works Category	August 2015	Buildings Department
Class 1 Registered Structural Engineer	July 2001	National Administration Board of Engineering Registration (Structural), the PRC
Registered professional engineer (structural)	March 1997	Hong Kong Engineers Registration Board
Member in civil discipline	September 1997	Hong Kong Institute of Engineers
Member in the structural discipline	April 1996	Hong Kong Institute of Engineers
Member	November 1995	Institute of Structural Engineers in the United Kingdom

COMPANY SECRETARY

Mr. Leung Cheuk Hei ("Mr. CH Leung"), aged 40, is our financial controller and the company secretary of our Company. Mr. CH Leung joined us in April 2016 and is responsible for our financial reporting, financial planning, treasury, financial control and company secretary matters. Prior to joining us, Mr. CH Leung was the company secretary and financial controller of KSL Holdings Limited (stock code: 8170) from September 2014 to April 2016. From July 2007 to September 2014, he was employed by KPMG and his last position held was manager.

Mr. CH Leung obtained a Bachelor of Economics and Finance degree from The University of Hong Kong in 2007 and a Master Degree in Business Administration from The Hong Kong Polytechnic University in 2020. Mr. CH Leung is a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. CH Leung is a Chartered Secretary, a Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).

DIRECTORS' REPORT

The Directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the Year.

REORGANISATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 January 2016 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance, Cap. 622 (Laws of Hong Kong) on 25 February 2016. Pursuant to the completion of the reorganisation as detailed in the section headed "History, Development and Reorganisation" in the Prospectus to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group.

The Shares of the Company were listed on the Main Board of the Stock Exchange on 22 December 2017 through Share Offer as described in the section headed "Structure and Conditions of the Share Offer" in the Prospectus.

PRINCIPAL ACTIVITIES

The Company is an investment company and its subsidiaries are principally engaged in the foundation works and ancillary services and leasing of construction machinery in Hong Kong.

BUSINESS REVIEW

A review of the business of the Group for the Year and a discussion on the Group's future business development, and also the Group's performance during the Year are provided in the section headed "Management Discussion and Analysis" on pages 5 to 11. No important event affecting the Group has occurred since the end of the year under review.

Principal Risks and Uncertainties

There are certain risks involved in our Group's operations, many of which are beyond the Group's control, including but not limited to those relating to our business and the industry. Some of the major risks the Group facing include the following:

- the gross profit margin depends on the tender price of each project, which in turn is based on the estimated costs and time to be involved
- the Company requires various registrations, licenses and certifications to operate the Group's business in Hong Kong
- personal injuries, property damages or fatal accidents may occur at work sites
- any changes in environmental requirements may increase the Group's compliance costs
- the Group operates in a competitive foundation works services industry

Detailed discussion of the risk factors is set out in the section headed "Risk Factors" in the Prospectus.

Environmental Policy and Performance

The Environment, Social and Governance Report of the Company for the Year contained the information required under Appendix 27 to the Listing Rules is set out on pages 12 to 37 of this report.

Compliance with the Relevant Laws and Regulations

During the year under review, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operation of the Group.

Key Relationships with Employees, Customers, Subcontractors and Suppliers

The Group recognises that employees are one of the significant assets of the Group. The Group aims to continue establishing a caring environment to employees and emphasis the personal development of its employees.

The Group maintains a good relationship with our customers, subcontractors and suppliers. The Group aims to continue providing quality services to our customers and establishing cooperation strategy with our subcontractors and suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 75.

The Board does not recommend the payment of a final dividend for the Year (2024: Nil).

CHARITABLE DONATIONS

During the Year, the Group made a charitable donations amounted to HK$0.2 million (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the forthcoming 2025 AGM to be held on Thursday, 11 September 2025, the register of members of the Company will be closed from Friday, 5 September 2025 to Thursday, 11 September 2025, both days inclusive, during the period no transfer of shares will be registered. All transfers documents accompanied by the relevant share certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 September 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the Year in the property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company's reserves available for distribution to the shareholders amounted to approximately HK$101.3 million (2024: HK$102.6 million).

SHARE CAPITAL

Details of the movements in the share capital during the Year are set out in Note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2025.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

GROUP FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 144 of this report.

DIRECTORS

The list of Directors of the Company and up to the date of this annual report is set out below:

Executive Directors

Mr. Chow Kwok Chun *(Chairman and Chief Executive Officer)*
Mr. Leung Hing Wai

Independent Non-executive Directors

Mr. Ip Ka Ki
Mr. Tse Ka Ching Justin
Mr. Chan Wai Kit
Ms. Tam Yuk Yu (appointed on 28 November 2024)

Pursuant to Article 84(1) of the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to the retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Further, pursuant to Article 83 of the articles of association of the Company, any person appointed by the Board to fill a casual vacancy on or as an addition to the Board shall hold office only until the next following annual general meeting of the Company after his appointment, and shall be eligible for re-election. Accordingly, Mr. Chow Kwok Chun, Mr. Chan Wai Kit and Ms. Tam Yuk Yu shall retire from office at the AGM and, being eligible, will offer themselves for re-election at the 2025 AGM.

DIRECTORS' SERVICE CONTRACTS

On 21 December 2024, each of the executive Directors has entered into a service agreement with the Company for a term of one year commencing from 21 December 2024. Either party has the right to terminate the service agreement by giving not less than one month's written notice to the other party.

Our independent non-executive Director, Mr. Ip Ka Ki has entered into a letter of appointment with the Company for a term of three years commencing from 22 December 2022. Our independent non-executive Director, Mr. Chan Wai Kit has entered into a letter of appointment with the Company for a term of three years commencing from 27 September 2024. Our independent non-executive Director, Mr. Tse Ka Ching Justin, has entered into a letter of appointment with the Company for a term of three years effective from 30 May 2022. Mr. Tam Yuk Yu has entered into a letter of appointment with the Company for a term of three years commencing from 28 November 2024. Either party has the right to terminate the letter of appointment by giving not less than one month's written notice to the other party.

None of the Directors who are proposed for re-election at the 2025 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 30 to the consolidated financial statements. The Directors consider that those related party transactions did not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. The Group has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their associates to acquire benefits by means of acquisition of shares in or debentures of, the Company or in any other body corporate.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transaction, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly subsisted at 31 March 2025 or at any time during the Year.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between the Group, or any of its subsidiaries, and any of the Company's controlling shareholders or any of their subsidiaries during the year ended 31 March 2025.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2025, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, are set out below:

(i) Long positions in our Shares

Name of Directors	Capacity	Long position/ Short position	Number of shares/ underlying shares held	Approximate percentage of the issued share capital of the Company	Note
Chow Kwok Chun	Interest in a controlled corporation	Long position	150,000,000	31.3%	1

Note:

1. The 150,000,000 shares are held through Vic Group Holdings Limited ("**VGH**"), which is wholly-owned by Mr. Chow Kwok Chun.

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

Name of Director	Name of associated corporation	Capacity	Long position/ short position	Number of shares held in the associated corporation	Percentage of shareholding
Mr. Chow Kwok Chun	VGH	Beneficial owner	Long position	1 share	100%

Save as disclosed above, none of the Directors, or chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2025.

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2025, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests of the Directors and the chief executives of the Company, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Name	Capacity	Long position/Short position	Number of shares/ underlying shares held	Approximate percentage of the issued share capital of the Company	Notes
VGH	Beneficial owner	Long position	150,000,000	31.3%	1
Ms. Hon Yuk Hung	Interest of spouse	Long position	150,000,000	31.3%	2

Notes:

1. VGH is wholly-owned by Mr. Chow Kwok Chun.

2. Ms. Hon Yuk Hung is the spouse of Mr. Chow Kwok Chun. Ms. Hon Yuk Hung is deemed to be interested in all the Shares which are interested by Mr. Chow Kwok Chun by virtue of the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 March 2025.

SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the Company's then shareholders passed on 30 November 2017. As of the date of this report, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme. As of the date of this report, the Scheme has a remaining life of approximately two years.

Purpose of the Scheme

The Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions eligible participants had or may have made to our Group. The Scheme will provide eligible participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate eligible participants to optimise their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with eligible participants whose contributions are or will be beneficial to the long-term growth of our Group.

Participants of the Scheme

The Board may, at its discretion, offer to grant an option to the following persons:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries;

(iii) any advisers (professional or otherwise), consultants, suppliers, customers and agents to our Company or any of its subsidiaries; and

(iv) related entities who, in the sole opinion of the Board, will contribute or have contributed to our Group.

Shares available for issuance

The maximum number of the Shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date, being 40,000,000 Shares. The Company may, subject to the issue of a circular, the shareholders' approval in general meeting and/or such other requirements prescribed under the Listing Rules, refresh this limit at any time to 10% of the Shares in issue as at the date of the Shareholders' approval and/or grant options beyond the 10% limit to eligible participants specifically identified by the Board. The above is subject to the condition that the maximum number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of the Company (including the Scheme) if this will result in the 30% limit being exceeded.

As at the date of this report, the outstanding number of share options available for grant under the Scheme is 40,000,000 share options to subscribe for the Shares, representing approximately 8.3% of the issued share capital of the Company. The total number of shares available for grant under the Scheme as at 1 April 2024 and 31 March 2025 were 40,000,000 shares.

Maximum entitlement of each eligible participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular, the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules.

Time for exercising option and duration of the Scheme

An option may be exercised in accordance with the terms of the Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised otherwise imposed by the Directors.

Payment on acceptance of the option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Basis of determining exercise price of the option

The subscription price of a Share in respect of any particular option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

The Company is aware that amendments were made to Chapter 17 of the Listing Rules, which came into effect on 1 January 2023, which include, among others, revising the scope of eligible participants of share option schemes and setting out the minimum vesting period requirements. The Company will only grant the share options in compliance with the amended Chapter 17 of the Listing Rules. Going forward, the Company will consider to amend the Scheme so as to comply with the new requirements under Chapter 17 of the Listing Rules, in any event not later than the refreshment or expiry of the scheme mandate; or to adopt a new share option scheme that comply with the requirements under the amended Chapter 17 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

Mr. Chow Kwok Chun, Mr. Tsang Hing Kuen, Mr. Leung Kim Lim, Mr. Liu Jin Fai, VGH and On Group Holdings Limited (together, the "**Covenantors**") have entered into the deed of non-competition on 30 November 2017 (the "**NCU**") in favour of the Company (for itself and as trustee for each of its subsidiaries from time to time), under which each of the Covenantors has jointly and severally undertaken to the Company that he/it shall not, and shall procure that none of their respective close associates (other than members of the Group) shall, during the period that (a) the shares of the Company remain listed on the Stock Exchange; and (b) either the Covenantors and their respective close associates (other than members of the Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of the Company and not less than 10% of the voting power from the Substantial Shareholders; or (c) any of the Covenantors or their respective close associates remains as a director of any member of our Group, directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business that directly or indirectly be involved in or any business that directly or indirectly competes, or may compete, with our business or undertaking and any other new business which our Group may undertake from time to time after the listing of the shares of the Company on the Main Board of the Stock Exchange.

Upon the resignation as Executive Directors, the compliance and enforcement of the terms of the NCU are no longer applicable to Mr. Tsang Hing Kuen, Mr. Leung Kim Lim and Mr. Liu Jin Fai.

Mr. Chow Kwok Chun and VGH have confirmed to the Company the compliance with the non-competition undertakings during the year ended 31 March 2025. The independent non-executive Directors have reviewed the NCU and confirmed the compliance with the non-compete undertaking by the Covenantors during the year ended 31 March 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time during the period from the Listing Date and up to the date of this annual report.

EQUITY-LINKED AGREEMENTS

No other equity-linked agreements were entered into by the Group, or existed during the Year.

SUBSIDIARIES

Details of subsidiaries of the Company as at 31 March 2025 are set out in Note 34 to the consolidated financial statements.

BORROWINGS

Particulars of the borrowings of the Group as at 31 March 2025 are set out in Note 25 to the consolidated financial statements.

As at 31 March 2025, the Group had bank borrowings of approximately HK$7.8 million (2024: HK$7.8 million).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the percentage of revenue attributable to the largest customer and the five largest customers of the Group accounted for approximately 62.8% and 98.1% of the Group's total revenue respectively.

During the Year, the largest supplier and the five largest suppliers of the Group accounted for approximately 34.2% and 66.0% of the total cost of sales of the Group respectively.

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 share capital) had an interest in the major suppliers or customers noted above.

EMOLUMENT POLICY

The remuneration offered to the employees of the Group generally includes salaries, medical benefits and bonus. In general, the Group determines salaries of its employees based on each employee's qualifications, position and seniority. The Group will review our remuneration package annually. The Group provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

On 30 November 2017, the Company had adopted the Share Option Scheme under which full time or part time employees, including Directors, of the Company and its subsidiaries, might be granted options to subscribe for the Company's ordinary shares.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors for Year are set out in Note 14(a) to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules since the listing of its shares on the Stock Exchange and up to the date of this report.

AUDIT COMMITTEE

The Company established an Audit Committee on 30 November 2017 with written terms of reference in compliance with the CG Code. The primary duties and roles of the Audit Committee include, but are not limited to, (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (c) reviewing the financial controls, risk management and internal control systems of the Group.

The Audit Committee currently consists of four independent non-executive Directors, namely Mr. Tse Ka Ching Justin (as chairman), Mr. Ip Ka Ki, Mr. Chan Wai Kit and Ms. Tam Yuk Yu. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2025.

AUDITOR

CCTH CPA Limited has been appointed as auditor of the Company for the year ended 31 March 2025. The consolidated financial statements for the year ended 31 March 2025 were audited by CCTH CPA Limited whose term of office will expire upon the conclusion of the 2025 AGM. A resolution for the re-appointment of CCTH CPA Limited as auditor of the Company for the subsequent year is to be proposed at the 2025 AGM.

On 19 November 2021, PricewaterhouseCoopers resigned as auditor of the Company and CCTH CPA Limited was then appointed as the auditor of the Company by the Board on 19 November 2021. Save as disclosed above, there is no change in the auditor of the Company in the preceding three financial years.

By order of the Board
Vicon Holdings Limited
Chow Kwok Chun
Chairman

Hong Kong, 26 June 2025

CCTH CPA LIMITED
中正天恆會計師有限公司

TO THE SHAREHOLDERS OF VICON HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vicon Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 75 to 143, which comprise the consolidated statement of financial position as at 31 March 2025, 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 a summary of material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matter
(i) Recognition of construction contract revenue Refer to note 5 to the consolidated financial statements	
The Group recognised construction contract revenue for the year ended 31 March 2025 amounted to HK$297,879,000. The recognition of revenue and cost of sales for the Group's construction contracts is based on the stage of completion of construction activities, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. We have identified the recognition of construction contract revenue as key audit matter as the magnitude of the contract revenue and cost of sales are significant and management judgment is used to estimate the costs to complete individual construction project in progress and determine the stage of completion of the projects as at the year end date.	Our procedures in relation to management's recognition of construction contract revenue included: – we understood and evaluated the design and operating effectiveness of the internal control and assessment process of the estimation of total contract costs and budgeted gross profit and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes in circumstances and susceptibility to management bias or fraud; – we checked the calculation of the revenue and profit recognised from construction contracts; – we discussed with the management and the respective project teams about the progress of major projects and the assumptions adopted in the forecast of contract costs, including estimated costs to completion and assessment of potential liquidated damages for major contracts;

KEY AUDIT MATTERS (continued)

Key Audit Matters	How our audit addressed the key audit matter
	– we checked, on a sample basis, the agreed contract amount to construction contracts; – we checked, on a sample basis, the supporting documents of the budget costs, which include sub-contracting contracts, material purchase contracts/invoices and price quotations, etc.; – we tested on a sample basis, the actual costs incurred on construction works during the reporting period; and – we compared the current year's budget or actual costs incurred for major contracts with last year's budgets on a sampling basis to assess the effectiveness of management's estimation process.

KEY AUDIT MATTERS (continued)

Key Audit Matters	How our audit addressed the key audit matter
(ii) Impairment assessment of trade and retention receivables and contract assets Refer to notes 19 and 21 to the consolidated financial statements	
The Group had trade and retention receivables and contract assets with the carrying amounts of HK$94,839,000 and HK$86,850,000 respectively at 31 March 2025. For the current year ended 31 March 2025, impairment losses on trade and retention receivables and contract assets amounted to HK$1,292,000 and HK$4,832,000 respectively were recognised in profit or loss. Management has performed impairment assessment of the trade and retention receivables and contract assets based on information including ageing of the trade and retention receivables, past settlement history, credit profile of the customers and on-going trading relationship with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding receivable balances and contract assets in order to estimate the expected credit losses for the impairment assessment. We have identified the impairment of trade and retention receivables and contract assets as key audit matter as the magnitude of the trade and retention receivables and contract assets are significant and impairment assessment of these receivables and contract assets under the expected credit loss model involved significant management judgments and estimates.	Our procedures in relation to management's impairment assessment of trade and retention receivables and contract assets included: – we understood and evaluated the design and operating effectiveness of the credit control and impairment assessment process and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes in circumstances and susceptibility to management bias or fraud; – we tested, on a sample basis, the accuracy of ageing profile on trade and retention receivables by checking to the underlying invoices; – we challenged management for the status of each of the material trade and retention receivables and contract assets as at year end and corroborated explanations from management with supporting evidence, understanding on-going business relationship with the customers, checking historical and subsequent settlements records and other correspondence with the customers; – where necessary, for projects with potential dispute with customers, we checked relevant evidence including agreements and correspondence with customers and enquired the management and the respective project teams regarding their work performed to assess the outcome and the basis and assumptions adopted for the estimation of the amount the Group is able to realise from the projects;

KEY AUDIT MATTERS (continued)

Key Audit Matters	How our audit addressed the key audit matter
	– we assessed the appropriateness of the expected credit loss provision methodology, examined the key inputs on a sample basis to assess their accuracy and completeness, and challenged the assumptions, including both historical and forward-looking information, used to determine the expected credit losses; and – we compared the actual loss incurred with last year's impairment provision, if any, made by management to assess the effectiveness of management's estimation process.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report 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.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 26 June 2025

Lau Tat Ki
Practising certificate number: P08160

Unit 1510-1517, 15/F, Tower 2,
Kowloon Commerce Centre,
No. 51 Kwai Cheong Road,
Kwai Chung, New Territories,
Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	5	**303,919**	486,642
Cost of sales	8	**(283,295)**	(442,692)
Gross profit		**20,624**	43,950
Other income and other gains	7	**3,854**	6,772
Impairment losses recognised on trade and retention receivables	19	**(1,292)**	(7,536)
Impairment losses recognised on contract assets and contract deposits	21	**(6,215)**	(25,387)
Impairment loss recognised on intangible asset	16	**(1,602)**	–
Other administrative expenses	8	**(9,706)**	(10,842)
Operating profit		**5,663**	6,957
Finance costs	10	**(506)**	(558)
Profit before income tax		**5,157**	6,399
Income tax (expense)/credit	11	**(327)**	1,869
Profit for the year attributable to owners of the Company		**4,830**	8,268
Other comprehensive income		**–**	–
Profit and total comprehensive income attributable to owners of the Company		**4,830**	8,268

	Notes	2025 HK cents	2024 HK cents
Earnings per share	13		
Basic		**1.01**	1.72
Diluted		**N/A**	N/A

The notes on pages 81 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current Assets			
Property, plant and equipment	15	34,258	43,047
Intangible asset	16	1,110	–
Financial assets at fair value through profit or loss	18	8,361	8,115
Deferred income tax assets	26	904	1,231
		44,633	52,393
Current Assets			
Trade and retention receivables	19	94,839	105,100
Prepayments, deposits and other receivables	20	27,012	8,051
Contract assets and contract deposits	21	92,874	86,585
Income tax recoverable		–	727
Pledged bank deposits	22	4,637	19,927
Unpledged time deposit with original maturity over three months with acquired	22	30,000	–
Cash and cash equivalents	23	30,415	35,635
		279,777	256,025
Current Liabilities			
Trade and retention payables	24	34,285	29,485
Other payables and accruals	24	2,243	1,408
Contract liabilities	21	8,065	2,258
Lease liabilities	17	329	906
Borrowings	25	7,830	7,830
		52,752	41,887
Net Current Assets		227,025	214,138
Total Assets less Current Liabilities		271,658	266,531
Non-current Liabilities			
Lease liabilities	17	338	41
Deferred income tax liabilities	26	–	–
		338	41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Net Assets		**271,320**	266,490
Equity			
Share capital	27	**4,796**	4,796
Reserves		**266,524**	261,694
Equity attributable to Owners of the Company		**271,320**	266,490

The consolidated financial statements on pages 75 to 143 were approved and authorised for issue by the board of directors on 26 June 2025 and are signed on its behalf by:

CHOW Kwok Chun
Director

LEUNG Hing Wai
Director

The notes on pages 81 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Share capital HK$'000 (Note 27)	Share premium HK$'000	Merger reserve HK$'000 (Note 28)	Retained earnings HK$'000	Total HK$'000
At 1 April 2023	4,796	123,309	30,000	100,117	258,222
Profit and total comprehensive income for the year	–	–	–	8,268	8,268
At 31 March 2024	4,796	123,309	30,000	108,385	266,490
At 1 April 2024	**4,796**	**123,309**	**30,000**	**108,385**	**266,490**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**4,830**	**4,830**
At 31 March 2025	**4,796**	**123,309**	**30,000**	**113,215**	**271,320**

The notes on pages 81 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Operating activities			
Profit before income tax		5,157	6,399
Adjustments for:			
Bank interest income		(3,180)	(1,222)
Depreciation of property, plant and equipment	15	9,893	10,473
Impairment losses recognised/(reversed) on:			
– trade and retention receivables		1,292	7,536
– contract assets and contract deposits		6,215	25,387
– Intangible asset		1,602	–
Gain on early termination of lease		(1)	–
Gain on disposal of property, plant and equipment	7	(165)	(100)
Gain on change in fair value of financial assets at fair value through profit or loss	7	(246)	(347)
Finance costs	10	506	558
Operating cash flows before movements in working capital		21,073	48,684
Decrease/(increase) in trade and retention receivables		8,969	(29,497)
(Increase)/decrease in prepayments, deposits and other receivables		(18,961)	3,916
(Increase)/decrease in contract assets and contract deposits		(12,504)	53,076
Decrease/(increase) in contract liabilities		5,807	(46)
Increase/(decrease) in trade and retention payables		4,800	(35,596)
Increase/(decrease) in other payables and accruals		835	(253)
Cash generated from operations		10,019	40,284
Income tax refunded/(paid)		727	(563)
Net cash generated from operating activities		10,746	39,721
Investing activities			
Bank interest received		3,180	1,222
Purchase of property, plant and equipment		–	(1,223)
Proceeds from disposal of property, plant and equipment		200	100
Purchase of intangible asset		(2,712)	–
Decrease/(increase) in pledged bank deposits		15,290	(19,927)
Increase in unpledged bank deposits with original maturity of over three months when acquired		(30,000)	–
Net cash used in investing activities		(14,042)	(19,828)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Financing activities			
Repayment of capital element of lease liabilities	31	(1,418)	(2,329)
Payment of interest element of lease liabilities	31	(54)	(103)
Interest paid		(452)	(455)
Net cash used in financing activities		(1,924)	(2,887)
Net (decrease)/increase in cash and cash equivalents		(5,220)	17,006
Cash and cash equivalents at beginning of the year		35,635	18,629
Cash and cash equivalents at end of the year	23	30,415	35,635

The notes on pages 81 to 143 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 13 January 2016 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Office D, 16/F, MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries provide foundation works and ancillary services and leasing of construction machinery in Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**the Stock Exchange**").

The functional currency of the Company is Hong Kong Dollar (HK$). The consolidated financial statements are presented in HK$ rounded to the nearest thousand, unless otherwise stated.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

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

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

New and 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:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]

1 No mandatory effective date yet determined but available for adoption.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual/reporting periods beginning on or after 1 January 2027.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value at the end of each reporting period, as explained in the material accounting policy information set out below.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

For financial assets which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Basis of consolidation (continued)

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Revenue from contracts with customers

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

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

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

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

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

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

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

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

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Revenue from contracts with customers (continued)

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

Input method

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

Variable consideration

For contracts that contain variable consideration, including variation in contract work, claims, and incentive payments, the Group estimates the amount of consideration to which it will be entitled using the expected value method/the most likely amount, which 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.

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.

3.4 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.

3.5 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's foreign operations.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.7 Employment benefits

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

Retirement benefit obligations

The Group participated in 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 expenses 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.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundantly the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period date are discounted to present value.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Taxation (continued)

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Taxation (continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3.9 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Leasehold improvements	Shorter of remaining useful life and the period of the lease
Furniture and fixtures	5 years
Machinery	3 to 10 years
Motor vehicles	5 years
Office equipment	3 years
Computer	3 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.10 Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.11 Cash and cash equivalents

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

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 22.

3.12 Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Leases (continued)

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

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

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

The Group presents right-of-use assets in “property, plant and equipment”.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Leases (continued)

The Group as a lessee (continued)

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.13 Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.14 Provisions

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

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

3.15 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.

3.16 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Financial instruments (continued)

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

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

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other (loss)/income, net" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments

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

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments (continued)

The Group always recognises lifetime ECL for trade and retention receivables and contract assets and contract deposits.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments (continued)

(i) Significant increase in credit risk (continued)

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 Leases.

Lifetime ECL for certain trade and retention receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including trade and retention payables, other payables and accruals, lease liabilities and borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition of financial liabilities

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

3.17 Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Construction contracts – recognition of revenue and contract assets

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

In addition, significant judgement is required to assess the recoverability of contract costs incurred and variations of contracts and claims as a result of difference between the amount applied to and the amount certified by the main contractor.

The progress towards complete satisfaction of the performance obligation is measured by reference to the proportion of contract cost incurred for work performed to date bear to the estimated total construction costs. 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 period. The Group reviews and revised the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Impairment of trade and retention receivables, contract assets and contract deposits

The loss allowances for trade and retention receivables, contract assets and contract deposits 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 customers' past default history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 36.1(b).

(c) Impairment of property, plant and equipment and right-of-use assets

Management of the Group determines on a regular basis whether there are any indications that the property, plant and equipment (including right-of-use assets) are impaired. Property, plant and equipment are impaired when the carrying amounts of each of the assets exceed their respective recoverable amounts, which are determined based on the higher of fair value less costs of disposal and value in use. The fair values of property, plant and equipment (including right-of-use assets) are estimated by reference to their expected selling prices which are affected by various factors, including market conditions and the technological occurrence. The value in use calculation requires the use of estimates such as the future revenue and discount rates. If the recoverable amounts of property, plant and equipment are estimated to be less than their respective carrying amounts, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss in respect of the period.

As at 31 March 2025, the carrying amount of property, plant and equipment, comprising right-of-use assets, and machinery and motor vehicles, is approximately HK$34,258,000 (2024: HK$43,047,000). No impairment loss of property, plant and equipment, including right-of-use assets, has been recognised in respect of the current and prior years.

5 REVENUE

Revenue represents the revenue from construction contracts for foundation works and ancillary services performed by the Group and the Group's leasing of construction machinery in the ordinary course of business. Revenue recognised are as follows:

	2025 HK$'000	2024 HK$'000
Foundation works and ancillary services	297,879	483,434
Leasing of construction machinery	6,040	3,208
	303,919	486,642

6 SEGMENT INFORMATION

The executive directors of the Company are identified as the Group's chief operating decision-maker. The executive directors consider that the Group has two reportable operating segments, as follows:

– Construction work, which mainly represents foundation works and ancillary services; and

– Leasing of construction machinery

Segment revenue represents revenue generated from external customers. There were no inter-segment sales for both years. Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' salaries, other income and finance costs. This is the measure reported to the executive directors with respect to the resource allocation and performance assessment.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except for cash and cash equivalents, income tax recoverable, deferred income tax assets and other corporate assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the consolidated statement of financial position except for income tax payable, deferred income tax liabilities, borrowings and certain corporate liabilities.

6 SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable operating segments.

For the year ended 31 March 2025

	Construction work HK$'000	Leasing of construction machinery HK$'000	Total HK$'000
Segment revenue	297,879	6,040	303,919
Segment profit	8,435	4,682	13,117
Unallocated other income			3,854
Unallocated expenses			(7,893)
Unallocated depreciation			(1,813)
Impairment loss recognised on intangible asset			(1,602)
Finance costs			(506)
Profit before income tax			5,157
Income tax expense			(327)
Profit for the year			4,830
Segment profit is arrived at after charging:			
Depreciation	(6,729)	(1,351)	(8,080)
Impairment losses recognised on:			
– trade and retention receivables	(927)	(365)	(1,292)
– contract assets and contract deposits	(6,215)	–	(6,215)

6 SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

For the year ended 31 March 2024

	Construction work HK$'000	Leasing of construction machinery HK$'000	Total HK$'000
Segment revenue	483,434	3,208	486,642
Segment profit	8,420	2,607	11,027
Unallocated other income			6,772
Unallocated expenses			(8,452)
Unallocated depreciation			(2,390)
Finance costs			(558)
Profit before income tax			6,399
Income tax credit			1,869
Profit for the year			8,268
Segment profit is arrived at after charging:			
Depreciation	(7,564)	(519)	(8,083)
Impairment losses recognised on:			
– trade and retention receivables	(7,454)	(82)	(7,536)
– contract assets and contract deposits	(25,387)	–	(25,387)

6 SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

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

Assets

	Construction work HK$'000	Leasing of construction machinery HK$'000	Total HK$'000
At 31 March 2025			
Segment assets	207,234	13,597	220,831
Unallocated assets			103,579
Total assets			324,410
Addition to non-current assets			
Segment assets	–	–	–
Unallocated assets			3,894
Total			3,894

6 SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities (continued)

	Construction work HK$'000	Leasing of construction machinery HK$'000	Total HK$'000
At 31 March 2024			
Segment assets	245,491	6,108	251,599
Unallocated assets			56,819
Total assets			308,418
Addition to non-current assets			
Segment assets	–	–	–
Unallocated assets			1,306
Total			1,306

The information provided to chief operating decision maker with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

6 SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities (continued)

Liabilities

	Construction work HK$'000	Leasing of construction machinery HK$'000	Total HK$'000
At 31 March 2025			
Segment liabilities	42,350	–	42,350
Borrowings			7,830
Other unallocated liabilities			2,910
Total liabilities			53,090

	Construction work HK$'000	Leasing of construction machinery HK$'000	Total HK$'000
At 31 March 2024			
Segment liabilities	31,743	–	31,743
Borrowings			7,830
Other unallocated liabilities			2,355
Total liabilities			41,928

6 SEGMENT INFORMATION (continued)

(c) Geographical information

Revenue from external customers

	2025 HK$'000	2024 HK$'000
Hong Kong	303,919	486,642

The revenue information reported above is based on the locations of the customers.

Non-current assets

	2025 HK$'000	2024 HK$'000
Hong Kong	35,368	43,047

The non-current assets information reported above is based on the location of the assets and excluded financial assets at fair value through profit or loss and deferred income tax assets.

(d) Information about major customers

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

	2025 HK$'000	2024 HK$'000
Customer A	187,002	272,793
Customer B	N/A#	160,170
Customer C	31,520	N/A*
Customer D	45,205	N/A*

The revenue from customer B for the year ended 31 March 2025 did not exceed 10% of the total revenue of the Group for that year.

* The revenue from customer C and D for the year ended 31 March 2024 did not individually exceed 10% of the total revenue of the Group for that year.

7 OTHER INCOME AND OTHER GAINS

	2025 HK$'000	2024 HK$'000
Bank interest income	3,180	1,222
Gain on disposal of property, plant and equipment	165	100
Gain on change in fair value of financial assets at fair value through profit or loss (Note 18)	246	347
Gain on early termination of lease	1	–
Government grant received (Note a)	261	–
Sales of temporary steel working platform (Note b)	–	4,750
Others	1	353
	3,854	6,772

Notes:

(a) The Group received cash subsidies amounted to HK$261,000 (2024: Nil) from the Construction Innovation and Technology Fund of Hong Kong Government of the Special Administrative Region. There were no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

(b) The costs for the construction of the working platform were included in the cost of sales in respect of the related contract project.

8 EXPENSES BY NATURE

	2025 HK$'000	2024 HK$'000
Subcontracting charges	230,546	381,982
Staff costs (Note 9)	17,602	17,215
Lease expenses relating to short-term lease of machineries and equipment	657	113
Depreciation of property, plant and equipment	8,080	8,083
Insurance expenses	5,744	7,038
Materials, parts and consumables	9,203	8,894
Others	11,463	19,367
Cost of sales	283,295	442,692
Staff costs (Note 9)	3,365	3,358
Auditors' remuneration		
– Audit service	910	910
– Non-audit service	–	–
Donations	200	–
Depreciation of property, plant and equipment	1,813	2,390
Professional fees	1,158	1,432
Motor vehicle expenses	29	226
Others	2,231	2,526
Other administrative expenses	9,706	10,842

9 EMPLOYEE BENEFIT EXPENSES

	2025 HK$'000	2024 HK$'000
Wages and salaries	**20,430**	20,074
Pension costs – defined contribution plans	**298**	293
Employment benefits	**239**	206
	20,967	20,573

Analysed for reporting purpose:

	2025 HK$'000	2024 HK$'000
Employee benefit expenses included in		
– Cost of sales (Note 8)	**17,602**	17,215
– Administrative expenses (Note 8)	**3,365**	3,358
	20,967	20,573

The Group participates in a Mandatory Provident Fund scheme (the "**MPF Scheme**") in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong. Under the rules of the MPF Scheme, the employer and its employees in Hong Kong are each required to contribute 5% of the employees' gross earnings with a ceiling of HK$1,500 per month to the MPF Scheme.

At the end of the reporting period, the Group had no forfeited contributions, which arose upon employees leaving the defined contribution schemes, and are available to reduce the contribution payable in future years (2024: Nil).

10 FINANCE COSTS, NET

	2025 HK$'000	2024 HK$'000
Interest expenses on bank borrowings	**452**	455
Interest expenses on lease liabilities (Note 17)	**54**	103
	506	558

11 INCOME TAX (EXPENSE)/CREDIT

The amount of income tax (expense)/credited to profit or loss represents:

	2025 HK$'000	2024 HK$'000
Current income tax		
Hong Kong	–	–
Deferred income tax (charge)/credit (Note 26)	(327)	1,869
	(327)	1,869

No provision for Hong Kong profits tax for the year ended 31 March 2025 (2024: Nil) has been made in the consolidated financial statements as the Group has tax losses brought forward to offset against the assessable profits for Hong Kong profits tax both of the years presented. The Group has no assessable profits that are subject to tax in the other jurisdiction for both of the years.

11 INCOME TAX (EXPENSE)/CREDIT (continued)

The income tax (expense)/credit can be reconciled to the profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK$'000	2024 HK$'000
Profit before income tax	5,123	6,399
Tax calculated at domestic tax rates in respective tax jurisdiction	851	1,446
Income not subject to tax	(999)	(1,361)
Expenses not deductible for tax purposes	382	178
Unused tax losses not recognised	114	170
Utilisation of tax losses previously not recognised	(28)	(2,302)
Under-provision in prior year	7	–
	327	(1,869)

12 DIVIDENDS

The Board of the Directors did not recommend any payment of dividend in respect of the year ended 31 March 2025 (2024: Nil).

13 EARNINGS PER SHARE

(a) Basic 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 respective years.

	2025	2024
Profit attributable to owners of the Company (HK$'000)	4,830	8,268
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share ('000)	479,600	479,600
Basic earnings per share (HK cents)	1.01	1.72

(b) Diluted earnings per share

Diluted earnings per share is not presented as there were no potential ordinary shares in issue for both of the years ended 31 March 2025 and 2024.

14 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive of the Company which were included in staff costs as disclosed in Note 9 is set out below:

For the year ended 31 March 2025:

	Fees HK$'000	Salaries HK$'000	Contribution to defined contribution retirement scheme HK$'000	Total HK$'000
Executive directors				
Mr. CHOW Kwok Chun*	–	3,550	18	3,568
Mr. LEUNG Hing Wai	–	1,350	18	1,368
	–	4,900	36	4,936
Independent non-executive directors				
Mr. IP Ka Ki	180	–	–	180
Mr. TSE Ka Ching Justin	180	–	–	180
Mr. CHAN Wai Kit	180	–	–	180
Ms. Tam Yuk Yu#	62	–	–	62
	602	–	–	602

14 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

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

For the year ended 31 March 2024:

	Fees HK$'000	Salaries HK$'000	Contribution to defined contribution retirement scheme HK$'000	Total HK$'000
Executive directors				
Mr. CHOW Kwok Chun*	–	3,344	18	3,362
Mr. LEUNG Hing Wai	–	1,350	18	1,368
	–	4,694	36	4,730
Independent non-executive directors				
Mr. IP Ka Ki	180	–	–	180
Mr. TSE Ka Ching Justin	180	–	–	180
Mr. CHAN Wai Kit	180	–	–	180
	540	–	–	540

* Chairman and Chief Executive Officer

Tam Yuk Yu was appointed an independent non-executive director on 28 November 2024.

14 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

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

During the year ended 31 March 2025, none of the directors of the Company (i) received or were paid any remuneration in respect of accepting office; and (ii) waived or has agreed to waive any emolument (2024: nil).

During the year ended 31 March 2025, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable for such directors' services. No consideration was provided to or receivable by third parties for making available directors' services (2024: nil).

During the year ended 31 March 2025, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2025 include 2 directors (2024: 2 directors) whose emoluments are disclosed in the analysis shown in Note 14(a). The emoluments payable to the remaining 3 highest paid individuals (2024: 3 individuals) are as follows:

	2025 HK$'000	2024 HK$'000
Basic salaries, other allowances and benefits in kind	6,952	7,015
Contribution to pension scheme	54	51
	7,006	7,066

The emoluments fell within the following bands:

	2025	2024
Emolument bands		
HK$1,000,001 – HK$1,500,000	2	2
HK$4,000,001 – HK$4,500,000	1	1

During the year ended 31 March 2025, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for the loss of office (2024: Nil).

15 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets (Note 17) HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Computer HK$'000	Total HK$'000
At 1 April 2024								
Cost	7,487	696	1,497	79,962	5,857	315	120	95,934
Accumulated depreciation	(4,289)	(610)	(1,497)	(43,173)	(2,883)	(315)	(120)	(52,887)
Net book amount	3,198	86	–	36,789	2,974	–	–	43,047
Year ended 31 March 2025								
Opening net book amount	3,198	86	–	36,789	2,974	–	–	43,047
Transfer	(2,317)	–	–	2,317	–	–	–	–
Additions, at cost	1,182	–	–	–	–	–	–	1,182
Disposals	(43)	–	–	–	(35)	–	–	(78)
Depreciation provided for the year	(1,327)	(86)	–	(7,585)	(895)	–	–	(9,893)
Closing net book amount	693	–	–	31,521	2,044	–	–	34,258
At 31 March 2025								
Cost	1,182	696	1,497	84,918	4,737	315	120	93,465
Accumulated depreciation	(489)	(696)	(1,497)	(53,397)	(2,693)	(315)	(120)	(59,207)
Net book amount	693	–	–	3,152	2,044	–	–	34,258

15 PROPERTY, PLANT AND EQUIPMENT (continued)

	Right-of-use assets (Note 17) HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Computer HK$'000	Total HK$'000
At 1 April 2023								
Cost	64,804	696	1,497	22,562	5,563	315	120	95,557
Accumulated depreciation	(26,231)	(243)	(1,497)	(11,903)	(3,034)	(315)	(120)	(43,343)
Net book amount	38,573	453	–	10,659	2,529	–	–	52,214
Year ended 31 March 2024								
Opening net book amount	38,573	453	–	10,659	2,529	–	–	52,214
Transfer	(33,714)	–	–	33,714	–	–	–	–
Additions, at cost	83	–	–	–	1,223	–	–	1,306
Depreciation provided for the year	(1,744)	(367)	–	(7,584)	(778)	–	–	(10,473)
Closing net book amount	3,198	86	–	36,789	2,974	–	–	43,047
At 31 March 2024								
Cost	7,487	696	1,497	79,962	5,857	315	120	95,934
Accumulated depreciation	(4,289)	(610)	(1,497)	(43,173)	(2,883)	(315)	(120)	(52,887)
Net book amount	3,198	86	–	36,789	2,974	–	–	43,047

Depreciation charges for the year ended 31 March 2025 amounted to HK$8,080,000 (2024: HK$8,083,000) and HK$1,813,000 (2024: HK$2,390,000) were included in cost of sales and other administrative expenses respectively for the year.

16 INTANGIBLE ASSET

	Marina club membership HK$000
Year ended 31 March 2025	
Opening net book amount	–
Additions, at cost	2,712
Impairment loss recognised for the year	(1,602)
Closing net book amount	1,110
At 31 March 2025	
Cost	2,712
Accumulated impairment loss	(1,602)
Net book amount	1,110
At 31 March 2024	
Cost	–
Accumulated impairment loss	–
Net book amount	–

Intangible asset with indefinite useful lives

The marina club membership has no finite life, accordingly, the marina club membership is considered by the management of the Group as having an indefinite useful life. The marina club membership will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Impairment testing on intangible asset

The recoverable amount of the marina club membership at 31 March 2025 was estimated to be HK$1,100,000, which has been determined based on its fair value less cost of disposal. The fair value less cost of disposal is estimated using the price which a third party would be willing to pay in the inactive market to obtain the rights to use the relevant asset. The fair value measurement is categorised into Level 2 fair value hierarchy. Accordingly, impairment loss on the intangible asset amounted to HK$1,602,000 (2024:Nil) was recognized in profit and loss of the Group in respect of the current year, to reduce the carrying amount of the asset to its recoverable amount.

17 LEASES

(i) Amounts included in property, plant and equipment (Note 15):

	At 31 March 2025 HK$'000	At 31 March 2024 HK$'000
Net book amount of right-of-use assets in respect of:		
Office premises and warehouse	693	386
Plant and machinery	–	2,812
Carrying amount of right-of-use assets	693	3,198

	At 31 March 2025 HK$'000	At 31 March 2024 HK$'000
Lease liabilities payable		
Within one year	329	906
Within a period of more than one year but not exceeding two years	338	41
	667	947
Less: Amount due for settlement within 12 months shown under current liabilities	(329)	(906)
Amount due for settlement after 12 months shown under non-current liabilities	338	41

Additions to right-of-use assets amounted to HK$1,182,000 for the year ended 31 March 2025 (2024: HK$83,000).

(ii) Amounts recognised in the consolidated statement of profit and loss and other comprehensive income

	Year ended 31 March 2025 HK$'000	Year ended 31 March 2024 HK$'000
Depreciation charges of right-of-use assets	1,327	1,744
Interest expense on lease liabilities (Note 10)	54	103
Lease expenses relating to short-term lease of machineries and equipment (Note 8)	657	113

The cash outflow for lease liabilities (including interest thereon) and lease expenses relating to lease of machineries and equipment for the year ended 31 March 2025 were HK$1,458,000 and HK$657,000 (2024: HK$2,432,000 and HK$113,000) respectively.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$'000	2024 HK$'000
Key management life insurance contract, at fair value	8,361	8,115

Movements of the financial assets at fair value through profit or loss during the year are as follows:

	2025 HK$'000	2024 HK$'000
Fair value at beginning of the year	8,115	7,768
Gain on change in fair value (Note 7)	246	347
Fair value at end of the year	8,361	8,115

In September 2019, the Group entered into a key management personnel life insurance policy (the "**Policy**") with an insurance company to insure a director of a subsidiary of the Company. Under the Policy, both of the beneficiary and policy holder is a subsidiary of the Company and the insured sum is US$3,500,000 (equivalent to HK$27,125,000).

At 31 March 2025, if the Group terminated the insurance contract, the account value (net of a surrender charge) of US$1,065,000 (approximately HK$8,361,000) (2024: US$1,033,000 (approximately HK$8,115,000)) would be refunded to the Group. The amount of surrender charge decreases over time and is no longer required from the 19th year of contract conclusion onwards. The entire amount of the rights under the payment for life insurance policies is denominated in United States Dollar (US$).

As at 31 March 2025, key management insurance contract with the carrying amount of HK$8,361,000 (2024: HK$8,115,000) were pledged for the Group's bank borrowings as disclosed in Note 25(c).

Details of the fair value measurement of the key management life insurance contracts are set out in Note 36.3.

19 TRADE AND RETENTION RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	**70,192**	75,222
Less: loss allowance recognised	**(5,044)**	(2,493)
	65,148	72,729
Retention receivables	**41,351**	45,290
Less: loss allowance recognised	**(11,660)**	(12,919)
	29,691	32,371
Trade and retention receivables	**94,839**	105,100

At 31 March 2025 and 2024, the ageing analysis of the trade receivables, less loss allowance recognised, based on invoice date were as follows:

	2025 HK$'000	2024 HK$'000
1 to 30 days	**8,765**	66,257
31 to 60 days	**49,371**	–
61 to 90 days	**594**	–
91 to 180 days	**470**	–
181 to 365 days	**1,736**	–
1 to 3 years	**4,212**	6,472
	65,148	72,729

Movements on the Group's loss allowance of trade and retention receivables are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**15,412**	7,876
Loss allowance recognised for the year	**1,292**	7,536
At end of the year	**16,704**	15,412

19 TRADE AND RETENTION RECEIVABLES (continued)

At 31 March 2025 and 2024, the ageing analysis of the retention receivables, less loss allowance recognised, based on invoice date were as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	20,326	10,867
Between 1 to 2 years	7,931	16,007
Between 2 to 5 years	1,434	5,139
More than 5 years	–	358
	29,691	32,371

Impairment and risk exposure

The Group applies HKFRS 9 Financial Instruments simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and retention receivables.

The loss allowance recognised for trade and retention receivables for the current reporting period amounted to HK$1,292,000 (2024: HK$7,536,000).

Information about the impairment of trade and retention receivables and the Group's exposure to credit risk are set out in Note 36.1(b)(ii).

The credit period granted to trade customers other than for retention receivables was within 30 days. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

The carrying amounts of trade and retention receivables at 31 March 2025 and 31 March 2024 approximate their respective fair values as those dates and were denominated in HK$.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Prepayments	5,743	4,205
Deposits and other receivables	21,269	3,846
	27,012	8,051

Included in prepayments are insurance charges prepaid for certain construction projects amounted to approximately HK$5,044,000 (2024: HK$2,929,000) for the periods commencing after the end of the reporting period.

21 CONTRACT ASSETS AND CONTRACT DEPOSITS AND CONTRACT LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	2025 HK$'000	2024 HK$'000
Contract assets		
Provision of construction services	156,555	150,052
Less: Loss allowance recognised	(69,705)	(64,873)
	86,850	85,179
Contract deposits		
Provision of construction services	7,901	1,900
Less: Loss allowance recognised	(1,877)	(494)
	6,024	1,406
Total contract assets and contract deposits	92,874	86,585
Contract liabilities		
Provision of construction services	8,065	2,258

21 CONTRACT ASSETS AND CONTRACT DEPOSITS AND CONTRACT LIABILITIES (continued)

Movements on the Group's loss allowance of contract assets and contract deposits are as follows:

	2025 HK$'000	2024 HK$'000
Contract assets		
At beginning of the year	64,873	31,128
Loss allowance recognised for the year	4,832	33,745
At the end of the year	69,705	64,873
Contract deposits		
At the beginning of the year	494	8,852
Loss allowance recognised/(reversed) for the year	1,383	(8,358)
At the end of the year	1,877	494

(a) Significant changes in contract assets and liabilities

Contract assets represents the amount by which the construction services performed by the Group is ahead of the right to payment upon receiving certification from quantity surveyors for fixed-price contracts. Contract deposits represent the refundable deposits paid to sub-contractors to provide sufficient liquidity for their performances of contract works. The Group provided an expected credit losses prescribed by HKFRS 9 Financial Instruments, which permits the use of the lifetime expected loss provision for contract assets and contract deposits. Details of the impairment assessment of contract assets and contract deposits are set out in Note 36(b)(ii).

(b) Revenue recognition in relation to contract liabilities

The following table shows the revenue recognised during the years ended 31 March 2025 and 2024 that relates to carried-forward contract liabilities.

	2025 HK$'000	2024 HK$'000
Revenue recognised during the year that was included in the contract liability balance at the beginning of the year	1,478	2,304

21 CONTRACT ASSETS AND CONTRACT DEPOSITS AND CONTRACT LIABILITIES (continued)

(c) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from long-term construction contracts.

	2025 HK$'000	2024 HK$'000
Aggregate amount of the transaction price of long-term construction contracts that are unsatisfied as at 31 March	**394,306**	229,419

Management expects that the transaction prices regarding the unsatisfied contracts as of 31 March 2025 and 2024 will be recognised as revenue by referencing to the progress towards completion of the contract activity.

22 BANK DEPOSITS

	2025 HK$'000	2024 HK$'000
Bank deposits with original maturity of over three months when acquired		
– Pledged bank deposits	**4,637**	19,927
– Unpledged bank deposits	**30,000**	–
	34,637	19,927

Pledged bank deposits carry fixed interest rate ranged from 0.01% to 1% per annum (2024: 0.01% to 1% per annum) and represent deposits pledged to banks to secure guarantees on performance bond used in respect of construction contracts (Note 32).

Unpledged bank deposits carry fixed interest rate 3.5% per annum (2024: Nil) and are denominated in HK$.

23 CASH AND CASH EQUIVALENTS

	2025 HK$'000	2024 HK$'000
Cash at bank	**28,295**	35,495
Cash on hand	**120**	140
Bank deposits with original maturity of three months or less	**2,000**	–
Cash and cash equivalents	**30,415**	35,635

The carrying amount of cash and bank balances is denominated in HK$.

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

Bank deposits earn interest at fixed rate 3.2% per annum and are denominated in HK$.

24 TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS

	2025 HK$'000	2024 HK$'000
Trade payables	14,266	12,731
Retention payables	20,019	16,754
Trade and retention payables	34,285	29,485
Other payables and accruals (Note)	2,243	1,408
	37,528	30,893

Note: The amounts mainly represent accruals and other payables for materials, wages, legal and professional fees and transportation costs.

The trade and retention payables, other payables and accruals were denominated in HK$.

The credit period granted by trade creditors was not more than 30 days.

At 31 March 2025 and 2024, the ageing analysis of the trade payables based on invoice date were as follows:

	2025 HK$'000	2024 HK$'000
1 to 30 days	14,266	12,731
	14,266	12,731

The terms and conditions in relation to the release of retention vary from contract to contract. In the consolidated statement of financial position, retention payables were classified as current liabilities. At 31 March 2025 and 2024, the ageing analysis of the retention payables based on invoice date were as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	8,647	3,974
Between 1 and 2 years	749	–
More than 2 years and not exceeding 5 years	10,623	12,780
	20,019	16,754

25 BORROWINGS

	2025 HK$'000	2024 HK$'000
Short-term bank borrowings – secured and guaranteed	**7,830**	7,830
	7,830	7,830

(a) The maturity of borrowing is as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	**7,830**	7,830

(b) The weighted average interest rates were as follows:

	2025	2024
Short-term bank borrowings	**4.8%**	5.13%

The carrying amounts of borrowings were denominated in HK$ and approximated their fair value as the impact of discounting is not significant.

(c) The bank borrowing amounted to HK$7,830,000 at 31 March 2025 (2024: HK$7,830,000), which was granted to a subsidiary, Vicon Construction Company Limited ("**Vicon Construction**"), was secured by (i) guarantee given by the Company; and (ii) charge over the Group's key management life insurance contract with cash surrender value of approximately HK$8,361,000 at 31 March 2025 (2024: HK$8,115,000).

26 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

Movements in the deferred income tax assets/(liabilities) are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**1,231**	(638)
(Charged)/credited to profit or loss (Note 11)	**(327)**	1,869
At end of the year	**904**	1,231

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

26 DEFERRED INCOME TAX ASSETS/(LIABILITIES) (continued)

Movements in deferred income tax liabilities and deferred tax assets, without taking into consideration the offsetting of balances with the same tax jurisdiction, are as follows:

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000
At 1 April 2023	(6,917)
Credited to the profit or loss	308
At 31 March 2024	(6,609)
At 1 April 2024	**(6,609)**
Credited to the profit or loss	**1,379**
At 31 March 2025	**(5,230)**

Deferred income tax assets

	Tax losses HK$'000	Provision HK$'000	Unrealised profit arising from intra-group transactions HK$'000	Total HK$'000
At 1 April 2023	2,945	3,329	5	6,279
Credited/(charged) to the profit or loss	4,537	(2,971)	(5)	1,561
At 31 March 2024	7,482	358	–	7,840
At 1 April 2024	**7,482**	**358**	**–**	**7,840**
Credited/(charged) to the profit or loss	**(1,773)**	**67**	**–**	**(1,706)**
At 31 March 2025	**5,709**	**425**	**–**	**6,134**

At the end of the reporting period, the Group had unused tax losses amounted to approximately HK$39,731,000 (2024: HK$50,733,000), of which deferred tax assets amounted to approximately HK$5,709,000 (2024: HK$7,482,000) was recognised.

Deferred income tax assets have not been recognised in respect of the remaining unused tax losses amounting to approximately HK$4,735,000 (2024: HK$4,994,000) due to unpredictability of future profit stream. These tax losses may be offset against future profits and may be carried forward indefinitely.

27 SHARE CAPITAL

	Par value HK$	Number of ordinary shares '000	Nominal amount of ordinary shares HK$'000
Authorised:			
At 1 April 2023, 31 March 2024 and 31 March 2025	0.01	1,000,000	10,000

	Par value HK$	Number of ordinary shares '000	Nominal amount of ordinary shares HK$'000
Issued and fully paid:			
At 1 April 2023, 31 March 2024 and 31 March 2025	0.01	479,600	4,796

There were no changes in the issued share capital of the Company during the years ended 31 March 2024 and 31 March 2025.

28 MERGER RESERVE

Merger reserve of the Group amounted to HK$30,000,000 at 31 March 2025 (2024: HK$30,000,000) represents the difference between the share capital of the subsidiaries acquired pursuant to the Group's reorganisation in 2017 over the nominal value of the share capital of the Company issued in exchange thereof.

29 SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted in November 2017 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to selected participants, including directors and eligible employees of the Group to promote the success of the business of the Group. The scheme adopted and became effective on 30 November 2017 for a period of 10 years.

The subscription price of the options granted is the highest of (i) the closing price of the Company's shares on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date offer of grant; and (iii) the nominal value of the share.

The maximum number of shares of the Company which may be issued upon exercise of all options granted under the Scheme or other schemes adopted by the Company must not in aggregate exceed 30% of its issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Company must not exceed 10% of the shares in issue on the date on which the shares are listed and permitted to be dealt with in the Stock Exchange.

No share option was granted, exercised, lapsed or forfeited during the years ended 31 March 2025 and 31 March 2024 and no share option remained outstanding as at those dates.

30 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party. 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.

Key management compensation

Key management comprises the directors (executive and non-executive) of the Company. The compensation paid or payable to key management for employee services is shown below:

	2025 HK$'000	2024 HK$'000
Salaries, bonus, other allowances and benefits in kind	5,502	5,234
Pension costs – defined contribution plans	36	36
	5,538	5,270

31 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2023	7,830	3,193	11,023
Cash outflow from financing activities	–	(2,432)	(2,432)
Non-cash changes:			
Addition of lease liabilities	–	83	83
Interest expense on lease liabilities	–	103	103
At 31 March 2024	7,830	947	8,777
At 1 April 2024	7,830	947	8,777
Cash outflow from financing activities	–	(1,472)	(1,472)
Non-cash changes:			
Addition of lease liabilities	–	1,181	(1,181)
Early termination of a lease	–	(43)	(43)
Interest expense on lease liabilities	–	54	54
At 31 March 2025	7,830	667	8,497

32 CONTINGENT LIABILITIES

As at 31 March 2025, the Group has pledged its bank deposits amounted to HK$4,637,000 (2024: HK$19,927,000) to secure performance bonds in the same amount issued by the banks for the construction contracts undertaken by the Group. The performance bonds will be released in accordance with the terms of the respective construction contracts.

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK$'000	2024 HK$'000
Non-current Assets		
Investment in a subsidiary	–	–
	–	–
Current Assets		
Amounts due from subsidiaries	103,864	107,241
Cash and cash equivalents	2,306	214
	106,170	107,455
Current Liabilities		
Other payables and accruals	110	27
	110	27
Net Current Assets and Net Assets	106,060	107,428
Equity		
Share capital	4,796	4,796
Reserves	101,264	102,632
Total Equity	106,060	107,428

The Company's statement of financial position was approved and authorised for issue by the board of directors on 26 June 2025 and is signed on its behalf by:

CHOW Kwok Chun
Director

LEUNG Hing Wai
Director

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Movements of the Company's reserves are as follows:

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	123,309	(18,674)	104,635
Loss and total comprehensive loss for the year	–	(2,003)	(2,003)
At 31 March 2024	123,309	(20,677)	102,632
At 1 April 2024	**123,309**	**(20,677)**	**102,632**
Loss and total comprehensive loss for the year	**–**	**(1,368)**	**(1,368)**
At 31 March 2025	**123,309**	**(22,045)**	**101,264**

34 SUBSIDIARIES

The following is a list of subsidiaries at 31 March 2025 and 2024:

Name	Place of incorporation and type of legal entity	Principal activities/ place of operations	Issued share and fully paid share capital	Effective interest held as at 2025	Effective interest held as at 2024
Directly held by the Company:					
Vicon Enterprises Limited	British Virgin Islands, limited liability company	Investment holding/ Hong Kong	US$1	100%	100%
Indirectly held by the Company:					
Vicon Construction Company Limited ("**Vicon Construction**")	Hong Kong, limited liability company	Foundation works and leasing of construction machinery/Hong Kong	HK$30,000,000	100%	100%
Vicon Machinery Company Limited	Hong Kong, limited liability company	Leasing of construction machinery/Hong Kong	HK$10,000	100%	100%
Vicon Construction (Macau) Company Limited	Macau, limited liability company	Foundation works/ Macau	MOP900,000	100%	100%
Vicon Assets Management Limited	Hong Kong, limited liability company	Inactive/ Hong Kong	HK$1	100%	100%

None of the subsidiaries had issued any debt securities during the year and at the end of the year.

As at 31 March 2025 and 2024, there are no contingent liabilities relating to the Group's interest in the subsidiaries.

35 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial assets and financial liabilities as at the end of the reporting period are as follows:

	2025 HK$'000	2024 HK$'000
Financial assets		
At fair value through profit or loss	8,361	8,115
At amortised cost		
Trade and retention receivables	94,839	105,100
Deposits and other receivables	21,269	3,846
Contract assets and contract deposits	92,874	86,585
Bank deposits	34,367	19,927
Cash and cash equivalents	30,415	35,635
	282,125	259,208

35 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	2025 HK$'000	2024 HK$'000
Financial liabilities		
At amortised cost		
Trade and retention payables	**34,285**	29,485
Other payables and accruals	**2,243**	1,408
Lease liabilities	**667**	947
Borrowings	**7,830**	7,830
	45,025	39,670

36 FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk, The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the directors of the Company. The directors provide principles for an overall risk management, as well as policies covering specific areas.

(a) Market risks

(i) Foreign exchange risk

The Group principally operates in Hong Kong with most of the transactions denominated in HK$. The exposure to foreign exchange risk is not material to the Group.

(ii) Interest rate risk

The Group is exposed to interest rate risk as borrowings are carried at variable rates. It is the Group's policy to maintain its borrowings subject to floating rates, and accordingly, the Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 March 2025, if the interest rates on borrowings had been 100 basis-points lower/higher with all other variables held constant, pre-tax profit for the year would be approximately HK$78,000 higher/lower (2024: pre-tax profit for the year would be approximately HK$78,000 higher/lower), mainly as a result of lower/higher interest expense on floating rate borrowings.

36 FINANCIAL RISK MANAGEMENT (continued)

36.1 Financial risk factors (continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its bank deposits, cash and cash equivalents, trade and retention receivables, contract assets, contract deposits and deposits and other receivables. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

(i) Risk management

As at 31 March 2025, the Group had concentration of credit risk as 78% (2024: 77%) of the total trade and retention receivables were due from five of the Group's customers, respectively.

To manage this risk, management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual trade and retention receivable to ensure that adequate impairment provision is made for the irrecoverable amounts. The Group will also consider the creditworthiness and general reputation of customers before submitting any indication of interest or tender.

The credit risk on deposits with banks is limited because deposits are in banks with sound credit ratings and good payment history. Management does not expect any loss from non-performance by related companies.

(ii) Impairment of financial assets

Trade and retention receivables and contract assets and contract deposits

The Group applies the HKFRS 9 Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime loss allowance for all trade and retention receivables, contract assets and contract deposits.

As the Group's historical credit loss experience does not indicate different loss patterns for different customers, the loss allowance based on past due status and timing of billing to customers is not further distinguished among the customers. The expected loss rates are based on the historical payment profiles of revenue from the contracts for trade and retention receivables and the historical billing pattern for contract assets and contract deposits respectively, and the corresponding historical credit losses experienced. These rates are adjusted to reflect the current and forward-looking information on economic condition.

For contract assets and contract deposits relating to accounts in which there are objective evidence that the likelihood of billing to customers are remote, they are assessed individually for impairment allowance.

36 FINANCIAL RISK MANAGEMENT (continued)

36.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade and retention receivables and contract assets and contract deposits (continued)

As at 31 March 2025, the gross trade and retention receivables and contract assets and contract deposits amounted to HK$111,543,000 (2024: HK$120,512,000) and HK$164,456,000 (2024: HK$151,952,000) respectively. As at that date, the expected credit losses of trade and retention receivables and contract assets and contract deposits were estimated to be HK$16,704,000 (2024: HK$15,412,000) and HK$71,582,000 (2024: HK$65,367,000) based on expected loss rates of ranged from 0.01% to 100% (2024: from 0.01% to 100%) and from 0.18% to 100% (2024: from 0.18% to 100%) respectively.

The closing loss allowance for contract assets as at 31 March 2025 reconcile to the opening loss allowance as follows:

	Contract assets HK$'000	**Contract deposits** HK$'000	**Trade and retention receivables** HK$'000
At 1 April 2023	31,128	8,852	7,876
Loss allowance recognised/(reversed) in profit and loss for the year	33,745	(8,358)	7,536
At 31 March 2024 and 1 April 2024	64,873	494	15,412
Loss allowance recognised in profit and loss for the year	4,832	1,383	1,292
At 31 March 2025	69,705	1,877	16,704

Trade and retention receivables, contract assets and contract deposits are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade and retention receivables, contract assets and contract deposits are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

36 FINANCIAL RISK MANAGEMENT (continued)

36.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other financial assets at amortised cost

For deposits and other receivables, bank deposits and cash and cash equivalents, the Group's management adopts a general approach for expected credit losses.

The directors of the Group consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the Group's ability to meet its obligations;
- actual or expected significant changes in the operating results of the Group;
- significant changes in the expected performance and behaviour of the Group, including changes in the payment status of the counterparty.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment/repayable demanded.

Impairment losses on other financial assets at amortised cost are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For the year ended 31 March 2025, the Group's management has assessed and concluded that no loss allowance was required for deposits and other receivables, bank deposits and cash and cash equivalents (2024: Nil).

36 FINANCIAL RISK MANAGEMENT (continued)

36.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The Group maintains liquidity by a number of sources including orderly realisation of receivables and certain assets that the Group considers appropriate and long term financing including long-term borrowings are also considered by the Group in its capital structuring. The Group aims to maintain flexibility in funding by keeping sufficient bank balances and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the year-end date). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment.

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2025					
Trade and retention payables	**34,285**	**–**	**–**	**34,285**	**34,285**
Other payables and accruals	**2,243**	**–**	**–**	**2,243**	**2,243**
Lease liabilities	**600**	**86**	**–**	**686**	**667**
Bank borrowings	**8,206**	**–**	**–**	**8,206**	**7,830**
	45,334	**86**	**–**	**45,420**	**45,025**
At 31 March 2024					
Trade and retention payables	16,705	–	12,780	29,485	29,485
Other payables and accruals	1,408	–	–	1,408	1,408
Lease liabilities	935	41	–	976	947
Bank borrowings	8,232	–	–	8,232	7,830
	27,280	41	12,780	40,101	39,670

36 FINANCIAL RISK MANAGEMENT (continued)

36.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity and borrowings. 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 or sell assets to reduce borrowings. The Group monitors capital on the basis of gearing ratio. The gearing ratio is calculated as total borrowings divided by total equity.

As at 31 March 2025 and 2024, the gearing ratios were as follows:

	2025 **HK$'000**	2024 HK$'000
Total borrowings (Note 24)	**7,830**	7,830
Total equity	**271,320**	266,490
Gearing ratio	**3%**	3%

36 FINANCIAL RISK MANAGEMENT (continued)

36.3 Fair value estimation

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2025				
Intangible asset				
Marina club membership	–	1,110	–	1,110
Financial assets				
Financial assets at fair value through profit or loss				
Key management life insurance contract	–	–	8,361	8,361

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2024				
Financial assets				
Financial assets at fair value through profit or loss				
Key management life insurance contract	–	–	8,115	8,115

There were no transfers between Levels 1, 2 and 3 during the year.

The recoverable amount of the marina club membership has been determined based on its fair value less cost of disposal. The fair value less cost of disposal is estimated using the price which a third party would be willing to pay in the inactive market to obtain the rights to use the relevant asset.

The fair value of the key management life insurance contract is estimated by the management to be approximately their cash surrender value as valued by the insurer.

The unobservable input is the cash surrender value quoted by the insurance company according to the key management life insurance contract. When the cash surrender value is higher, the fair value of the key management life insurance contract will be higher.

The carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost, including bank deposits, cash and cash equivalents, trade and retention receivables, deposits and other receivables, trade and retention payables, accruals and other payables lease liabilities and borrowings, approximate their respective fair values, which either due to their short-term maturities, or that they are subject to floating rates.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the five financial years, as extracted from the audited consolidated financial statements is set out below:

CONSOLIDATED RESULTS

	For the year ended 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Revenue	254,625	156,594	417,043	486,642	**303,919**
Gross profit/(loss)	(36,639)	46,295	45,734	43,950	**20,624**
Profit/(loss) for the year	(51,509)	(24,561)	2,391	8,268	**4,830**
Earnings/(loss) per share					
Basic (HK cents)	(12.88)	(5.45)	0.50	1.72	**1.01**
Diluted (HK cents)	N/A	N/A	N/A	N/A	**N/A**

* Not applicable

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
ASSETS					
Non-current assets	139,807	89,637	59,982	52,393	**44,633**
Current assets	265,240	245,553	278,947	256,025	**279,777**
Total assets	405,047	335,190	338,929	308,418	**324,410**
LIABILITIES					
Current liabilities	112,977	71,760	79,186	41,887	**52,752**
Non-current liabilities	31,041	7,599	1,521	41	**338**
Total liabilities	144,018	79,359	80,707	41,928	**53,090**
EQUITY					
Total equity attributable to owners of the Company	261,029	255,831	258,222	266,490	**271,320**