Progressive Path Group Holdings Limited
進昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1581

2025
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Wing Hang *(Chairman)*
Mr. Chan Tak Ming

Independent Non-executive Directors

Mr. Wong Yiu Kit Ernest
Mr. Lee Man Tai
Ms. Tong Sze Sze Cecilia

AUDIT COMMITTEE

Mr. Lee Man Tai *(Chairman)*
Mr. Wong Yiu Kit Ernest
Ms. Tong Sze Sze Cecilia

NOMINATION COMMITTEE

Ms. Tong Sze Sze Cecilia *(Chairman)*
Mr. Wu Wing Hang
Mr. Wong Yiu Kit Ernest

REMUNERATION COMMITTEE

Mr. Wong Yiu Kit Ernest *(Chairman)*
Mr. Wu Wing Hang
Mr. Lee Man Tai

COMPANY SECRETARY

Mr. Li Kin Fung

AUTHORISED REPRESENTATIVES

Mr. Wu Wing Hang
Mr. Li Kin Fung

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1108, 11/F.
Tuen Mun Central Square
No. 22 Hoi Wing Road
Tuen Mun
New Territories
Hong Kong

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

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

COMPANY'S WEBSITE

www.ppgh.com.hk

STOCK CODE

1581

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of Directors (the "Director") of Progressive Path Group Holdings Limited (the "Company"), it is my pleasure to present to you the 2025 annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2025 (the "Year").

The Group's revenue increased by approximately 25.4% to approximately HK$913.8 million for the Year as compared to approximately HK$728.5 million for the year ended 31 March 2024. The Group's profit attributable to owners of the Company is approximately HK$34.1 million for the Year as compared to approximately HK$22.2 million for the year ended 31 March 2024. Such an increase was mainly attributable to (i) an income tax credit of approximately HK$4.6 million recorded for the Year, as compared to an income tax expense of approximately HK$1.7 million for the year ended 31 March 2024. This was primarily due to the utilisation of tax losses previously not recognised by the Group; and (ii) an increase in gross profit for the Year, primarily driven by a revenue growth of approximately 25%, mainly attributable to additional new contracts and variation orders from existing projects, as well as newly awarded contracts undertaken by the Group during the Year.

I am pleased to report that the Group achieved a record-high revenue during the Year, primarily driven by the continued progress of the Three-Runway System ("3RS") project at the Hong Kong International Airport – one of the most significant infrastructure developments in Hong Kong in recent years. With the ongoing support from the Hong Kong Special Administrative Region (the "HKSAR") Government for major infrastructure initiatives, the Group remains firmly committed to its core businesses in foundation and site formation works, as well as construction machinery rental services. We will continue to capitalise on emerging opportunities in the construction sector to strengthen our market position.

Nonetheless, the broader operating environment presents challenges. The decline in property prices across Hong Kong has inevitably impacted overall economic sentiment, particularly within the private property sector. Consumer confidence in real estate development has yet to fully recover, leading developers to focus on cost control and adopt a more cautious approach to launching new projects. Meanwhile, construction costs – including materials and labour – have continued to rise moderately, and the market remains highly competitive.

In light of these market dynamics, the Group will maintain a prudent and adaptive approach to project bidding. We will continue to closely monitor market trends and implement targeted bidding strategies to address the evolving environment. Concurrently, we are committed to enhancing operational efficiency and enforcing stringent cost control measures to protect our profitability and ensure long-term competitiveness.

Before closing, I would like to take this opportunity to express my heartfelt appreciation to my fellow Board members, the management team, all staff members, as well as our suppliers, subcontractors, and other business partners for their dedication and hard work. I am especially grateful to our shareholders and customers for their continued trust and support throughout the year. Their commitment has been instrumental to the Group's success, and we look forward to achieving even greater milestones together in the years ahead.

Wu Wing Hang
Chairman

Hong Kong, 27 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The construction industry in Hong Kong remained highly competitive during the year under review. While private-sector activity slowed due to subdued property market sentiment and cautious developer investment, the public sector continued to drive market momentum. Major initiatives in rental housing, site formation, and infrastructure projects offered stable demand, helping to offset the decline in private development.

Public sector tendering activity picked up pace, supported by the HKSAR Government's strong commitment to increasing public housing supply and investing in long-term urban development. These efforts are expected to sustain robust construction demand in the coming years.

However, the industry continued to face significant challenges. Intense competition has led to downward pressure on contract pricing, requiring contractors to adopt more flexible and attractive bidding strategies. Meanwhile, escalating material and labour costs have further squeezed profit margins, adding operational pressure across the sector.

Looking ahead, the long-term outlook remains positive. The HKSAR Government is investing an average of HK$90 billion annually, representing an increase of about 17% over the average annual expenditure over the past five years, in public works projects to support Hong Kong's social and economic needs. Key areas of focus include public housing, hospital expansion, urban renewal, and transport infrastructure.

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in (i) construction works; and (ii) the provision of construction machinery rental services. Our construction machinery rental services represent the rental of construction machines and construction vehicles to our customers, and the provision of machine operators and transportation services as part of our one-stop construction machinery rental services. Our construction works represent the construction projects undertaken by us, the nature of which are broadly classified as foundation and site formation works, and builder's work and general building works.

The Group's profit attributable to owners of the Company is approximately HK$34.1 million for the Year as compared to approximately HK$22.2 million for the year ended 31 March 2024. Such an increase was mainly attributable to (i) an income tax credit of approximately HK$4.6 million recorded for the Year, as compared to an income tax expense of approximately HK$1.7 million for the year ended 31 March 2024. This was primarily due to the utilisation of tax losses previously not recognised by the Group; and (ii) an increase in gross profit for the Year, primarily driven by a revenue growth of approximately 25%, mainly attributable to additional new contracts and variation orders from existing projects, as well as newly awarded contracts undertaken by the Group during the Year.

During the year, construction progress on the Three-Runway System (the "3RS") remained in full swing, including the North Runway Modification Works, Third Runway Concourse and Apron Works, the new baggage handling system, and the automated people mover system. In addition, ongoing developments such as the Kai Tak Sports Park and the Tung Chung Line Extension Project also contributed to the Group's revenue. The Group continued to support these major infrastructure projects by supplying a wide range of construction machinery and vehicles.

Looking ahead, the Group will continue to focus on expanding its business by actively participating in new construction projects and providing rental services for a broad spectrum of construction equipment and vehicles across Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS AND UNCERTAINTIES

The Group's business operations, financial performance, and future growth are subject to various risks and uncertainties, both known and unforeseen. The following outlines the principal risks identified by the Group, though this list is not exhaustive. Other factors, currently unknown or deemed immaterial, may also emerge and materially affect the Group's operations and prospects in the future.

Operational Risks

The Group primarily generates revenue from non-recurring construction projects under project-based contracts. As customers are not contractually obligated to award repeat business, there is no assurance that new projects will be secured from existing clients or that replacement projects will be obtained upon the completion of the current backlog. Accordingly, the Group's revenue may fluctuate significantly from period to period.

To maintain operational flexibility and cost efficiency, the Group may subcontract portions of its construction works based on the specific requirements of each project. While subcontractors are selected based on their technical capabilities, track record, pricing, manpower capacity, and safety performance, there can be no assurance that all subcontracted works will be completed to the Group's quality and timeliness standards. Any underperformance or delay may lead to additional costs or contractual liabilities under the main contracts.

Furthermore, prolonged settlement cycles are common in the construction industry, especially during periods of economic uncertainty. This may impact the Group's liquidity position. To manage such risks, the Group performs regular aging analyses of accounts receivable and closely monitors the credit profiles of its customers.

Market Risks

The Group's operations are solely based in Hong Kong and, as such, are subject to local economic and market conditions. Unfavourable developments such as a slowdown in the Hong Kong economy, reductions in public sector infrastructure spending, natural disasters, or outbreaks of infectious diseases may adversely affect the Group's operations, revenue, and profitability.

In addition, the Group's construction machinery leasing business is subject to increasingly stringent regulatory requirements imposed by the Environmental Protection Department and the Labour Department of the HKSAR Government. Changes in environmental standards or labour regulations may introduce new compliance obligations and result in higher operating costs. In response, the Group has proactively invested in environmentally friendly machinery to replace outdated equipment, thereby enhancing regulatory compliance and supporting sustainable operations.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the Year, the Group had revenue generated from construction works and construction machinery rental. Set out below is the breakdown of revenue of the Group during the Year and the year ended 31 March 2024:

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Construction works	**632,122**	408,405
Construction machinery rental	**281,662**	320,123
	913,784	728,528

Revenue from construction works

During the Year, the revenue derived from our twenty-two projects (2024: seventeen projects) amounted to approximately HK$632.1 million (2024: HK$408.4 million), accounting for approximately 69.2% (2024: 56.1%) of our total revenue. Such increase in revenue was the results of more new contracts and variation orders from existing projects and newly awarded contracts undertaken by the Group during the Year and increase in revenue in construction works contributed by the construction projects in 3Rs, Kai Tak Sports Peak and Tung Chung Line Extension Project during the Year, despite the revenue from Sze Mei Street project decreased as the project was completed during the Year. The Group had awarded ten new projects and three contracts from existing projects during the Year. The Group has been actively participating in tenders for new public and private construction projects.

As at 31 March 2025, there were nineteen projects on hand with total outstanding contract sum amounting to HK$647.4 million. Fourteen projects are expected to be completed in the year ending 31 March 2026 and five projects are expected to be completed in the year ending 31 March 2027 and none of them is expected to have any material interruption.

Subsequent to 31 March 2025, the Group has been awarded two contracts from new projects and two contracts from an existing project with contract sum of approximately HK$94.0 million.

Below set out a list of projects during the Year:

Site location/Project	Type of works	Status
Anderson Road Quarry Site		
– Development of Anderson Road Quarry Site	Foundation and site formation works	Work in progress
– Subsidized Sales Flats Development	Foundation and site formation works	Work in progress
– Joint-user Complex at Site G2	Foundation and site formation works	Work in progress
Kai Tak Sports Park	Foundation and site formation works	Work in progress

MANAGEMENT DISCUSSION AND ANALYSIS

Site location/Project	Type of works	Status
Hong Kong International Airport		
– Automatic people mover (APM) and baggage hand ling system (BHS)	Foundation and site formation works	Work in progress
– North Runway Modification Works – Airfield Pavement Works (Asphalt Pavement)	Builder's work and general building works	Work in progress
– North Runway Modification Works – Airfield Pavement Works (CASB and CABC and Subgrade Preparation)	Builder's work and general building works	Work in progress
– North Runway Modification Works – Eastern Vehicular Tunnel	Foundation and site formation works	Work in progress
Kai Tak Development Area		
– NKIL No. 6591	Foundation and site formation works	Completed
– NKIL No. 6554	Builder's work and general building works	Completed
– NKIL No. 6577	Builder's work and general building works	Completed
Central Kowloon Route		
– Kai Tak West Section	Foundation and site formation works	Work in progress
Tung Chung Area 100	Foundation and site formation works	Completed
District open space, sports centre cum public vehicle park at Sze Mei Street	Foundation and site formation works	Completed
Fire Station-cum-ambulance depot at Tseung Kwan O	Builder's work and general building works	Work in progress

MANAGEMENT DISCUSSION AND ANALYSIS

Site location/Project	Type of works	Status
AIA Urban Campus Redevelopment	Foundation and site formation works	Completed
Tung Chung Line Extension – Tung Chung West Station and Tunnels	Foundation and site formation works	Completed
– Tung Chung East Station and associated enabling works for track diversions	Foundation and site formation works	Work in progress
Public Housing Development at Pik Wan Road	Foundation and site formation works	Completed
Public Housing Developments at Tuen Mun Area 54	Foundation and site formation works	Work in progress
Public Housing Development at Kwu Tung North Area 19	Foundation and site formation works	Work in progress
Pedestrian Link Connecting Pak Tai Street and Sung Wong Toi Station	Foundation and site formation works	Work in progress
Six Pacific Place Subway Work	Builder's work and general building works	Work in progress
Development of Lok Ma Chau Loop	Builder's work and general building works	Work in progress
Oyster Bay Station and Associated Works	Foundation and site formation works	Work in progress
Dedicated Rehousing Estate at Kwu Tung North Area 24	Foundation and site formation works	Work in progress
Construct Proposed Residential Development at Kai Tak Sung Wong Toi Station	Foundation and site formation works	Not yet commenced

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from construction machinery rental

During the Year, the revenue derived from the construction machinery rental amounted to approximately HK$281.7 million (2024: HK$320.1 million), accounting for approximately 30.8% (2024: 43.9%) of our total revenue. The decrease in construction machinery rental revenue was primarily attributable to the substantial completion of works at the Tung Chung New Town Extension and the Asphalt Batching Plant under the 3RS project at the Hong Kong International Airport during the Year. In the previous year, these projects required a significant deployment of various machinery and extensive overtime work to meet project deadlines, resulting in heightened demand for machinery rental. As the projects neared completion, the corresponding demand for construction machinery rental declined.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's total gross profit increased by approximately HK$5.6 million, from gross profit of approximately HK$57.8 million for the year ended 31 March 2024 to approximately HK$63.4 million for the Year while the gross profit margin decreased by approximately 1.0% as compared with previous year. The increase in gross profit was primarily driven by revenue growth during the Year, which was mainly attributable to additional new contracts and variation orders from existing projects, as well as newly awarded contracts undertaken by the Group. However, the gross profit margin declined due to elevated costs incurred during the Year, reflecting the greater complexity and challenges associated with the projects. Additionally, intensified market competition led to compressed profit margins for both newly secured construction contracts and the construction machinery rental segment. Below set out the breakdowns of the gross profit and gross profit margin of the Group:

	Year ended 31 March			
	2025		2024	
	Gross Profit HK$'000	**Gross Profit Margin**	Gross Profit HK$'000	Gross Profit Margin
Construction works	**43,563**	**6.9%**	31,400	7.7%
Construction machinery rental	**19,872**	**7.1%**	26,371	8.2%
	63,435	**6.9%**	57,771	7.9%

OTHER INCOME

The other income of the Group for the Year amounted to approximately HK$6.5 million, representing an increase of approximately 43.1% compared with approximately HK$4.5 million for the previous year. Such increase is mainly due to the increase in the gain on disposal of property, plant and equipment for the Year.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group for the Year amounted to approximately HK$25.3 million, representing an increase of approximately HK$3.1 million or 14.0%, compare with approximately HK$22.2 million for the previous year. Such increase is mainly attributable to the gradual normalisation of business operations and related activities during the Year, which led to higher administrative expenses compared to the reduced levels during the COVID-19 period and the write-off of a prepayment that was considered unrecoverable.

MANAGEMENT DISCUSSION AND ANALYSIS

PROVISION FOR (REVERSAL OF) LOSS ALLOWANCE ON TRADE RECEIVABLES AND CONTRACT ASSETS

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Provision for loss allowance on trade receivables, net	**4,084**	1,562
Provision for (reversal of) loss allowance on contract assets, net	**284**	(35)

The net provision for loss allowance on trade receivables and contract assets for the Year amounted to approximately HK$4.4 million as compared to net provision of loss allowance of HK$1.5 million for the previous year. The increase in such provision is mainly attributable to higher outstanding balances from certain construction projects and a reassessment of the credit risk associated with customers.

FINANCE COSTS

The Group's finance costs decreased by 26.6% from approximately HK$14.7 million for the previous year to approximately HK$10.8 million for the Year. Such decrease is mainly due to the decrease in interest rate and amount of the interest-bearing liabilities during the Year.

INCOME TAX CREDIT (EXPENSES)

The Group recorded an income tax credit of approximately HK$4.6 million for the Year, as compared to an income tax expense of approximately HK$1.7 million in the previous year. This was primarily due to the utilisation of tax losses previously not recognised by the Group.

NET PROFIT

As a result of the abovementioned, the Group recorded a net profit of approximately HK$34.1 million for the Year, representing an increase of 53.4%, or HK$11.9 million, compared to HK$22.2 million in the previous year.

TREASURY POLICY

It is the Group's policy to adopt a prudent approach towards its cash management policies and thus maintained a healthy liquidity position throughout the Year. To minimize the exposure to credit risk, the Group would regularly review the timeliness of receivables settlement and evaluate the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments would constantly meet its funding requirements for current and future operations.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through cash generated from the operations and borrowings.

As at 31 March 2025, the Group had bank balances of approximately HK$30.4 million (2024: HK$28.5 million). The increase is mainly due to the cash generated from operations during the Year. The new bank borrowings during the Year were approximately HK$266.2 million (2024: HK$240.5 million). The total interest-bearing liabilities of the Group including bank borrowings and lease liabilities as at 31 March 2025 was approximately HK$117.0 million (2024: HK$186.7 million). The gearing ratio is calculated based on the amount of total interest-bearing liabilities divided by total equity. The gearing ratio of the Group as at 31 March 2025 was approximately 40.3% (2024: 72.7%).

PLEDGE OF ASSETS

As at 31 March 2025, the Group's bank borrowings and lease liabilities were secured by the ownership interest in leasehold land and building and machinery and equipment with an aggregate net carrying value of approximately HK$90.2 million (2024: HK$169.4 million), deposits and prepayments for life insurances with an aggregate net book value of approximately HK$22.9 million (2024: HK$19.6 million). No deposits were pledged as at 31 March 2025 (2024: HK$5.8 million).

FOREIGN EXCHANGE RISK

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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group employed 421 (2024: 500) staffs. Total staff costs including Directors' emoluments for the Year amounted to approximately HK$211.0 million (2024: HK$221.9 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the qualification and performance of each employee.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE AND COMMITMENTS

Our capital expenditure primarily comprises purchase of machinery and motor vehicles. Our capital expenditure was principally funded by bank borrowings, leases and internal resources. The following table sets forth our Group's capital expenditure during the Year and previous year:

	Year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Motor vehicles	**12,714**	30,035
Machinery	**32,993**	26,243
Others	**56**	14
	45,763	56,292

As at 31 March 2025, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2025, three subsidiaries of the Group were involved in six ongoing employees' compensation and personal injury claims (2024: none of the subsidiaries of the Group was involved in an ongoing employees' compensation and personal injury claim). The Directors considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance and subcontractors' indemnity. Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case.

EVENTS AFTER THE YEAR

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2025 and up to the date of this report.

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, the Group had no significant investment held and did not have any material acquisition and disposal of subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have other plans for material investments and capital assets during the Year and as at the date of this annual report.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

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

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend to shareholders of the Company for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

With the phased completion of the Kai Tak Sports Park and the commissioning of the 3RS with all three runway now operating simultaneously at the Hong Kong International Airport, the construction market is expected to face a temporary slowdown. In particular, the overall supply of new projects, especially in the private sector, is anticipated to decline in the near term, leading to intensified competition within the industry.

Despite these short-term challenges, including tightening liquidity, elevated interest rates, and ongoing geopolitical uncertainties such as U.S. trade restrictions, the Group remains cautiously optimistic about the long-term outlook for Hong Kong's construction industry. This confidence is supported by the HKSAR Government's continued emphasis on infrastructure as a key economic driver.

As outlined in the Chief Executive's 2024 Policy Address, major public initiatives, such as the Northern Metropolis development, the Light Public Housing programme, the Development of the Lok Ma Chau Loop and the Hong Kong Major Transport Infrastructure Development Blueprint, are expected to provide strong momentum for future growth. In addition, the government has committed approximately HK$90 billion in annual public works spending through 2028, representing a 17% increase over the previous five-year average. These initiatives, alongside the broader target of 30,000 housing units by 2028, form a solid foundation for long-term industry prospects.

In response to these evolving market dynamics, the Group will continue to adopt a prudent and flexible operational strategy. By leveraging its strong technical expertise, solid financial position, and proven track record, the Group aims to maintain its competitiveness, actively pursue opportunities in its core business areas, and explore diversification strategies ensuring sustainable long-term returns for its shareholders.

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the change of information of Director is as follow:

Mr. Wong Yiu Kit Ernest, an independent non-executive director of the Company, has resigned as an independent non-executive director of FEG Holdings Corporation Limited (formerly known as: Kwong Luen Engineering Holdings Limited) and Aidigong Maternal & Child Health Limited, companies listed on the Main Board of the Stock Exchange (Stock Code: 1413 and 286 respectively), with effect from 25 July 2024 and 6 March 2025 respectively. In addition, Mr. Wong served as an independent non-executive director of of Goldstone Investment Group Limited, a company which was incorporated in the Cayman Islands with limited liability and was delisted from the Main Board of the Stock Exchange on 4 November 2024.

Mr. Lee Man Tai, an independent non-executive director of the Company, has resigned as an independent non-executive director of Yunhong Guixin Group Holdings Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8349) with effect from 18 November 2024.

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

The Board presents to the shareholders this annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company while the principal subsidiaries are principally engaged in the construction works and provision of construction machinery rental services. Details of the principal activities of its subsidiaries are set out in notes 1 and 36 to the consolidated financial statements of this annual report. There was no significant change in the Group's principal activities during the Year.

BUSINESS REVIEW

Discussion and analysis of principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks facing the Group and an indication of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" set out on pages 4 to 13 of this annual report.

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 56 of this annual report.

No dividend was paid or proposed by the Company during the Year, nor has any dividend been proposed by the Directors since the end of the Year.

ANNUAL GENERAL MEETING ("AGM")

The 2025 AGM will be held on Friday, 22 August 2025. The notice of the AGM will be published and distributed to the shareholders of the Company in the manner as required by the Listing Rules on the Stock Exchange in due course.

Closure of Register of Members

The Hong Kong branch register of members of the Company will be closed from Tuesday, 19 August 2025 to Friday, 22 August 2025 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. No transfer of shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 18 August 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements of this annual report.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Directors are of view that employees, customers, sub-contractors and suppliers are the keys to the sustainable development of the Group.

REPORT OF THE DIRECTORS

Employees

Employees are regarded as valuable assets of the Group. The objective of the Group's human resource management is to reward and recognize well-performed staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives. In particular, the Group promote career development and advancement by providing appropriate training and opportunities in order to enhance the employees' work performance.

Customers

Our major customers include construction work companies engaged in public and/or private construction projects in Hong Kong. We have established long-term business relationship with these customers for many years and committed to offer our quality service to meet their requirement. We tend to maintain contacts with these customers regularly in order to understand their needs and provide required service to support their business.

Sub-contractors and Suppliers

Our Group have developed long-standing relationship with a number of sub-contractors and suppliers. We have always been communicating closely with them to ensure that good quality and sustainable goods and services will be provided to the Group. When selecting sub-contractors and suppliers, we often require them to satisfy certain criteria such as experience and capability, financial strength, track record, and reputation.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 124 of this annual report. This summary does not form part of the audited consolidated financial statements of this annual report.

SHARE CAPITAL AND SHARES ISSUED DURING THE YEAR

Details of movements during the Year in the share capital of the Company are set out in note 28 to the consolidated financial statements of this annual report.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 59 of this annual report.

As at 31 March 2025, the Group had retained profits amounted to approximately HK$83,563,000 available for distribution to the Company's shareholders.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 15 November 2016. The principal terms of the Share Option Scheme is summarised in Appendix IV to the Prospectus of the Company dated 28 November 2016. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme during the Year and up to the date of this annual report. Details of the Share Option Scheme is set out in note 31 to the consolidated financial statements of this annual report.

DIRECTORS

The Directors who held office during the Year and up to the date of this annual report were:

Executive Directors
Mr. Wu Wing Hang
Mr. Chan Tak Ming

Independent Non-Executive Directors
Mr. Wong Yiu Kit Ernest
Mr. Lee Man Tai
Ms. Tong Sze Sze Cecilia

In accordance with article 108 of the Company's articles of association (the "Articles"), Mr. Chan Tak Ming and Mr. Lee Man Tai will retire from office as Directors at the forthcoming AGM of the Company and, being eligible, offer themselves for re-election.

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

Information regarding Directors' emoluments is set out in note 12 to the consolidated financial statements of this annual report. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the independent non-executive Directors ("INEDs"). The Group considers all INEDs to be independent under the Listing Rules.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACT

All the INEDs have respectively entered into a letter of appointment with the Company for a term of two years unless terminated by not less than three months' notice in writing served by either party on the other.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

During the Year, no contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed.

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

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director or controlling shareholders of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Year and up to the date of this annual report.

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders has made an annual declaration to the Company up to 31 March 2025, he/it has complied with the terms of non-competition undertakings ("Non-Competition Undertakings") given in favour of the Company. The INEDs have also reviewed the status of compliance by each of the controlling shareholders with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the INEDs can ascertain, there is no breach of any of such undertakings.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2025, interests and long positions in the shares, underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Listing Rules are as follows:

(i) Long position in the shares

Name of Director	Capacity/Nature of interest	Shares held	Approximate number of shareholding percentage
Mr. Wu Wing Hang ("Mr. Wu")	Interest in controlled corporation – Corporate interest (Note)	244,398,000	58.89%

Note: The 244,398,000 shares are held by Profit Gold Global Limited ("Profit Gold"). Mr. Wu beneficially owns 100% of the entire issued share capital of Profit Gold and is deemed, or taken to be, interested in all the shares held by Profit Gold for the purposes of the SFO. Mr. Wu is the director of Profit Gold.

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

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held	Percentage of shareholding
Mr. Wu	Profit Gold	Beneficial owner (Note)	1	100%

Note: Mr. Wu beneficially owns 100% of the entire issued share capital of Profit Gold, and he is deemed or taken to be interested in all the shares in Profit Gold for the purposes of the SFO. Mr. Wu is the director of Profit Gold.

(iii) Short positions

Other than as disclosed above, as at 31 March 2025, none of the Directors nor chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2025, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than a Director or chief executive of the Company) who had or were deemed or taken to have an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the shares of the Company:

Name	Capacity/Nature of interest	Number of shares held/interested in	Percentage of shareholding
Profit Gold	Beneficial owner (Note 1)	244,398,000	58.89%
Ms. Kwok Wai Sheung Melody ("Ms. Kwok")	Interest of spouse (Note 2)	244,398,000	58.89%

Notes:

1. 244,398,000 shares were beneficially owned by Profit Gold, which is wholly owned by Mr. Wu.

2. Ms. Kwok, being spouse of Mr. Wu, is deemed to be interest in the 244,398,000 shares held by Mr. Wu under the SFO.

Save as disclosed above, as at 31 March 2025, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

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

	Year ended 31 March	
	2025	2024
Approximate % of total revenue		
from the largest customer	**21.7%**	18.6%
from the five largest customers in aggregate	**62.4%**	59.3%
Approximate % of cost of sales		
from the largest subcontractor	**16.2%**	17.4%
from the five largest subcontractors in aggregate	**25.8%**	26.2%
from the largest supplier	**4.3%**	2.4%
from the five largest suppliers in aggregate	**11.5%**	8.6%

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

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTIONS/EXEMPTED CONTINUING CONNECTED TRANSACTIONS

With respect to the related party transactions as disclosed in note 32 to the consolidated financial statements of this annual report, all transactions which also constitute connected transactions or continuing connected transactions are fully exempted connected transactions or continuing connected transactions of the Company as all the applicable percentage ratios are less than 0.1%. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules in relation to any connected transactions and continuing connected transactions.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

EVENTS AFTER THE YEAR

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2025 and up to the date of this report.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely, Mr. Lee Man Tai, Mr. Wong Yiu Kit Ernest and Ms. Tong Sze Sze Cecilia. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2025 in conjunction with the Company's Auditor and management and has also discussed auditing, risk management, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 March 2025 have been audited by SHINEWING (HK) CPA Limited, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE CODE

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules during the Year and up to the date of this annual report except for the deviation from code provision C.2.1 under Part 2 of the CG Code as explained in the Corporate Governance Report.

The details of Group's compliance with the CG Code is set out in the Corporate Governance Report from pages 26 to 35 of this annual report.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK$30,000 (2024: HK$5,000).

REPORT OF THE DIRECTORS

DIRECTORS AND OFFICERS INSURANCE

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

ENVIRONMENTAL POLICIES

Sustainability is one of the key factors to the Group's development, as well as for the viability of its business and the welfare of the community. We are committed to offering premium products and services to obtain customer satisfaction all round. In recent years, we have been looking for ways to minimize the adverse impact of our businesses on the environment (i.e. air and noise pollution) by improving operational efficiencies and implementing eco-friendly measures. The Group will continue to strive for energy-saving and environmental-friendly equipment and materials for our construction projects. We will formulate policy to promote awareness and practices on resource usage reduction, waste reduction and energy conservation, and be more active in involving various community programs and contributing to the society.

Details are set out in the Environmental, Social and Governance Report (the "ESG Report") from pages 36 to 50 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

On behalf of the Board
Wu Wing Hang
Chairman

Hong Kong, 27 June 2025

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wu Wing Hang (胡永恒) ("Mr. Wu"), aged 46, is the founder of our Group. Mr. Wu is also a member of the nomination and remuneration committee. He was appointed as a Director on 21 April 2016 and was designated as an executive Director on 13 July 2016. He was also appointed as the Chairman of our Group on 13 July 2016. He is currently responsible for overseeing the corporate strategy and operational management of our Group. Mr. Wu is also a director of all the subsidiaries of our Group.

Mr. Wu has over 27 years of experience in the construction works and construction machinery rental service industry. He completed his secondary school education in City College in Hong Kong in 1995. In 2003, Mr. Wu established Luen Yau Construction Company. He established Luen Yau Construction Company Limited in December 2007 and served as its director.

Mr. Wu is the spouse of Ms. Kwok Wai Sheung Melody, the human resources and administration manager of the Company. For Mr. Wu's interest in the shares of the Company within the meaning of Part XV of the SFO, please refer to the section headed "Report of the Directors" of this annual report.

Mr. Chan Tak Ming (陳德明) ("Mr. Chan"), aged 59, was appointed as Director on 31 May 2016 and was designated as an executive Director on 13 July 2016. He is currently responsible for overseeing the rental operation of our Group.

Mr. Chan has over 40 years of experience in the construction works and construction machinery rental service industry. He completed his secondary school education in Oberlin College in Hong Kong in 1983. Mr. Chan joined our Group in August 2003 as a machine operator and was promoted to the position of head of machine rental department in July 2013.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Wong Yiu Kit Ernest (黃耀傑) ("Mr. Wong"), aged 57, was appointed as an independent non-executive Director on 15 November 2016. He is also the chairman of the remuneration committee and a member of the audit and nomination committees of our Company.

Mr. Wong has over 32 years of experience in venture capital, corporate finance, business development and general management. He is currently the president and the group chief financial officer of KVB Holdings Limited since November 2011. From October 2014 to August 2019, he worked for KVB Kunlun Financial Group Limited (now known as CLSA Premium Limited) ("Kunlun Financial"), a company listed on the Main Board of the Stock Exchange (stock code: 6877), as the chief financial officer and the company secretary. During the period from May 2018 to August 2019, he was concurrently an executive director of Kunlun Financial. He was an executive director of Adamas Finance Asia Limited (formerly known as China Private Equity Investment Holdings Limited) ("Adamas Finance"), a company listed on the London Stock Exchange (stock code: ADAM) and the Frankfurt Stock Exchange (stock code: 1CP1), from May 2008 to February 2014 and a non-executive director of Adamas Finance from February 2014 to June 2019. He worked at Hong Kong Applied Science and Technology Research Institute Company Limited from November 2002 to April 2008, where he last served as the chief financial officer. He was the vice president of Vertex Management (HK), an international venture capital firm in Singapore, from July 2000 to October 2002.

From February 2021 to July 2024, he was an independent non-executive director of FEG Holdings Corporation Limited (formerly known as: Kwong Luen Engineering Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1413). Mr. Wong served as an independent non-executive director of Goldstone Investment Group Limited, a company which was incorporated in the Cayman Islands with limited liability and was delisted from the Main Board of the Stock Exchange on 4 November 2024, from 1 December 2020 to 4 November 2024. From September 2017 to March 2025, Mr. Wong was an independent non-executive director Aidigong Maternal & Child Health Limited, a company listed on the Main Board of the Stock Exchange (stock code: 286).

He is currently an independent non-executive director of C&D Newin Paper & Pulp Corporation Limited (formerly known as Samson Paper Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 731).

Mr. Wong obtained a bachelor's degree in business administration from The University of Hong Kong, a master's degree in management from the Saïd business school of Oxford University, a master's degree of science in investment management from The Hong Kong University of Science and Technology, a master's degree of science in electronic engineering from The Chinese University of Hong Kong.

Mr. Wong is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and Institute of Chartered Accountants in England and Wales and the Hong Kong Securities Institute. He is also the charter-holder of the Institute of Chartered Financial Analysts. He is the court member of The University of Hong Kong, the global council member of the Association of Chartered Certified Accountants and the former chairman of the Association of Chartered Certified Accountants Hong Kong, the former deputy chairman of The Hong Kong University Convocation, the past president of The Hong Kong University Graduates Association and a former executive director of the CFA Hong Kong.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Man Tai (李文泰) ("Mr. Lee"), aged 48, was appointed as an independent non-executive Director on 15 November 2016. He is also the chairman of the audit committee and a member of the remuneration committee of our Company.

In November 2000, Mr. Lee obtained his Bachelor degree in business administration from Lingnan University, Hong Kong. In November 2010, he further obtained a Master degree in business administration in financial services from The Hong Kong Polytechnic University. He was admitted as a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in May 2012 and October 2012 respectively. He also obtained the qualification as a licensed representative and responsible officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) in 2017 and 2020 respectively.

Mr. Lee has over 23 years of experience in financial and auditing industries. He served as the chief financial officer and company secretary in several listed companies including China Yuanbang Property Holdings Limited, a listed company on the main board of Singapore Exchange Securities Trading Limited with stock code BCD between October 2006 to October 2012, China 33 Media Group Limited (stock code: 8087) between October 2012 and May 2014 and Flying Financial Service Holdings Limited (stock code: 8030) as the chief financial officer between July 2014 to April 2015 and company secretary between August 2014 to April 2015. He also served as the company secretary and financial controller of Chanco International Group Limited (with its name changed to China International Development Corporation Limited) (stock code: 264) from April 2015 to September 2015 and from April 2015 to January 2016 respectively. He is currently the chief financial officer and company secretary of China New Consumption Group Limited (formerly known as State Innovation Holdings Limited and Beaver Group (Holding) Company Limited), a company listed on GEM of the Stock Exchange (stock code: 8275) since June 2021 and August 2021, respectively.

From June 2021 to November 2024, Mr. Lee was an independent non-executive director of Yunhong Guixin Group Holdings Limited (stock code: 8349), which are listed on the Stock Exchange.

Mr. Lee is currently an independent non-executive director of China Energy Development Holdings Limited (stock code: 228) since January 2016 and Rizhao Port Jurong Co., Ltd (stock code: 6117) since December 2019.

Ms. Tong Sze Sze Cecilia (唐絲絲) ("Ms. Tong"), aged 55, was appointed as an independent non-executive Director on 28 March 2024. She is also the chairman of the nomination committee and a member of the audit committee of our Company.

Ms. Tong has substantial experience in administration and procurement. She obtained a bachelor's degree in Administrative Studies from the York University in Canada in June 1993. Ms. Tong started her career as administrative supervisor in various insurance companies in Canada from 1993 to 1996. In 1997, she joined the Chevalier Group, its group holdings company, Chevalier International Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 25.HK), where she was primarily responsible for overall management and operations and reported to the managing director of its subsidiary companies.

Ms. Tong worked for the Global Sourcing and Procurement Services Department in the Bank of America Merrill Lynch from 2000 to 2012. She was responsible for coordinating with global category managers in the US, UK and Asia Pacific Region to leverage global deal between vendors and the bank, with her last position as vice president in Global Banking and Markets Chief Operating Office.

Ms. Tong holds an estate agent's licence issued by the Hong Kong Estate Agents Authority, and she is the founder of a licensed property agency company in Hong Kong, where she has been serving as the managing director since 2018. Ms. Tong also holds directorship in certain private property investment companies.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Kwok Wai Sheung Melody (郭慧嫦) ("Ms. Kwok"), aged 47, is our human resources and administration manager. She is currently responsible for human resources management, training and education of employees.

In 1995, Ms. Kwok completed her secondary school education in Ho Ngai Prevocational School (Sponsored by Sik Sik Yuen) in Hong Kong. Ms. Kwok is the spouse of Mr. Wu.

Ms. Kwok has over 25 years of experience in the construction industry. She joined Luen Yau Construction Company in July 2003 as a human resources and administration manager. Prior to joining our Group, Ms. Kwok worked as a site clerk in Dickson Construction Co., Ltd. from September 1998 to December 2000 and China Harbour Engineering Co. from November 1997 to September 1998.

COMPANY SECRETARY

Mr. Li Kin Fung (李建鋒) ("Mr. Li"), aged 37, joined the Company as a finance manager in February 2018. He is a member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales and the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries). He is also a Chartered Accountant of the Institute of Chartered Accountants in England and Wales.

He obtained a bachelor degree of Business Administration in Professional Accounting and Economics from The Hong Kong University of Science and Technology and a master degree in Corporate Governance from The Hong Kong Polytechnic University. He has over 14 years of experience in auditing, financial management and accounting. Prior to joining the Company, Mr. Li worked as an audit manager in the assurance department of an international audit firm.

CORPORATE GOVERNANCE REPORT

The Company strives to attain and maintain a high standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholders' value and safeguarding interests of shareholders and other stakeholders. Accordingly, the Board attributes a high priority to identifying and implementing appropriate corporate governance practices to ensure transparency, accountability and effective internal controls.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the CG Code as set out in Appendix C1 of the Listing Rules. Throughout the Year and up to the date of this annual report, the Company has complied with the code provisions under the CG Code, except for the deviation from code provision C.2.1 under Part 2 of the CG Code as explained below. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group.

According to code provision C.2.1 of the CG Code, the role of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. Throughout the Year and up to the date of this annual report, the role of the chairman of the Company is performed by Mr. Wu Wing Hang but the office of the chief executive officer of the Company is vacated. The daily operation and management of the Company is monitored by the executive Directors as well as the senior management. The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company.

CORPORATE CULTURE

The culture of the Group is to require the directors and management to develop its business and operate within the scope of applicable laws and regulations, as well as the basic norms and expectations of the business community and society. The Group shall operate on the basis of sound governance and utmost integrity and prohibit all kinds of damaging, corruptive, collusive, unethical and discriminative acts.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company.

Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have complied with the Model Code throughout the Year.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is responsible for formulating business strategies and monitoring the performance of the business of the Group. Other than the daily operational decisions which are delegated to the management of the Group, most of the decisions are taken by the Board. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules during the Year. The Board constituted of five members, including two executive Directors and three independent non-executive Directors.

The composition of the Board is as follows:

Executive Directors
Mr. Wu Wing Hang *(Chairman)*
Mr. Chan Tak Ming

Independent non-executive Directors
Mr. Wong Yiu Kit Ernest
Mr. Lee Man Tai
Ms. Tong Sze Sze Cecilia

Biographical details of each Director and relationship between Board members are set out on pages 22 to 25 of this annual report. Save as disclosed in this annual report, there is no financial, business, family or other material/relevant relationship among members of the Board.

The Company signed a letter of appointment with each of the independent non-executive Directors for a term of two years, which may be terminated earlier by no less than three months' written notice served by either party on the other.

Pursuant to article 108(a) of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election. Moreover, pursuant to article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the next first annual general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company has also complied with Rule 3.10(2) of the Listing Rules. Two of the independent non-executive Directors possess the appropriate professional accounting qualifications and financial management expertise.

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director. The Company has reviewed the implementation of the mechanisms in relation to the Board independence and considered it to be effective during the Year.

CORPORATE GOVERNANCE REPORT

During the Year, four regular Board meetings and a general meeting were held. Details of the attendance of the Directors to the regular Board meetings and general meeting are as follows:

Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meeting
Executive Directors		
Mr. Wu Wing Hang	4/4	1/1
Mr. Chan Tak Ming	4/4	1/1
Independent non-executive Directors		
Mr. Wong Yiu Kit Ernest	4/4	1/1
Mr. Lee Man Tai	4/4	1/1
Ms. Tong Sze Sze Cecilia	4/4	1/1

Every Director is entitled to have access to Board papers and related materials, and the advice and services of the company secretary of the Company (the "Company Secretary"), and has the liberty to seek independent professional advice at the Company's expense if so reasonably required. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

BOARD DIVERSITY

The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company. In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board. The Board with the assistance of nomination committee of the Company shall review the Board Diversity Policy from time to time to ensure that it remains appropriate and effective. During the Year, the Company's existing composition of independent non-executive Directors as well as its senior management team are highly diverse in age, educational background and professional experience.

The Board comprises five directors. Directors have a balanced mix of knowledge and skills, including knowledge and experiences in difference areas. They obtained degrees in various majors as well. Furthermore, the Board has a wide range of age, ranging from 46 years old to 59 years old. The Company has also taken, and will continue to take steps to promote gender diversity at all levels, including but without limitation at the Board and the management levels. In terms of gender diversity, the Board currently comprises one female director (representing 20% of the Board), and will target to review the implementation and effectiveness of the board diversity policy on an annual basis as well as achieve an ultimate goal of gender parity as soon as practicable.

After due consideration, the Board believes that based on existing business model and meritocracy of Directors, its composition satisfies the principles under the board diversity policy.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively. During the Year, the Directors have participated in continuous professional development programmes, such as external seminars organized by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All Directors have been given relevant guideline materials and attended a training regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interest. Such induction materials and briefing will also be provided to newly appointed Directors shortly upon their appointment as Directors. Continuing briefings and professional development to Directors will be arranged whenever necessary.

All Directors have provided record of their training attendance and the Company will continue to arrange and fund the training in accordance with the CG Code provisions.

BOARD COMMITTEES

The Board has established three committees, namely the audit committee (the "Audit Committee"), the nomination committee (the "Nomination Committee") and the remuneration committee (the "Remuneration Committee"). The table below provides the membership information of these committees on which certain Board members served:

Directors	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Wu Wing Hang	–	M	M
Mr. Chan Tak Ming	–	–	–
Mr. Wong Yiu Kit Ernest	M	M	C
Mr. Lee Man Tai	C	–	M
Ms. Tong Sze Sze Cecilia	M	C	–

Notes:

C – Chairman of the relevant committee

M – Member of the relevant committee

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code, the Audit Committee comprises three independent non-executive Directors, namely Mr. Lee Man Tai, Mr. Wong Yiu Kit Ernest and Ms. Tong Sze Sze Cecilia. Mr. Lee Man Tai is the Chairman of the Audit Committee. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditor, and performing the corporate governance function.

CORPORATE GOVERNANCE REPORT

The Audit Committee's authority and duties are set out in written terms of reference, which terms of reference of the Audit Committee are available on the Stock Exchange's website and the Company's website.

The Audit Committee held two meetings during the Year to review, and recommend to the Board for approval, the audited consolidated financial statements of the Group for the year ended 31 March 2024, the unaudited interim financial report for the six-month period ended 30 September 2024 and reviewed the internal audit reports including the review and evaluation of internal controls. The individual attendance record of each member at the meetings of Audit Committee are set out below:

Name of member of the Audit Committee	Attendance/ Number of Meetings
Mr. Lee Man Tai	2/2
Mr. Wong Yiu Kit Ernest	2/2
Ms. Tong Sze Sze Cecilia	2/2

Subsequent to the year ended 31 March 2025, the Audit Committee held one meeting and have reviewed and recommended to the Board for approval of the audited consolidated financial statements of the Group for the year ended 31 March 2025.

NOMINATION COMMITTEE

Pursuant to paragraph B.3 of the CG Code, the Nomination Committee comprises one executive Director, namely Mr. Wu Wing Hang and two independent non-executive Directors, namely Ms. Tong Sze Sze Cecilia and Mr. Wong Yiu Kit Ernest. Ms. Tong Sze Sze Cecilia is the Chairman of the Nomination Committee. The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying and nomination of Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The Nomination Committee's authority and duties are set out in written terms of reference, which terms of reference of the Nomination Committee are available on the Stock Exchange's website and the Company's website.

During the Year, the Nomination Committee held one meeting to (i) review the structure, size and diversity of the Board; (ii) assess the independence of the independent non-executive Directors and (iii) recommend to the Board for consideration the re-election of all the retiring Directors at the forthcoming annual general meeting. The individual attendance record of each member of the Nomination Committee is set out below:

Name of member of the Nomination Committee	Attendance/ Number of Meetings
Ms. Tong Sze Sze Cecilia	1/1
Mr. Wu Wing Hang	1/1
Mr. Wong Yiu Kit Ernest	1/1

The Board has adopted the nomination policy which sets out the nomination criteria and procedures for the Company to appoint additional Directors or re-elect Directors.

CORPORATE GOVERNANCE REPORT

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company's needs and other relevant statutory requirements and regulations. Qualified candidates will then be recommended to the Board for approval.

REMUNERATION COMMITTEE

Pursuant to paragraph E.1 of the CG Code, the Remuneration Committee comprises one executive Director, namely Mr. Wu Wing Hang and two independent non-executive Directors, namely Mr. Wong Yiu Kit Ernest and Mr. Lee Man Tai. Mr. Wong Yiu Kit Ernest is the Chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, among other things, formulating and making recommendations to the Board on the remuneration policy, determining the specific remuneration packages of all executive Directors and senior management and making recommendations to the Board of the remuneration of independent non-executive Directors.

The Remuneration Committee's authority and duties are set out in written terms of reference, which terms of reference of the Remuneration Committee are available on the Stock Exchange's website and the Company's website.

The Remuneration Committee held one meeting during the Year to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the Directors and senior management and other related matters. The individual attendance record of each member of the Remuneration Committee is set out below:

Name of member of the Remuneration Committee	**Attendance/ Number of Meetings**
Mr. Wong Yiu Kit Ernest	1/1
Mr. Wu Wing Hang	1/1
Mr. Lee Man Tai	1/1

No Director takes part in any discussion about his own remuneration. Full details of remuneration of the Directors and the five highest paid employees are provided in notes 12 and 13 respectively to the consolidated financial statements of this annual report.

COMPANY SECRETARY

The Company Secretary, who is also the chief financial officer of the Company, is a full time employee of the Company. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. His biography is set out on page 25 of this annual report under the section headed "Biographies of the Directors and Senior Management".

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the Year. The Directors aim to present a clear and understandable assessment of the Group's financial position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the consolidated financial statements of the Group. The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules, and reports to the regulators.

The responsibilities of the external auditor with respect to the financial reporting are set out in the Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

One of the major functions of the Board is to maintain an adequate risk management and internal control systems to safeguard shareholders' investments and the Group's assets, and reviewing their effectiveness annually through the Audit Committee. The Audit Committee reports to the Board on any material issues and makes recommendations to the Board.

Policies and procedures have been designed to safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with applicable law, rules and regulations. The policies and procedures provide a reasonable assurance that material misstatements or losses are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed.

During the Year, the Company engaged an external independent consulting firm to review the effectiveness of certain of the Group's risk management and internal controls systems. Relevant recommendations made by the consultant have already been implemented in stages by the Group to further enhance its internal control policies, procedures and practices. The Board considered that the Group's risk management and internal control systems were effective during the Year.

The Group has conducted an annual review on whether there is a need for an internal audit department. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

Whistleblowing Policy

The Company is committed to achieving and maintaining the highest standards of openness, probity and accountability. The employees of the Company at all levels should conduct themselves with integrity, impartiality and honesty. In addition, the Company encourages reporting of concerns and actual or suspected misconduct or malpractice or unethical acts (e.g. corruption) by any staff and/or external parties in any matter related to the Company.

The Whistleblowing Policy was adopted in June 2022 to provide guidance on the procedure of reporting allegations of any fraud and misconduct, malpractice or irregularity by employees and stakeholders. All filed whistleblowing reports and the identity of the whistleblowers are treated in a strictly confidential manner in accordance with the procedures set out in the policy.

CORPORATE GOVERNANCE REPORT

Anti-Corruption Policy

The Company takes a zero-tolerance approach towards all forms of bribery and corruption and is committed to observing and upholding high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times. The Company strictly prohibits any form of fraud or bribery, and is committed to prevention, deterrence, detection, reporting and investigation of all forms of fraud and bribery.

The Anti-Corruption Policy was adopted in June 2022 to provide principles for all directors, officers, and employees to operate conduct business with integrity and to reduce the risk of corruption and bribery. The Group conducts periodic and systematic fraud risk assessments to mitigate fraud risks identified internally and externally. Proper trainings and briefings related to bribery, corruption, conflicts of interest, money laundering and financing of terrorism, non-compliance with the Prevention of Bribery Ordinance will also be provided to all employees.

DISCLOSURE OF INSIDE INFORMATION

The Company has put in place a policy for the disclosure of inside information in compliance with the SFO. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Company and its subsidiaries.

AUDITOR'S REMUNERATION

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

	Service Fee HK$'000
Audit services	880
Non-audit services:	
– Interim report	248
– Others*	40
	288
Total	1,168

* Performed by SHINEWING (HK) CPA Limited's affiliated firms.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

Pursuant to code provision F.1.1 of the CG Code, the Company has adopted a dividend policy ("Dividend Policy"). This Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits, realised or unrealised, or from any reserve set aside from profits which the Board determine is no longer needed, as dividends to the shareholders of the Company.

In deciding whether to propose or declare a dividend and in determining the dividend amount and means of payments, the Board should take into account, the actual and expected financial performance of the Group; retained profits and distributable reserves of the Company and each of the other members of the Group; economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group, business strategies of the Group, including future cash commitments and investment needs to sustain the long-term growth aspect of the business; the current and future operations, liquidity position and capital requirements of the Group; statutory and regulatory restrictions; and any other factors that the Board may consider relevant. The Board will review the dividend policy as appropriate from time to time.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with all shareholders. The Company believes that maintaining a high level of transparency is a key to enhance investor relations.

The Company has established several communication channels, including (a) the annual and extraordinary general meetings which provide a forum for shareholders to communicate directly with the Board; (b) printed corporate documents mailing to shareholders; (c) announcement disseminating the latest activities of the Group on the websites of the Company and the Stock Exchange; and (d) the Company's website providing an electronic means of communication.

Having considered the multiple channels of communication and shareholders engagement in the general meeting held during the Year, the Board is satisfied that the shareholders communication policy has been properly implemented during the Year and is effective.

SHAREHOLDERS' RIGHTS

How shareholder can convene an extraordinary general meeting

The following procedures for shareholders to convene an extraordinary general meeting ("EGM") are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the Listing Rules (as amended from time to time):

(a) Pursuant to article 64 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition;

(b) The written requisition must state the purposes of the meeting, signed by the Eligible Shareholder(s) and deposit it to the Board or the Company Secretary at the Company's principal place of business at Unit 1108, 11/F., Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists;

(c) The requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;

(d) The requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered shareholders. On the contrary, if the requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM; and

(e) If within 21 days of such deposit the Board fails to proceed to convene such meeting the Eligible Shareholder(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may, at any time, direct enquiries to the Board. Such enquiries can be addressed to the Company Secretary in writing by mail to the Company's principal place of business in Hong Kong at Unit 1108, 11/F., Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong.

Procedures for putting forward proposals at shareholders' meeting

Shareholders are requested to follow Article 64 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "How shareholder can convene an extraordinary general meeting".

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

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its Articles of Association on the respective websites of the Stock Exchange and the Company. During the Year, there was no change in the constitutional documents of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Progressive Path Group Holdings Limited (the "Company"), together with its subsidiaries (collectively, the "Group"), is pleased to present its Environmental, Social and Governance ("ESG") Report for the year ended 31 March 2025 (the "Year"). The Group is principally engaged in construction works and the provision of construction machinery rental services, which also define the reporting scope of this Report. The scope was determined based on the revenue contribution and number of staff involved in these activities.

This Report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" set out in Appendix C2 of the Main Board Listing Rules (the "Reporting Guide"). It outlines the Group's ESG-related practices and performance, including disclosures of key performance indicators ("KPIs") relevant to its core business operations.

In preparing this Report, the Group adhered to the key principles of Materiality, Quantitative, and Consistency as defined in the Reporting Guide:

Materiality: An annual materiality assessment was conducted to identify and review ESG factors that are most relevant to the Group's operations and stakeholders.

Quantitative: Where applicable, quantitative data has been disclosed with accompanying explanations to facilitate effective comparison and evaluation.

Consistency: The methodologies used for data collection and reporting have remained consistent with previous years to ensure the comparability of ESG information over time.

BOARD STATEMENT

To ensure effective oversight, accountability, and segregation of duties in advancing ESG initiatives, the Group has established a well-defined governance structure. The Board of Directors holds overall responsibility for ESG matters, including the formulation and approval of ESG strategies, identification and management of related risks and opportunities, performance oversight, and reporting. ESG considerations are embedded into the Group's corporate strategy and operational decision-making processes to support sustainable development.

The Board sets the strategic direction and high-level objectives for ESG, providing clear guidance and principles to the management team. In turn, management is responsible for translating these directives into actionable plans by instructing key personnel across operational departments. This includes overseeing the implementation of ESG measures, monitoring progress, and reporting outcomes back to the Board.

Operational personnel are tasked with executing the day-to-day ESG initiatives. Their responsibilities include collecting, recording, and monitoring environmental and social data, ensuring accuracy and consistency in reporting.

To maintain alignment and drive continuous improvement, annual meetings are convened among the Board, management, and operational teams. These meetings serve as a platform to review ESG performance, track progress against defined goals, and stay informed on the latest regulatory changes and industry developments. Through this structured and collaborative approach, the Group fosters a culture of accountability, transparency, and sustainability across all levels of the organization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ASSESSMENT AND COMMUNICATION

The Group recognizes shareholders, customers, employees, suppliers, subcontractors, and government bodies as its key stakeholders, each playing a vital role in the success and sustainability of the Group's operations. These stakeholders are considered essential during the stakeholder assessment process, either because they have a substantial influence on the Group's business activities or are significantly affected by its operations.

To strengthen mutual trust and align interests, the Group is committed to maintaining open, transparent, and responsive communication with its stakeholders. The Board oversees the stakeholder identification process, systematically mapping and classifying stakeholder groups in consultation with various operational departments.

Through ongoing communication channels and regular business interactions, the Group actively engages stakeholders to gain insights into their expectations, concerns, and feedback. In addition, the Group periodically conducts structured assessments to evaluate the level of influence, interest, and dependency of each stakeholder group. These efforts enable the Group to prioritize stakeholder needs, manage relationships effectively, and incorporate stakeholder perspectives into its strategic planning and ESG initiatives.

MATERIALITY ASSESSMENT

The Group conducts a materiality assessment annually to ensure that its ESG efforts align with stakeholder expectations and the Group's operational priorities. This process is designed to identify and prioritize the ESG issues most relevant to the Group's business and its stakeholders, thereby enabling more focused and effective sustainability strategies.

The assessment follows a structured three-step approach:

1. **Identification:** The Board initiates the process by compiling a preliminary list of potential material ESG topics relevant to the Group's operations. This list is developed with reference to the ESG Reporting Guide and encompasses a broad range of environmental, social, and governance issues.

2. **Review and Prioritization:** The identified topics are then reviewed and evaluated in consultation with various internal departments. Stakeholder feedback – collected through ongoing communication channels, including day-to-day interactions with customers, employees, and suppliers – is taken into account. Each topic is prioritized based on its potential impact on the Group's operations and its importance to key stakeholders.

3. **Confirmation:** The prioritized list of material issues is reviewed and discussed by the Board to ensure alignment with the Group's long-term strategic goals. This step ensures that the final selection reflects both stakeholder expectations and the Group's risk and opportunity landscape.

As a result of the assessment, several ESG issues were identified as material for the Year, including greenhouse gas ("GHG") emissions, occupational health and safety, product responsibility, anti-corruption, staff development and benefits and waste management. The Board reviews and approves the materiality assessment outcomes on a regular basis, enabling the Group to refine its sustainability focus and develop targeted initiatives that respond to evolving stakeholder needs and market trends.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

The Group acknowledges that its operations generate emissions that may impact the environment. In line with our environmental responsibilities, we proactively monitor and manage emissions arising from our activities, with ongoing efforts to reduce them. These include general air pollutants and GHG emissions, which contribute to air quality degradation and climate change. By identifying major emission sources and implementing targeted control measures, the Group aims to minimise its environmental impact while complying with applicable regulations and sustainability standards.

Air pollutants and GHG emissions

The Group's primary sources of air pollutants and GHG emissions are the diesel fuel consumed by Group-used vehicles and electricity usage at our head office. During the Year, diesel consumption increased significantly, mainly due to a rise in the number of construction projects, which required the use of additional machinery and extended operating hours. Heightened logistical demands during peak periods and more frequent transportation schedules also contributed to the increase.

The Group is aware of the higher diesel usage and has taken steps to avoid, reduce, and control emissions. For example, machinery is only operated when necessary, and we have adopted more energy-efficient fuels for most of our vehicles and equipment, such as excavators and lorry cranes. These fuels offer better combustion efficiency, providing more power per unit and helping to reduce overall consumption. Furthermore, all diesel-powered equipment used by the Group complies with the Air Pollution Control Ordinance, with sulfur content not exceeding 0.005%.

Due to operational limitations, we are currently unable to disaggregate diesel usage data by activity type, as Group-owned vehicles serve both construction and rental functions. As a result, specific atmospheric emission data for nitrogen oxides and particulate matter are not available. However, sulfur oxide emissions from diesel combustion are estimated at approximately 71 kg (2024: 36 kg).

GHG emission	Unit	2025	2024
Scope 1 – Fuel combustion	Tonne	**11,604**	5,798
Scope 2 – Purchased electricity	Tonne	**3**	3
Scope 3 – Other indirect	Tonne	**5**	3
Total GHG emissions	Tonne	**11,612**	5,804
GHG emission intensity[1]	Tonne/million HK$ revenue	**13**	8

Note:

1. During the Year, the Group's total revenue was approximately HK$913.8 million (2024: approximately HK$728.5 million). The data will also be used for calculating other intensity data.

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

3. The Scope 3 GHG emissions include 3 tonnes (2024: 2 tonnes) CO_2 equivalent emissions from the disposal of paper waste and 2 tonnes (2024: 1 tonne) CO_2 equivalent emissions from business travel by employees. Business air travel by employees is calculated using the carbon emissions calculator on the website of the International Civil Aviation Organization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Last year, we set a conservative target to maintain a lower GHG emission intensity. However, due to an increase in the number, scale, and complexity of our construction projects, the target was not fully achieved. As such, we will continue to adopt this target for the coming year. To support this goal, we will enforce stricter measures such as switching off idling vehicles, acquiring more fuel-efficient vehicles, and improving work planning prior to project commencement.

To the best of our knowledge, during the Year, the Group does not have any non-compliance issues in relation to laws and regulations that relate to air and GHG emissions including but not limited to the Air Pollution Control Ordinance (Cap.311).

Waste Management

The Group's operations primarily generate two types of waste: construction waste and general office waste. Prior to the commencement of construction activities, the Group assesses the types of waste likely to be produced and implements strategies to minimise waste generation. Project teams also provide training to workers on waste reduction, recycling practices, and proper waste handling procedures. Wherever feasible, materials are reused to reduce overall waste output.

For construction waste, the Group strictly complies with the requirements set by the main contractors and the Environmental Protection Department ("EPD"). All construction waste is managed in accordance with the Waste Disposal Ordinance (Cap. 354, Laws of Hong Kong). No hazardous waste was generated during the Year. Should hazardous waste arise in the future, the Group will engage licensed waste collectors to ensure proper and compliant disposal.

During the Year, the Group disposed of approximately 654 tonnes of non-hazardous construction waste through designated landfills, sorting facilities, and public filling areas, in accordance with EPD requirements (2024: 358 tonnes). This equates to a waste intensity of 0.72 tonnes per HK$ million in revenue (2024: 0.49 tonnes per HK$ million). Due to the diverse nature of project scopes and site-specific waste management arrangements led by main contractors, setting a construction waste reduction target is currently not meaningful.

As for general office waste, the Group disposed of 624 kg of paper during the Year (2024: 461 kg), with a corresponding waste intensity of 0.7 kg per HK$ million in revenue (2024: 0.6 kg per HK$ million). To encourage paper recycling, collection boxes for single-sided used paper have been placed near printers. Staff are required to separate and recycle waste in alignment with the Group's waste reduction goals.

In the coming year, the Group will continue to promote paper reduction by further encouraging digital workflows and minimising unnecessary printing. While recognising operational needs, we aim to maintain a lower level of paper consumption intensity through increased staff awareness and the continued adoption of electronic communication and record-keeping. The Group remains committed to fostering a paper-efficient office culture as part of our broader sustainability efforts.

During the Year, to the best of our knowledge, the Group did not experience any non-compliance issues in relation to laws and regulations that relate to discharges into water and land, and generation of hazardous and non-hazardous waste including but not limited to the Waste Disposal Ordinance (Cap. 354).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Use of Resources

The Group adopts an integrated approach to environmental sustainability through the implementation of the "4Rs" principle – Reduce, Reuse, Recycle, and Replace. This principle serves as the cornerstone of the Group's resource management strategy, guiding its operations at both corporate offices and project sites.

We focus on reducing resource consumption, particularly in terms of paper, electricity, and water. The Group is committed to fostering a paperless office culture, where employees are encouraged to utilize digital communication and documentation tools in place of traditional printed materials. Electricity conservation is equally emphasized; employees are instructed to switch off lights and electrical appliances, such as computers and printers, when not in use or upon leaving the workplace. When replacement of office equipment is necessary, energy-efficient models are selected to reduce long-term power consumption. Additionally, natural lighting and ventilation are maximized at site offices wherever feasible.

The Group also actively promotes reuse within its operations. A common practice involves collecting and reusing single-sided printed paper for internal purposes, provided the documents do not contain sensitive or confidential information. Where confidentiality must be maintained, documents are securely shredded. These measures help extend the life cycle of office materials and reduce unnecessary consumption.

Recycling is another critical component of the Group's sustainability framework. Centralized collection points are established throughout offices for the disposal of used paper that is no longer reusable. The Group also supports the replacement of outdated or inefficient equipment with sustainable, energy-efficient alternatives to further reduce its environmental footprint.

Regarding water usage, the Group's direct consumption is minimal. At construction sites, water is supplied and managed by the main contractor, primarily for sanitation purposes. At the head office, water is provided by the property management office under a similar arrangement. As the Group does not directly manage water sourcing or consumption tracking, water efficiency targets and performance indicators are not considered applicable to its operations.

In terms of packaging materials, the nature of the Group's work in the construction industry does not involve the use or management of such materials. Therefore, indicators related to packaging consumption and reduction do not apply to the Group's business activities.

Through the thoughtful application of the 4Rs principle, the Group continues to demonstrate its commitment to responsible resource management. These efforts contribute meaningfully to environmental conservation and reflect the Group's broader dedication to sustainable practices within the construction sector.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the resources consumed is as follows:

Use of resources	Unit	2025	2024
Direct energy consumption – Diesel	L	**4,438,253**	2,217,006
	L/million HK$ revenue	**4,857**	3,043
Direct energy consumption – Petrol	L	**2,383**	1,197
	L/million HK$ revenue	**3**	2
Indirect energy consumption – Electricity	kWh	**7,476**	7,619
	kWh/million HK$ revenue	**8**	10

The increase in diesel consumption was mainly driven by a rise in the number of construction projects during the Year, which required additional machinery and longer operating hours. To meet our reduction targets, the Group will continue working toward lowering diesel consumption intensity across all categories in the coming year. Measures will include operating machinery only when necessary and enhancing project planning to optimise fuel use.

The Environment and Natural Resources

The Group conducts its construction activities in strict compliance with relevant laws and regulations, and in accordance with the policies and procedures outlined in our ISO 14001 Environmental Management System certification. While emissions remain a primary concern, we also recognize that construction activities can cause other environmental impacts such as noise, waste, and wastewater. To minimize these effects, the Group has implemented various measures aligned with local laws and best practices.

Noise Pollution

Noise generated by construction equipment and vehicle operations can significantly affect nearby residents and workers. To mitigate this, the Group strictly adheres to the Noise Control Ordinance (Cap. 400, Laws of Hong Kong). All construction activities carried out by the Group and its subcontractors are regulated through Construction Noise Permits ("CNPs") issued by the Environmental Protection Department ("EPD"). Use of powered mechanical equipment is prohibited between 7 p.m. and 7 a.m., and during public holidays, including Sundays, unless a valid CNP is obtained. These controls effectively manage noise disturbances to protect community well-being.

Construction Waste

The Group is committed to reducing construction waste through careful planning and design to avoid unnecessary waste generation. We also prioritize the reuse of materials whenever possible. When waste is produced, site agents ensure it is handled and disposed of properly, promptly, and in accordance with environmental regulations to prevent pollution or illegal dumping. These efforts help reduce the environmental impact of our projects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Wastewater Pollution

Although wastewater generation during our operations is minimal, the Group takes proactive steps to manage it responsibly. Site agents follow the main contractor's guidelines to control wastewater. Each construction site is equipped with a collection basin to capture and manage wastewater and runoff, preventing contamination of surrounding soil and water.

Through these measures, the Group strives to uphold high environmental standards and continuously improve its sustainability performance throughout the construction process.

CLIMATE CHANGE

The Group acknowledges climate change as a critical global challenge with significant implications for business operations and long-term sustainability. We are dedicated to strengthening our resilience by proactively identifying climate-related risks and implementing comprehensive strategies to mitigate adverse effects and adapt to evolving environmental conditions.

Risk description		**Mitigation measures**
Physical risk	➢ Extreme weather conditions such as rainstorms and typhoons pose acute physical risks to site operations and may disrupt supply chain logistics.	➢ The Group has established emergency work arrangements in line with relevant laws and regulations to ensure worker safety and maintain operational stability during adverse weather events. ➢ To reduce the impact of supply chain disruptions, the Group regularly reviews and maintains a list of qualified alternate suppliers.
	➢ Prolonged heatwaves present ongoing health and safety risks for outdoor workers.	➢ Construction sites are equipped with shaded rest areas, adequate water, and scheduled rest breaks to safeguard workers' well-being during extreme heat conditions.
Transition risk	➢ Regulatory changes related to environmental and climate policies may increase the Group's compliance costs, particularly for emissions reporting or control.	➢ The Group continuously monitors regulatory developments and market trends to ensure timely compliance and to assess the impact of new policies on our operations.

The Group regularly reviews its policies to identify and mitigate the negative impacts of climate change while enhancing employee awareness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group recognises that its employees are its most valuable asset and that sustainable business growth is closely linked to workforce engagement, development, and retention. To support this, we have established a comprehensive employment management system that sets out clear human resources policies, detailed in our staff handbook and internal control procedures. This system covers key areas such as recruitment, compensation, promotion, dismissal, working hours, rest periods, and employee benefits.

Our recruitment and promotion processes are governed by the principles of openness, fairness, and merit. The Human Resources Department assesses candidates solely based on their qualifications, experience, skills, and job performance, without regard to gender, age, race, ethnicity, religion, or other non-job-related factors. To further promote equality, anti-discrimination and equal opportunity training is provided to relevant staff.

To retain talent and support employee development, the Group conducts annual performance appraisals to provide constructive feedback and identify areas for growth. We also encourage open communication between employees and management, enabling staff to express their views, share suggestions, and contribute to workplace improvements in a respectful and collaborative environment.

For employees who choose to leave the Group, an exit interview is arranged to understand their reasons for departure and to identify potential improvements in our human resources practices. The Group strictly prohibits any form of unlawful or unfair dismissal. Termination decisions are made only when necessary and in accordance with due process, such as in cases of gross misconduct, non-compliance with internal policies, or violations of relevant laws.

As of 31 March 2025, the Group employed a total of 421 staff members (2024: 500), all based in Hong Kong, comprising both office and site personnel. A breakdown of our workforce composition is provided in the table below.

Given the nature of our business in the construction industry, where the Group primarily operates as a subcontractor, our workforce is predominantly composed of junior-level staff. In line with industry trends, male employees make up the majority of our workforce due to the physically demanding nature of many site-based roles. The Group is committed to fostering an inclusive and supportive workplace. We ensure compliance with equal opportunity principles in recruitment and career development, and we continuously review our workforce structure to support diversity, fair employment practices, and future talent needs. Efforts are also made to retain skilled staff through training opportunities and competitive employment terms.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	2025		2024	
	No. of staff	**Distribution (%)**	No. of staff	Distribution (%)
Gender				
Male	**398**	**95%**	480	96%
Female	**23**	**5%**	20	4%
Age Group				
18–25	**8**	**2%**	11	2%
26–35	**68**	**16%**	56	11%
36–45	**84**	**20%**	116	23%
46–55	**101**	**24%**	140	28%
56–65	**132**	**31%**	146	30%
66 or above	**28**	**7%**	31	6%
Employment type				
Full time staff	**64**	**15%**	69	14%
Casual staff	**357**	**85%**	431	86%

During the Year, the Group's employee turnover rate for full time staffs was about 22% (2024: 23%). Since the casual workers leave and re-join the Group frequently during the Year, the turnover rate for them is not meaningful for disclosure. The turnover rate for full time employees which is categorized by gender and age group as follows:

2025:

Gender		**Age Group**					
Male	**Female**	**18–25**	**26–35**	**36–45**	**46–55**	**56–65**	**>66**
19%	**36%**	**–**	**19%**	**20%**	**45%**	**14%**	**–**

2024:

Gender		Age Group					
Male	Female	18–25	26–35	36–45	46–55	56–65	>66
26%	8%	100%^	27%	4%	23%	31%	100%^

^ The relatively high turnover rate resulted from certain numbers of staffs in the category joined and left during the Year.

During the Year, staff turnover remained relatively stable, reflecting the strength and commitment of our workforce. The Group is dedicated to retaining our valuable talent by continuously enhancing our employee development programs and offering competitive benefits. We will continue to implement initiatives that foster professional growth and promote job satisfaction, ensuring our workforce remains engaged and aligned with our strategic goals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We fully comply with all applicable employment-related legislation in Hong Kong, including the Employment Ordinance (Cap. 57), Employees' Compensation Ordinance (Cap. 282), Personal Data (Privacy) Ordinance (Cap. 486), Sex Discrimination Ordinance (Cap. 480), and Disability Discrimination Ordinance (Cap. 487). These laws form the foundation of our commitment to lawful, ethical, and inclusive employment practices.

For the Year, the Group did not notice of non-compliance in laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Health and Safety

The Group fully recognises the inherent risks associated with construction activities as a provider of construction services, including working at heights, operating near heavy machinery, and potential exposure to hazardous substances. To safeguard the health and safety of our workers and subcontractors, we maintain a comprehensive occupational health and safety management system certified under ISO 45001:2018. This system incorporates robust safety policies, emergency response procedures, and training plans that are regularly reviewed and updated in line with evolving legal and industry requirements.

All workers and subcontractors are required to properly wear Personal Protective Equipment ("PPE"), including safety helmets, harnesses, earplugs, goggles, dust masks, gloves, safety footwear, and reflective vests. The Group also organises targeted safety training programs – particularly for frontline and high-risk personnel – covering safe work practices, emergency procedures, and correct PPE usage.

To ensure proactive risk management on site, we have appointed an Assistant Safety Officer ("ASO") who is responsible for conducting on-site risk assessments, delivering safety briefings and induction training, monitoring environmental and staff safety conditions, and acting as the main point of contact for emergency and injury reporting. The ASO also conducts annual safety reviews for both office and site operations, evaluates the implementation of safety measures, provides independent oversight, and ensures that the Group's health and safety framework remains compliant and effective. Risk-prone procedures identified during safety audits or assessments are carefully reviewed, and mitigation measures are jointly developed with site agents and supervisors to ensure thorough understanding and effective implementation.

We also maintain close coordination with main contractors to stay informed of potential site hazards and to implement corrective actions promptly. Regular safety meetings and site inspections are conducted to monitor, identify, and address occupational risks.

To further promote safety awareness, we utilise various communication channels such as pre-work briefings, on-site broadcast announcements, safety signage, and billboards. These initiatives aim to reinforce workers' understanding of safety protocols and foster a culture in which operational safety is a shared responsibility.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The statistics of lost days due to work injury and work-related fatalities are as below:

Occupational health and safety statistics	2025	2024
Number of work injuries	9	6
Number of lost days due to work injury	1,671	778

	2025	2024	2023
Number of work-related fatalities	1	Nil	Nil

Despite our safety measures, a fatal incident sadly occurred during the Year, highlighting the need for ongoing improvements in our health and safety practices.

During the Year, a fatal incident occurred at a public cargo working area, resulting in the tragic death of a worker due to falling metal pipes. Following the incident, the Labour Department issued a suspension notice in June 2024. The Group took immediate and comprehensive corrective actions, including conducting a detailed investigation and submitting a rectification proposal outlining targeted improvements, particularly in procedures related to the loading, unloading, and handling of metal pipes. Upon acceptance by the relevant authorities, the suspension notice was lifted.

The incident highlighted the need for stronger safety management. In addition to site-level actions, the Group also reviewed and enhanced its overall safety systems to prevent similar incidents across all projects. Revised safety measures included the mandatory use of restraining devices, enhanced supervision during lifting operations, and the implementation of comprehensive material handling procedures. Refresher training was provided to all relevant personnel to reinforce understanding and compliance with updated protocols. Beyond site-specific actions, the Group also strengthened its safety risk assessments and protocols across all operations. Additional training sessions were held to raise safety awareness among employees and subcontractors. The Group reaffirms that safety remains a top operational priority and is committed to continuous improvement through monitoring, audits, and strict adherence to safety standards.

Separately, in January 2025, the Group received another suspension notice related to fall-from-height risks identified at a different site, following a reported injury. Immediate remedial actions were taken, including enhancements to fall arrest systems and reinforcement of on-site safety briefings. A comprehensive review of work-at-height procedures across all projects is currently underway to ensure alignment with regulatory requirements and industry best practices.

The investigation conducted by the relevant authority has concluded, and the Group was advised of non-compliance with certain occupational safety regulations in relation to the incident. As of 31 March 2025, the authorities were in the process of determining the appropriate follow-up actions. The Group has fully cooperated throughout the process and has already implemented a series of corrective and preventive measures to strengthen safety management across all operations.

Except for the incidents mentioned above, the Group is not aware of any other non-compliance with relevant laws and regulations relating to the provision of a safe working environment and the protection of employees from occupational hazards during the Year. We remain dedicated to safeguarding the well-being of all staff and fostering a culture of safety throughout the organization.

Training and Development

The Group is committed to fostering a culture of continuous learning and professional growth. We actively encourage employees across all levels to enhance their knowledge and skillsets to support both personal and organizational development. Our training initiatives focus on the cultivation of job-specific expertise, professional competencies, and essential safety practices. A strong emphasis is placed on occupational health and safety training. Employees receive guidance on a range of safety topics, including proper use of PPE, workplace hazard awareness, and safe manual handling procedures. Prior to commencing onsite work, all employees are required to complete an induction training program that outlines key health and safety protocols. New office staff are also invited to attend this induction session, which introduces the Group's structure, mission, policies, and job expectations.

The Group is committed to providing equal access to both internal and external training opportunities. We support employee self-development and aim to help all staff grow in their careers. In addition to the induction program, various training courses were offered throughout the year. During the Year, 37% of employees (2024: 29%) received training, with an average of 2.02 training hours per employee (2024: 1.33 hours).

	2025		2024	
	Training distribution (%)	**Average training hours**	Training distribution (%)	Average training hours
Gender				
Male	**99%[1]**	**2.02**	97%[1]	1.27
Female	**1%**	**2.09**	3%	2.75
Employment Category				
Senior	**2%**	**15.50**	3%	23.25
Middle	**2%**	**0.92**	2%	0.88
Entry	**96%**	**1.85**	95%	1.07

Note:

1. Due to our business nature, male employees are normally the majority in our workforce. The training arranged was based on the occupational needs for employee. The Group does not have bias towards gender when arranging training.

Labour Standards

The Group is firmly committed to upholding lawful and ethical employment practices by implementing stringent human resources and recruitment procedures. We strive to foster a responsible, fair, and inclusive work environment for all employees. Prior to employment, each staff member receives a clearly defined employment contract outlining job responsibilities, working hours, remuneration, and benefits, thereby ensuring transparency and the prevention of any form of forced labor.

To safeguard against child labor and the employment of illegal immigrants, the Group enforces a strict zero-tolerance policy across all office locations and construction sites. As part of the recruitment process, the Human Resources department rigorously verifies each candidate's identity through official documentation. In the rare event that cases of child or forced labor are identified, the Group takes immediate action by terminating the employment involved and initiating a comprehensive internal investigation.

During the Year, the Group did not aware of any non-compliance with relevant laws and regulations relating to preventing child and forced labour.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

Supply Chain Management

The Group views its supply chain partners as strategic collaborators essential to the sustainable growth and long-term success of its operations. To ensure that goods and services consistently meet required standards, robust quality control procedures are implemented throughout the supply chain. As of 31 March 2025, the Group maintained business relationships with 216 suppliers and subcontractors (2024: 162), all of whom are based in Hong Kong.

The Group upholds a rigorous supplier and subcontractor management framework. When engaging new suppliers or subcontractors, a comprehensive due diligence process is conducted. In addition to assessing product and service quality, financial stability, past performance, and delivery record, the evaluation also considers each candidate's environmental and occupational health and safety practices. Factors such as emissions, waste management, noise levels, and worker safety are carefully reviewed. Preference is given to suppliers and subcontractors who hold certifications or accreditations demonstrating a commitment to environmental and social responsibility. Those found to have a history of non-compliance with environmental or safety regulations are deprioritized during the selection process.

Subcontractor performance is closely supervised at the project level. Dedicated on-site personnel are assigned to each construction site to monitor compliance with the Group's standards, particularly in relation to environmental protection and social responsibility. Any non-compliance or deficiencies identified are documented and communicated to the relevant subcontractors, who are required to implement corrective actions. Subcontractors that fail to meet the Group's standards may be subject to reduced workloads, contract suspension, or replacement.

All suppliers and subcontractors undergo annual performance evaluations, along with regular monitoring to assess compliance with contractual obligations, as well as environmental and social regulations. The Group's procurement process is supported by a quality management system certified under ISO 9001:2015. Only vendors listed on the Group's approved supplier list are eligible to provide goods or services. Materials, particularly raw materials, are tested by certified laboratories or third-party agencies where necessary to verify their quality and suitability for use.

Recognising the environmental and social risks embedded in its supply chain, the Group places a strong emphasis on responsible sourcing. The procurement team carefully evaluates the necessity of each purchase to minimise excessive consumption. Local sourcing is prioritised where possible to reduce transportation-related emissions and contribute to a smaller carbon footprint.

Through these measures, the Group aims to build a compliant and sustainable supply chain that aligns with its broader ESG objectives.

Product Responsibility

The Group recognises that maintaining strong and good relationships with its customers is fundamental to long-term business success. Customer feedback serves as a critical input in driving continuous improvement, providing valuable insights that enable the Group to refine its services and better respond to evolving client needs. To facilitate effective engagement, the Group has established dedicated communication channels to promptly handle customer enquiries, monitor satisfaction levels, and address concerns in a timely manner. Reflecting our commitment to quality and responsiveness, the Group did not receive any complaints regarding its services or construction work quality during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To uphold excellence across all construction activities, the Group has implemented a comprehensive set of quality assurance measures. We are committed to delivering high-standard services through strict adherence to all relevant laws and regulations in Hong Kong. This includes securing appropriate licences and certifications, such as the Certificate of Test and Thorough Examination of Lifting Appliances issued by the Labour Department, and ensuring that Non-Road Mobile Machinery (NRMM), where applicable, complies with emission requirements prescribed by the Environmental Protection Department. Furthermore, all machinery and vehicle operators are required to hold valid licences issued by the Construction Workers Registration Board under the Construction Industry Council.

Our quality management framework is further supported by internationally recognised certifications, including ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety Management). These certifications underpin our structured and proactive approach to maintaining quality, environmental responsibility, and workplace safety. In addition to these systems, the Group engages qualified personnel and procures construction materials exclusively from approved and reliable suppliers to ensure product and service consistency.

Quality control is embedded throughout each project life cycle. Prior to commencement, planning meetings are conducted to define project scope, assess risk factors, allocate resources, and confirm schedules. During project execution, our Project Managers oversee daily progress to ensure compliance with regulatory standards, internal quality protocols, and client expectations. Regular progress meetings are held to review performance, address potential risks, and incorporate client feedback into ongoing activities.

The Group provides continuous technical training to its workforce and subcontractors, ensuring they are equipped with the necessary skills to meet job requirements. Customer and stakeholder feedback gathered through regular engagement is analysed and used to inform future improvements. These efforts collectively reflect the Group's commitment to delivering high-quality, compliant, and customer-focused construction services.

To safeguard personal data and ensure information security, employees are strictly prohibited from transmitting or disclosing sensitive customer or personal information. All sensitive client data must be kept confidential and is accessible only to authorized personnel. Personal data within the Group is either password-protected or stored in secure locations accessible solely to authorized staff members.

The Group upholds intellectual property rights, such as copyrights, patents, and trademarks, by refraining from infringing on third-party interests. Employees are required to adhere to guidelines ensuring no unauthorized download or upload of software, including freeware, shareware, and demo programs, without explicit consent from management.

Our website serves as the Group's primary channel for advertising, besides, the Group also joins an industrial matching platform. The platform includes various types of engineering service items for customers to search, and each item will provide multiple service providers to choose from; among them, the platform will conduct expertise matching so customers can choose us for them. We maintain highest integrity in promoting our products and services in ways that do not mislead consumers and adhere to the Trade Descriptions Ordinance (Cap. 362). We have regularly reviewed the information disclosed in website to ensure that the information is accurate and proper for use. Due to our business nature, recall procedures for safety and health reason is not applicable to us. Therefore, no such disclosure on relevant policies is disclosed.

The Group did not have any instances of non-compliance with relevant laws and regulations concerning health and safety, advertising, labelling, or privacy matters related to its products and services during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-Corruption

The Group is dedicated to conducting its business with the highest standards of professionalism and integrity, ensuring full compliance with all applicable laws and regulations in Hong Kong. To uphold these principles, the Group has implemented comprehensive governance frameworks, including a staff handbook and an internal control manual, which explicitly set out its anti-corruption policies and whistleblowing procedures. These policies apply to all directors, officers, and employees, mandating strict adherence at all times.

The Group maintains a zero-tolerance stance against any form of fraud, bribery, or corruption. To facilitate the reporting of unethical behavior, a robust whistleblower policy is in place, encouraging employees to raise concerns without fear of retaliation. A dedicated, confidential email channel, monitored by the Audit Committee, has been established to allow anonymous reporting of any suspected misconduct. All reports received are promptly, thoroughly, and confidentially investigated. Any individual found to be obstructing investigations or discouraging the reporting of malpractice will face disciplinary measures, up to and including dismissal.

During the Year, the Group provided anti-corruption training to Directors and senior management by sharing the latest publications on best practices in anti-corruption as part of their ongoing professional development. In addition, regular meetings included updates on these matters to ensure that leadership remains informed and committed to fostering an ethical corporate culture.

To the best of our understanding, there was no concluded legal cases regarding corrupt practices brought against us or our employee during the Year. Also, the Group did not aware of any non-compliance of relevant laws and regulations in relation to bribery, extortion, fraud and money laundering during the Year.

COMMUNITY INVOLVEMENT

The Group remains committed to actively giving back to the community and continuously seeks opportunities to support a diverse range of local initiatives. Without limiting contributions to any specific group, the Group strives to make a positive and meaningful impact across various sectors of society. During the Year, the Group made a cash donation to support the "Yuen Long District Sports Festival 2024" as part of its sponsorship to assist with event expenses. Through such initiatives, the Group aims to promote community well-being, encourage active and healthy lifestyles, and foster social cohesion. Moving forward, the Group will continue to identify and pursue opportunities to engage with and contribute to the communities in which it operates.

INDEPENDENT AUDITOR'S REPORT

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

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

TO THE MEMBERS OF PROGRESSIVE PATH GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Progressive Path Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 56 to 122, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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.

INDEPENDENT AUDITOR'S REPORT

REVENUE RECOGNITION FROM CONSTRUCTION WORKS

Refer to note 7 to the consolidated financial statements.

The key audit matter

During the year ended 31 March 2025, the Group recognised revenue from construction works of approximately HK$632,122,000.

As stated in note 3 to the consolidated financial statements, the Group recognised contract revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the accumulated actual cost incurred to date over the total budgeted contract cost. Accordingly, revenue recognition from construction works involves a significant degree of management estimates and judgements, with estimates being made to assess the total budgeted contract cost and stage of completion of the contracts.

We have identified the revenue recognition from construction works as a key audit matter because the amount is significant to the consolidated financial statements as a whole and there is involvement of a significant degree of judgements and estimates made by the management of the Group.

How the matter was addressed in our audit

Our audit procedures were designed to review the management's assessment, and its estimates and judgements used in the revenue recognition from construction works.

We have discussed with the project managers and the management of the Group and sample checked the supporting documents, such as construction contracts, variation orders and payment certificates to assess the reasonableness of the management's estimation of the budgeted revenue and total budgeted contract cost.

We have recalculated the percentage of completion based on accumulated actual cost incurred to date over the total budgeted contract cost.

We have assessed the reliability of management's assessment in total budgeted contract cost by considering the historical actual costs and estimation of total budgeted contract cost of completed projects.

INDEPENDENT AUDITOR'S REPORT

LOSS ALLOWANCE ON TRADE RECEIVABLES AND CONTRACT ASSETS

Refer to notes 18 and 19 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2025, the carrying amounts of the Group's trade receivables and contract assets are approximately HK$257,012,000 and HK$91,270,000, net of accumulated loss allowance on trade receivables and contract assets of approximately HK$33,093,000 and HK$1,826,000, respectively. There are provisions for loss allowance on trade receivables and contract assets of HK$4,084,000 and HK$284,000, respectively, during the year ended 31 March 2025. In assessing the loss allowance made under the expected credit loss ("ECL") model, the management of the Group and the independent valuer used judgements and estimates to determine the historical credit loss experience and forward-looking information specific to the debtors and their economic environments. We have identified the loss allowance on trade receivables and contract assets as a key audit matter because the carrying amounts of trade receivables and contract assets are significant to the consolidated financial statements as a whole and there is involvement of a significant degree of judgements and estimates made by the management of the Group and the independent valuer.	Our audit procedures were designed to review the management's assessment, including its estimates and judgement adopted in the ECL model for the loss allowance on trade receivables and contract assets. We have obtained an understanding of the methodology for the ECL model, development processes and its relevant controls, through review of documentation, discussion with management of the Group and independent valuer. We have also assessed the reasonableness of judgements and estimates made by the management of the Group and independent valuer on model adoption and parameters selection. We have examined the key data inputs in the ECL model on a sample basis to assess their accuracy and reasonableness.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Audit committee is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

INDEPENDENT AUDITOR'S REPORT

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

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- 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 purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Chuen Fai.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong
27 June 2025

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	7	**913,784**	728,528
Cost of sales		**(850,349)**	(670,757)
Gross profit		**63,435**	57,771
Other income	8	**6,478**	4,528
Administrative expenses		**(25,328)**	(22,226)
Provision for loss allowance on trade receivables, net	18	**(4,084)**	(1,562)
(Provision for) reversal of loss allowance on contract assets, net	19	**(284)**	35
Finance costs	9	**(10,750)**	(14,654)
Profit before taxation		**29,467**	23,892
Income tax credit (expense)	10	**4,632**	(1,669)
Profit and total comprehensive income for the year	11	**34,099**	22,223
Profit and total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**34,099**	22,224
– Non-controlling interest		**–**	(1)
		34,099	22,223
EARNINGS PER SHARE	16		
– Basic and diluted (HK cents)		**8.22**	5.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	17	**178,568**	233,264
Deposits paid for acquisition of property, plant and equipment		**2,833**	1,996
		181,401	235,260
Current assets			
Trade receivables	18	**257,012**	252,459
Contract assets	19	**91,270**	47,420
Deposits, prepayments and other receivables	20	**30,443**	27,842
Pledged rental deposits	21(a)	**–**	799
Pledged bank deposits	21(b)	**–**	5,027
Income tax recoverable		**239**	–
Bank balances and cash	22	**30,396**	28,459
		409,360	362,006
Current liabilities			
Trade and other payables	23	**170,941**	144,492
Amount due to a director	24	**7,400**	–
Bank borrowings	25	**59,312**	74,788
Income tax payable		**–**	184
Lease liabilities	26	**36,658**	58,819
		274,311	278,283
Net current assets		**135,049**	83,723
Total assets less current liabilities		**316,450**	318,983

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Lease liabilities	26	**21,051**	53,051
Deferred tax liabilities	27	**4,688**	9,320
		25,739	62,371
Net assets		**290,711**	256,612
Capital and reserves			
Share capital	28	**20,750**	20,750
Reserves		**269,961**	235,879
Equity attributable to owners of the Company		**290,711**	256,629
Non-controlling interest		**–**	(17)
Total equity		**290,711**	256,612

The consolidated financial statements on pages 56 to 122 were approved and authorised for issue by the board of directors on 27 June 2025 and are signed on its behalf by:

Wu Wing Hang
Director

Chan Tak Ming
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company						
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 (Note)	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interest** HK$'000	**Total** HK$'000
At 1 April 2023	20,750	150,941	35,457	27,257	234,405	(16)	234,389
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	22,224	22,224	(1)	22,223
At 31 March 2024 and 1 April 2024	**20,750**	**150,941**	**35,457**	**49,481**	**256,629**	**(17)**	**256,612**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**34,099**	**34,099**	**–**	**34,099**
Deregistration of a non-controlling interest	**–**	**–**	**–**	**(17)**	**(17)**	**17**	**–**
At 31 March 2025	**20,750**	**150,941**	**35,457**	**83,563**	**290,711**	**–**	**290,711**

Note: Other reserve represented the retained profits in respect of the construction machinery rental business (the "Construction Machinery Rental Business") contributed from the controlling shareholder prior to the transfer of business to the Company and its subsidiaries (collectively referred to as the "Group"). Since 1 April 2015, the Construction Machinery Rental Business has been transferred from the controlling shareholder to Luen Yau Construction Company Limited ("Luen Yau Construction"), a subsidiary of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**29,467**	23,892
Adjustments for:		
Government grants	**(714)**	(224)
Interest income from life insurance	**(538)**	(388)
Gain on disposal of property, plant and equipment	**(1,900)**	(508)
Provision for loss allowance on trade receivables	**4,084**	1,562
Provision for (reversal of) loss allowance on contract assets	**284**	(35)
Prepayments written-off	**1,232**	–
Finance costs	**10,750**	14,654
Depreciation of property, plant and equipment	**97,969**	102,239
Operating cash flows before movements in working capital	**140,634**	141,192
Increase in trade receivables	**(8,637)**	(76,412)
(Increase) decrease in contract assets	**(44,134)**	5,752
Increase in deposits, prepayments and other receivables	**(916)**	(1,714)
Increase in trade and other payables	**20,991**	33,704
Cash generated from operations	**107,938**	102,522
Hong Kong Profits Tax paid	**(423)**	(187)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**107,515**	102,335
INVESTING ACTIVITIES		
Interest received	**538**	388
Purchase of property, plant and equipment	**(28,917)**	(12,506)
Deposits paid for acquisition of property, plant and equipment	**(2,833)**	(1,364)
Placement of pledged deposits	**–**	(5,027)
Withdrawal of pledged deposits	**5,826**	4,846
Purchase of life insurances	**(2,917)**	(4,913)
Proceeds from disposal of property, plant and equipment	**2,323**	609
NET CASH USED IN INVESTING ACTIVITIES	**(25,980)**	(17,967)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
FINANCING ACTIVITIES		
Repayment of principal element of lease liabilities	**(61,486)**	(65,927)
Interest paid	**(10,750)**	(14,654)
Repayment of bank borrowings	**(281,715)**	(243,344)
New bank borrowings raised	**266,239**	240,485
Advance from a director	**7,400**	–
Government grants received	**714**	224
NET CASH USED IN FINANCING ACTIVITIES	**(79,598)**	(83,216)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,937**	1,152
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**28,459**	27,307
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**30,396**	28,459

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

Progressive Path Group Holdings Limited (the "Company") is a limited company 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 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 December 2016. The immediate holding company and ultimate holding company of the Company is Profit Gold Global Limited ("Profit Gold"), a limited company incorporated in the British Virgin Islands (the "BVI"). The ultimate beneficial owner of the Company is Mr. Wu Wing Hang ("Mr. Wu"), the executive director of the Company. The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of this annual report.

The Company is an investment holding company while the principal subsidiaries of the Company are principally engaged in the construction works and provision of construction machinery rental.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for its first time, the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non – current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards issued but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

Except as described below, the directors of the Company anticipate that the application of the above new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated results and the consolidated financial position of the Group in the foreseeable future.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss and other comprehensive income; provides disclosures on management-defined performance measures in the notes to the consolidated financial statements and improves aggregation and disaggregation of information to be disclosed in the consolidated financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures in the consolidated financial statements of the Group in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

The material accounting policies are set out below.

Basis of consolidation

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

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

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

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

Income and expenses of subsidiaries 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 component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

Non-controlling interest, unless as required by another standards, is measured at acquisition-date fair value except for non-controlling interest that is present ownership interest and entitles its holder to a proportionate share of the entity's net assets in the event of liquidation is initially measured at fair value or at the present ownership instruments' proportionate share in the recognised amount of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Revenue from contracts with customers

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Contract assets and contract liabilities

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. 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 from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the construction works.

Construction works

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

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual contract costs incurred relative to the estimated total budgeted contract costs. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Input method)

Revenue from construction works is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on input method. Input method recognises revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Variable consideration

For contracts that contain variable consideration (variation order of construction work), the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer.

The Group estimates an amount of variable consideration by using either (a) the expected value method; or (b) the most likely amount method, depending on which method better predicts the amount of consideration to which the Group will be entitled.

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

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.

Leasing

Definition of a lease

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

The Group as lessee

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16, at inception of the contract or modification date or acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities

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

All the lease payments included in the measurement of the lease liability are fixed lease payments.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

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

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

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss, if any, are transferred to motor vehicles and machinery within the property, plant and equipment.

Lease modification

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 lease 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 a separate lease, the Group remeasures the lease liability 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 matching corresponding adjustments to the relevant right-of-use assets.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to certain motor vehicles and machinery. Leases for which the Group is a lessor are classified as operating leases.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss as other income (note 8) on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

Retirement benefits cost

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

Short-term employee benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each 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 goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

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

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

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

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

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" under property, plant and equipment in the consolidated statement of financial position When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as 'ownership interests in leasehold land and building' under property, plant and equipment.

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

Right-of-use assets for leasehold land, building, motor vehicles and machinery are depreciated over their expected useful lives on the same basis as owned assets.

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.

Impairment losses on property, plant and equipment, right-of-use assets included in property, plant and equipment and deposits paid for acquisition of property, plant and equipment

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment losses on property, plant and equipment, right-of-use assets included in property, plant and equipment and deposits paid for acquisition of property, plant and equipment (Continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) 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 CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 CGUs. 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 CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) 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 the CGU) in prior years.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and bank balances, as defined above.

Investments in subsidiaries

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

Financial instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets

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

All recognised financial assets are subsequently measured in their entirety at amortised cost. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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

Financial assets at amortised cost (debt instruments)

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Amortised cost and effective interest method

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

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (the "ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including the ECL, to the amortised cost of the debt instrument on initial recognition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Amortised cost and effective interest method (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, 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, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

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

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets and contract assets are estimated individually for significant outstanding balances or collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Significant increase in credit risk (Continued)

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

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

Definition of default

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group rebutted the presumption of default under ECL model for trade debtors over 90 days past due based on the good repayment records for each customer, continuous business with the Group and/or other reasonable and supportable information.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Credit-impaired financial assets

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

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

Write-off policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Measurement and recognition of the ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; (ii) held-for-trading; or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Revenue recognition from construction works

The Group recognised contract revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the accumulated actual cost incurred to date over the total budgeted contract cost. If the price of contract costs varied significantly in the coming months from the budgets, the contract profit for each of the individual projects would differ significantly from the estimated contract profit. Accordingly, revenue recognition from construction works involves a significant degree of management judgements and estimates, with estimates being made to assess the total budgeted contract cost and stage of completion of the contracts.

During the year ended 31 March 2025, the Group recognised revenue from construction works of approximately HK$632,122,000 (2024: HK$408,405,000).

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using the straight line method. The estimated useful life reflects the estimates of the periods made by the management of the Group that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. If the future economic benefits from the use of the Group's property, plant and equipment differs from the original estimates, such differences may impact the depreciation for the year and the estimates will be changed in the future period. During the year ended 31 March 2025, the management of the Group determined that there is no revision of useful lives of property, plant and equipment.

As at 31 March 2025, the carrying amount of property, plant and equipment is approximately HK$178,568,000 (2024: HK$233,264,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired or there is a reversal of impairment, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rate or the growth rates in the cash flow projection, could materially affect the recoverable amounts. As at 31 March 2025, the carrying amount of property, plant and equipment is approximately HK$178,568,000 (2024: HK$233,264,000) and there is no impairment loss recognised on property, plant and equipment (2024: nil).

Loss allowance on trade receivables and contract assets

In assessing the loss allowance under the ECL model, the management of the Group used judgements and estimates to determine the historical credit loss experience and forward-looking information specific to the debtors and their economic environments. These judgements and estimations include estimating and evaluating expected future receipts from customers based on historical observed default rates over the expected life of the debtors and adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31 March 2025, the carrying amounts of the trade receivables and contract assets are approximately HK$257,012,000 (2024: HK$252,459,000) and HK$91,270,000 (2024: HK$47,420,000), net of accumulated loss allowance of approximately HK$33,093,000 (2024: HK$33,438,000) and HK$1,836,000 (2024: HK$1,542,000), respectively.

Provision for loss allowance on trade receivables of approximately HK$4,084,000 (2024: HK$1,562,000) and provision for loss allowance on contract assets of approximately HK$284,000 (2024: reversal of loss allowance on contract assets of approximately HK$35,000) have been recognised during the year ended 31 March 2025.

Income tax

As disclosed in note 27, a deferred tax asset of approximately HK$8,316,000 (2024: HK$7,739,000) in relation to unused tax losses of approximately HK$50,400,000 (2024: HK$46,903,000) has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised in respect of the estimated unused tax losses of approximately HK$8,312,000 (2024: HK$68,128,000) due to the unpredictability of future profit streams. In case where the actual outcome differs from the management's assessment above, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Retirement benefit obligations

The cost of the retirement benefits of the Group and the present value of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and employee turnover rates. Due to the complexities involved in the valuation and its long-term nature, a retirement benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting periods.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings disclosed in note 25, lease liabilities disclosed in note 26, net of pledged deposits disclosed in note 21, bank balances and cash disclosed in note 22 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure semi-annually. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through issue of new debts or repayment of existing debts, payment of dividends and issuance of new shares.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 **HK$'000**	2024 HK$'000
Financial assets		
Financial assets at amortised cost (including bank balances and cash)	**302,759**	298,318
Financial liabilities		
Financial liabilities at amortised cost	**237,653**	219,280

Financial risk management objectives and policies

The Group's major financial assets and liabilities include deposits paid for life insurances, trade receivables, deposits and other receivables, pledged deposits, bank balances and cash, trade and other payables, amount due to a director and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included interest rate risk under market risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk – interest rate risk

The Group is exposed to fair value interest rate risk in relation to deposits paid for life insurances with fixed interest rate. The Company currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to bank balances and pledged bank deposits with variable interest rates and bank borrowings with variable interest rates. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk analysis section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong prime rate and Hong Kong Interbank Offered Rate ("HIBOR") and Secured Overnight Financing Rate ("SOFR") arising from the Group's Hong Kong dollars denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 (2024: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2024: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2025 would decrease/increase by approximately HK$495,000 (2024: HK$625,000). This is mainly attributable to the Group's exposure to interest rates on variable-rate bank borrowings.

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 March 2025, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

For trade receivables and contract assets, the management of the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables and contract assets with significant outstanding balances which are assessed individually, the Group determines the ECL on the remaining balances collectively by using a provision matrix grouped by common risk characteristic. The provision rate applied is estimated using the historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

For deposits and other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The credit risk on liquid funds, pledged deposits and deposits for life insurances is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 14% (2024: 12%) and 48% (2024: 34%) of the total trade receivables was due from the Group's largest external customer and the top five largest external customers respectively within the construction works segment and construction machinery rental segment as at 31 March 2025.

The Group's concentration of credit risk by geographical location is primarily in Hong Kong, which accounted for 100% (2024: 100%) of the total trade receivables as at 31 March 2025.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

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

				31 March 2025			31 March 2024		
	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Trade receivables	18	Note	Lifetime ECL (simplified approach)	290,105	(33,093)	257,012	285,897	(33,438)	252,459
Contract assets	19	Note	Lifetime ECL (simplified approach)	93,096	(1,826)	91,270	48,962	(1,542)	47,420
Deposits, other receivables and staff advance	20	Performing	12-month ECL	672	–	672	376	–	376
Deposits for life insurances	20	Performing	12-month ECL	14,679	–	14,679	11,198	–	11,198
Pledged deposits	21	Performing	12-month ECL	–	–	–	5,826	–	5,826
Bank balances and cash	22	Performing	12-month ECL	30,396	–	30,396	28,459	–	28,459

Note: For trade receivables and contract assets, the Group has applied the simplified approach in accordance with HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables and contract assets with significant outstanding balances which are assessed individually, the management of the Group determines the ECL on the remaining balances collectively by using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 18 and 19 include further details on the loss allowance for trade receivables and contract assets, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

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

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

Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the end of the reporting period. The maturity analysis for other non-derivative financial liabilities and lease liabilities is prepared based on the scheduled repayment dates.

The table includes both interest and principal cash flows.

	As at 31 March 2025		
	Within 1 year or on demand HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables	170,941	170,941	170,941
Amount due to a director	7,400	7,400	7,400
Bank borrowings	59,312	59,312	59,312
	237,653	237,653	237,653

In addition, the maturity profile of the Group's lease liabilities is as follows:

	As at 31 March 2025				
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Lease liabilities	38,759	19,559	1,883	60,201	57,709

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	As at 31 March 2024		
	Within 1 year or on demand HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables	144,492	144,492	144,492
Bank borrowings	74,788	74,788	74,788
	219,280	219,280	219,280

In addition, the maturity profile of the Group's lease liabilities is as follows:

	As at 31 March 2024				
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Lease liabilities	65,816	37,312	19,875	123,003	111,870

As at 31 March 2025, bank borrowings with a repayment on demand clause are included in the "within 1 year or on demand" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these bank borrowings amounted to approximately HK$59,312,000 (2024: HK$74,788,000). Taking into account the Group's consolidated financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash flows will amount to approximately HK$60,936,000 (2024: HK$77,651,000). As at 31 March 2025, the principal and interest cash outflows due within one year is approximately HK$47,785,000 (2024: HK$56,151,000), due more than one year but within two years is approximately HK7,469,000 (2024: HK$7,861,000), due more than two years but within five years is approximately HK5,345,000 (2024: HK$12,086,000) and due more than five years is approximately HK$337,000 (2024: HK$1,553,000).

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

The directors of the Company consider that the carrying amounts of current and non-current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially differ from their fair values due to their immediate or short-term maturity or the interest rates used approximates to the discount rates of relevant financial assets or financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on construction works and construction machinery rental. An analysis of the Group's revenue for the year is as follows:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Construction works	**632,122**	408,405
Revenue from provision of machinery rental within the scope of HKFRS 16		
– Construction machinery rental	**281,662**	320,123
	913,784	728,528

Set out below is the disaggregation of the Group's revenue from contracts with customers by timing of recognition:

	2025 HK$'000	2024 HK$'000
Timing of revenue recognition		
– Over time	**632,122**	408,405

Transaction price allocated to the remaining performance obligations

As at 31 March 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$647,375,000 (2024: HK$143,046,000). The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 24 (2024: 27) months.

Information reported to the directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Construction works; and
- Construction machinery rental

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

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

For the year ended 31 March 2025

	Construction works HK$'000	Construction machinery rental HK$'000	Total HK$'000
Revenue			
External revenue	632,122	281,662	913,784
Inter-segment revenue	–	119,751	119,751
Segment revenue	632,122	401,413	1,033,535
Eliminations			(119,751)
Group's revenue			913,784
Segment profit	36,380	8,390	44,770
Unallocated income			6,478
Unallocated corporate expenses			(11,031)
Unallocated finance costs			(10,750)
Profit before taxation			29,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2024

	Construction works HK$'000	Construction machinery rental HK$'000	Total HK$'000
Revenue			
External revenue	408,405	320,123	728,528
Inter-segment revenue	–	133,111	133,111
Segment revenue	408,405	453,234	861,639
Eliminations			(133,111)
Group's revenue			728,528
Segment profit	27,968	16,382	44,350
Unallocated income			4,528
Unallocated corporate expenses			(10,332)
Unallocated finance costs			(14,654)
Profit before taxation			23,892

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, other income and finance costs. This is the measure reported to the chief operating decision maker with respect to the resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates and mutually agreed by both contract parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	2025 HK$'000	2024 HK$'000
Construction works	**290,343**	199,689
Construction machinery rental	**246,703**	344,319
Total segment assets	**537,046**	544,008
Corporate and other assets	**53,715**	53,258
Total assets	**590,761**	597,266

Segment liabilities

	2025 HK$'000	2024 HK$'000
Construction works	**135,371**	134,469
Construction machinery rental	**91,276**	119,871
Total segment liabilities	**226,647**	254,340
Corporate and other liabilities	**73,403**	86,314
Total liabilities	**300,050**	340,654

For the purposes of monitoring segment performance and allocating resources between segments:

– All assets are allocated to operating segments, other than pledged deposits, deposits and prepayments for life insurances, certain other receivables and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segment; and

– All liabilities are allocated to operating segments, other than certain other payables, bank borrowings, income tax payable and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets of respective individual reportable segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

In measuring the Group's segment assets and liabilities, property, plant and equipment and lease liabilities of approximately HK$178,568,000 (2024: HK$233,264,000) and HK$57,709,000 (2024: HK$111,870,000), respectively, were allocated to construction works and construction machinery rental segments. However, the relevant gain on disposal of property, plant and equipment and interest on lease liabilities of approximately HK$1,900,000 (2024: HK$508,000) and HK$6,184,000 (2024: HK$8,837,000), respectively, were not included in the measurement of segment results. Should the gain on disposal of property, plant and equipment and interest on lease liabilities be included in the measurement of segment results, the segment profit of construction works would be approximately HK$33,760,000 (2024: HK$24,020,000) and segment profit of construction machinery rental would be approximately HK$6,726,000 (2024: HK$12,001,000) for the year ended 31 March 2025.

Other segment information

For the year ended 31 March 2025

	Construction works HK$'000	Construction machinery rental HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current assets (note)	28,010	17,753	–	45,763
Deposits paid for acquisition of property, plant and equipment	1,733	1,100	–	2,833
Depreciation of property, plant and equipment	55,068	42,901	–	97,969
Provision for loss allowance on trade receivables, net	2,498	1,586	–	4,084
Prepayments written-off	–	1,232	–	1,232
Provision for loss allowance on contract assets, net	284	–	–	284
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Gain on disposal of property, plant and equipment	–	–	(1,900)	(1,900)
Finance costs	–	–	10,750	10,750
Income tax credit	–	–	(4,632)	(4,632)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2024

	Construction works HK$'000	Construction machinery rental HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current assets (note)	31,563	24,729	–	56,292
Deposits paid for acquisition of property, plant and equipment	1,119	877	–	1,996
Depreciation of property, plant and equipment	57,314	44,925	–	102,239
Provision for loss allowance on trade receivables, net	740	822	–	1,562
Reversal of loss allowance on contract assets, net	(35)	–	–	(35)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Gain on disposal of property, plant and equipment	–	–	(508)	(508)
Finance costs	–	–	14,654	14,654
Income tax expense	–	–	1,669	1,669

Note: Non-current assets excluded deposits paid for acquisition of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

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

	2025 HK$'000	2024 HK$'000
Customer A[1]	**198,148**	135,369
Customer B[1]	**147,952**	118,850
Customer C[2]	**93,044**	N/A

[1] Revenue from construction works and construction machinery rental segments

[2] Revenue from construction works segment

Geographical information

During the years ended 31 March 2025 and 2024, the Group is organised into two operating segments as construction works and construction machinery rental primarily in Hong Kong and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to these segments. Accordingly, no geographical information is presented.

8. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Government grants (note)	**714**	224
Sales of scrap materials	**585**	115
Interest income from life insurance	**538**	388
Insurance claims	**679**	783
Rental income	**847**	2,260
Auxiliary and other service income	**1,215**	250
Gain on disposal of property, plant and equipment	**1,900**	508
	6,478	4,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

8. OTHER INCOME (Continued)

Note: During the year ended 31 March 2025, the Group received government grants in respect of construction technologies adopted under the Construction Innovation and Technology Fund from the Hong Kong Special Administrative Region Government (the "HKSAR Government") with amount of HK$388,000 (2024: HK$224,000) recognised.

During the year ended 31 March 2025, the Group received government grants from the Ex-gratia Payment Scheme for Phasing out Euro IV Diesel Commercial Vehicles from the Hong Kong Environmental Protection Department with amount of HK$326,000 (2024: nil) recognised.

Government grants has been recognised as other income upon receipts for grants with no unfulfilled conditions or contingencies. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

9. FINANCE COSTS

	2025 **HK$'000**	2024 HK$'000
Interest on:		
– bank borrowings	**4,566**	5,817
– lease liabilities	**6,184**	8,837
	10,750	14,654

10. INCOME TAX (CREDIT) EXPENSE

	2025 **HK$'000**	2024 HK$'000
Current tax:		
– Hong Kong Profits Tax	**–**	315
Deferred taxation (note 27)	**(4,632)**	1,354
Income tax (credit) expense	**(4,632)**	1,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

10. INCOME TAX (CREDIT) EXPENSE (Continued)

Notes:

(a) Pursuant to rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(b) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

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

	2025 **HK$'000**	2024 HK$'000
Profit before taxation	**29,467**	23,892
Tax calculated at the domestic income tax rate of 16.5% (2024: 16.5%)	**4,862**	3,942
Tax effect of expenses not deductible for tax purpose	**695**	771
Tax effect of income not taxable for tax purpose	**(319)**	(157)
Tax effect of tax losses not recognised	**18**	24
Tax effect of utilisation of tax losses previously not recognised	**(9,888)**	(2,908)
Effect of tax exemption granted (note)	**–**	(3)
Income tax (credit) expense	**(4,632)**	1,669

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the year of assessment 2023/2024 to a ceiling of HK$3,000 (2025: nil) for each entity respectively.

Details of the deferred taxation are set out in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

11. PROFIT FOR THE YEAR

	2025 HK$'000	2024 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (note 12)	**4,209**	4,362
Other staff:		
– Salaries, wages, allowances and other benefits	**201,417**	211,715
– Retirement benefits scheme contributions	**5,324**	5,820
Total staff costs	**210,950**	221,897
Auditor's remuneration	**880**	880
Depreciation of property, plant and equipment	**97,969**	102,239
Exchange loss	**–**	11
Prepayments written-off	**1,232**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

12. DIRECTORS' EMOLUMENTS

The emoluments paid to each of the 5 (2024: 6) directors were as follows:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings for the year are as follows:					
Year ended 31 March 2025					
Executive directors					
Mr. Wu (note i)	**–**	**3,438**	**–**	**18**	**3,456**
Mr. Chan Tak Ming (note i)	**–**	**375**	**–**	**18**	**393**
Independent non-executive directors					
Mr. Lee Man Tai	**120**	**–**	**–**	**–**	**120**
Mr. Wong Yiu Kit, Ernest	**120**	**–**	**–**	**–**	**120**
Ms. Tong Sze Sze, Cecillia (note iii)	**120**	**–**	**–**	**–**	**120**
	360	**3,813**	**–**	**36**	**4,209**
Year ended 31 March 2024					
Executive directors					
Mr. Wu (note i)	–	3,575	–	18	3,593
Mr. Chan Tak Ming (note i)	–	390	–	18	408
Independent non-executive directors					
Mr. Lee Man Tai	120	–	–	–	120
Mr. Leung Ka Fai (note ii)	120	–	–	–	120
Mr. Wong Yiu Kit, Ernest	120	–	–	–	120
Ms. Tong Sze Sze, Cecillia (note iii)	1	–	–	–	1
	361	3,965	–	36	4,362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

12. DIRECTORS' EMOLUMENTS (Continued)

Notes:

i The emoluments paid to executive directors of the Company include emoluments paid to them in respect of their other services in connection with the management of the affairs of the Company and its subsidiaries undertakings.

ii Mr. Leung Ka Fai was resigned as an independent non-executive director on 28 March 2024.

iii Ms. Tong Sze Sze, Cecillia was appointed as an independent non-executive director on 28 March 2024.

The directors of the Company did not waive or agree to waive any emoluments paid by the Group during the years ended 31 March 2025 and 2024. No emoluments were paid by the Group to the directors of the Company as an inducement for joining the Group or as compensation for loss of office during the years ended 31 March 2025 and 2024.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2024: one) was director of the Company whose emoluments are set out in note 12. The emoluments of the remaining four (2024: four) highest paid individuals were as follows:

	2025 HK$'000	2024 HK$'000
Salaries, allowances and other benefits	**4,484**	4,502
Retirement benefits scheme contributions	**72**	72
	4,556	4,574

Their emoluments were within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**2**	2

No emoluments were paid by the Group to the five highest paid individuals as an inducement for joining the Group or as compensation for loss of office during the years ended 31 March 2025 and 2024.

14. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

15. RETIREMENT BENEFITS SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2024: 5%) of relevant payroll costs, capped at HK$1,500 (2024: HK$1,500) per month, to the MPF Scheme, in which the contribution is matched by employees.

During the year ended 31 March 2025, the amount charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$5,360,000 (2024: HK$5,856,000) represents contributions payable to the scheme by the Group in respect of the respective accounting period.

There were no contributions forfeited by the Group on behalf of its employees who left the schemes prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 March 2025 and 2024, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

Long Service Payment Liabilities

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

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

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

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

There is no material impact on the Group's results and financial position for the current or prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

16. EARNINGS PER SHARE

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

	2025 HK$'000	2024 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the year attributable to owners of the Company	34,099	22,224

	2025	2024
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000 shares)	415,000	415,000

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Ownership interest in leasehold land and building HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Furniture and equipment HK$'000	Leasehold improvement HK$'000	Right-of-use assets HK$'000	Total HK$'000
COST							
At 1 April 2023	9,686	143,499	297,829	467	1,030	263,498	716,009
Additions	–	3,721	9,147	14	–	43,410	56,292
Transfer in (out)	–	15,125	(3,266)	–	–	(11,859)	–
Lease modification	–	–	–	–	–	(968)	(968)
Disposals	–	(2,453)	(1,499)	–	–	–	(3,952)
At 31 March 2024 and 1 April 2024	**9,686**	**159,892**	**302,211**	**481**	**1,030**	**294,081**	**767,381**
Additions	**–**	**11,957**	**24,358**	**56**	**–**	**9,392**	**45,763**
Transfer in (out)	**–**	**18,720**	**82,649**	**–**	**–**	**(101,369)**	**–**
Lease modification	**–**	**–**	**–**	**–**	**–**	**(2,067)**	**(2,067)**
Disposals	**–**	**(1,076)**	**(40,177)**	**–**	**–**	**–**	**(41,253)**
At 31 March 2025	**9,686**	**189,493**	**369,041**	**537**	**1,030**	**200,037**	**769,824**
ACCUMULATED DEPRECIATION							
At 1 April 2023	2,388	116,315	221,142	341	971	94,572	435,729
Charge for the year	388	12,422	23,534	38	59	65,798	102,239
Transfer in (out)	–	12,115	20,127	–	–	(32,242)	–
Eliminated on disposals	–	(2,351)	(1,500)	–	–	–	(3,851)
At 31 March 2024 and 1 April 2024	**2,776**	**138,501**	**263,303**	**379**	**1,030**	**128,128**	**534,117**
Charge for the year	**388**	**14,414**	**18,372**	**46**	**–**	**64,749**	**97,969**
Transfer in (out)	**–**	**15,198**	**61,520**	**–**	**–**	**(76,718)**	**–**
Eliminated on disposals	**–**	**(1,076)**	**(39,754)**	**–**	**–**	**–**	**(40,830)**
At 31 March 2025	**3,164**	**167,037**	**303,441**	**425**	**1,030**	**116,159**	**591,256**
CARRYING VALUES							
At 31 March 2025	**6,522**	**22,456**	**65,600**	**112**	**–**	**83,878**	**178,568**
At 31 March 2024	6,910	21,391	38,908	102	–	165,953	233,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Ownership interest in leasehold land and building	Over the shorter of the term of the lease, or 25 years
Motor vehicles	4 years
Machinery	4 to 7 years
Furniture and equipment	5 years
Leasehold improvement	2 years
Right-of-use assets	
– Leasehold land	Over the shorter of the term of the lease, or 25 years
– Motor vehicles	4 years
– Machinery	4 to 7 years

At 31 March 2025, the Group's ownership interest in leasehold land and building with carrying value of approximately HK$6,522,000 (2024: HK$6,910,000) has been pledged to secure bank borrowings obtained by the Group.

The carrying values of right-of-use assets included in the above comprise of:

	2025	2024
	HK$'000	HK$'000
Leasehold land	**193**	3,428
Motor vehicles	**29,127**	51,778
Machinery	**54,558**	110,747
	83,878	165,953

The Group has lease arrangements for leasehold land located in Hong Kong, motor vehicles and machinery during the years ended 31 March 2025 and 2024. The lease terms are generally ranged from 2 to 5 years (2024: 2 to 5 years).

Additions to the right-of-use assets for the year ended 31 March 2025 amounted to approximately HK$9,392,000 (2024: HK$43,410,000), due to new leases of motor vehicles and machinery.

In respect of lease arrangements for motor vehicles and machinery, which are under hire purchases, the ownership of these leased assets will be transferred to the Group at the end of the lease terms. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

During the year ended 31 March 2025, the Group transferred the right-of-use assets with carrying amount of approximately HK$1,291,000 (2024: HK$3,010,000) to motor vehicles under property, plant and equipment upon full repayment of respective lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

18. TRADE RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables, at amortised cost	**290,105**	285,897
Less: loss allowance on trade receivables	**(33,093)**	(33,438)
	257,012	252,459

As at 31 March 2025, the gross amount of trade receivables arising from contracts with customers in respect of construction works amounted to approximately HK$83,601,000 (2024: HK$57,426,000).

The Group does not hold any collateral over these balances.

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Group. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The following is an ageing analysis of trade receivables, net of loss allowance on trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2025 HK$'000	2024 HK$'000
Within 30 days	**28,443**	78,635
31 to 60 days	**40,158**	30,262
61 to 90 days	**28,724**	24,722
91 to 180 days	**69,560**	35,968
181 to 365 days	**43,272**	53,633
Over 365 days	**46,855**	29,239
	257,012	252,459

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL. The ECL on trade receivables are estimated individually for significant outstanding balances or collectively using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

18. TRADE RECEIVABLES (Continued)

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

The Group recognised lifetime ECL for trade receivables based on collectively basis or on individually basis for significant outstanding balances as follows:

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
For the year ended 31 March 2025			
On collectively basis:			
– Not yet due	**0.06%**	**30,562**	**19**
– Past due 1–90 days	**0.06%**	**83,000**	**50**
– Past due 91–180 days	**6.34%**	**57,535**	**3,645**
– Past due 181–365 days	**6.34%**	**32,505**	**2,060**
– Past due 1–2 years	**33.10%**	**24,479**	**8,103**
– Past due over 2 years	**100%**	**8,794**	**8,794**
		236,875	**22,671**
On individually basis	**5.78%–100%**	**53,230**	**10,422**
		290,105	**33,093**

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
For the year ended 31 March 2024			
On collectively basis:			
– Not yet due	0.1%	73,419	43
– Past due 1–90 days	0.1%	70,692	40
– Past due 91–180 days	5.1%	24,848	1,257
– Past due 181–365 days	5.1%	29,701	1,502
– Past due 1–2 years	41.5%	8,629	3,581
– Past due over 2 years	100%	8,375	8,375
		215,664	14,798
On individually basis	1.7%–100%	70,233	18,640
		285,897	33,438

18. TRADE RECEIVABLES (Continued)

The movement in the loss allowance on trade receivables falls within lifetime ECL (simplified approach) is set out below:

	2025 HK$'000	2024 HK$'000
At the beginning of the year	**33,438**	31,876
Provision for loss allowance on trade receivables	**4,084**	1,562
Amounts written off as uncollectible	**(4,429)**	–
At the end of the year	**33,093**	33,438

The following factor contributed to the increase in the loss allowance recognized during the year:

– Increase in forward-looking adjustment factor resulted from change of current market conditions.

19. CONTRACT ASSETS

	2025 HK$'000	2024 HK$'000
Unbilled revenue of construction contracts (note (i))	**17,511**	8,818
Retention receivables of construction contracts (note (ii))	**75,585**	40,144
	93,096	48,962
Less: loss allowance on contract assets	**(1,826)**	(1,542)
	91,270	47,420

Notes:

(i) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

(ii) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the work and service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the work and service quality of the construction work performed by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

19. CONTRACT ASSETS (Continued)

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

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECL. The ECL on contract assets are estimated on individually basis or on collectively basis by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group recognised lifetime ECL for contract assets on both collectively and individually basis and details are as follows:

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
For the year ended 31 March 2025			
On collectively basis	**0.67%**	**91,889**	**619**
On individually basis	**100%**	**1,207**	**1,207**
		93,096	**1,826**
For the year ended 31 March 2024			
On collectively basis	0.70%	47,755	335
On individually basis	100%	1,207	1,207
		48,962	1,542

The movement in the loss allowance on contract assets falls within lifetime ECL (simplified approach) is set out below:

	2025 HK$'000	2024 HK$'000
At the beginning of the year	**1,542**	1,577
Loss allowance recognised (reversed) on contract assets	**284**	(35)
At the end of the year	**1,826**	1,542

The following factor contributed to the increase in the loss allowance recognised during the year:

– Increase in forward-looking adjustment factor resulted from change of current market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Deposits (note (a))	**115**	115
Other receivables (notes (a))	**316**	16
Staff advance (note (a))	**241**	245
Prepayments	**6,893**	7,896
Deposits and prepayments for life insurances (notes (a) and (b))	**22,878**	19,570
	30,443	27,842

Notes:

(a) The Group measures the loss allowance for deposits, other receivables, staff advance and deposits for life insurances at an amount equal to 12-month ECL. The Group recognised 12-month ECL for such balances based on the internal credit rating of receivables. As at 31 March 2025 and 2024, the management of the Group estimated the 12-month ECL on such balances was insignificant.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

(b) In prior years, Luen Yau Construction, the wholly-owned subsidiary of the Company, entered into life insurance policies with insurance companies in which Mr. Wu, the executive director of the Company, was the insured person while Luen Yau Construction was the owner of the life insurance policies. The Company paid upfront payments with aggregate amounts of approximately HK$22,385,000, for the policies. During the year ended 31 March 2025, Luen Yau Construction entered into another additional life insurance policy with an insurance company in which Mr. Wu, the executive director of the Company, was the insured person while Luen Yau Construction was the owner of the life insurance policy and the Company paid an upfront payment with aggregate amount of approximately HK$2,917,000. The interest income from life insurances of approximately HK$538,000 (2024: HK$388,000) has been recognised in other income (note 8).

The balance has been classified under current assets as the Group may request a partial surrender or full surrender of the life insurance policies at any time and receive cash back based on the value set out in the life insurance policies at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged and surrender charge.

The prepayments of life insurance premium are amortised to profit or loss over the insured periods and the deposits placed are carried at amortised cost using the effective interest method. The deposits paid for the life insurance policies carry guaranteed interests at interest rate 2.00% to 3.65% (2024: 2.00% to 3.65%) plus a premium determined by the insurance company during the period of the life insurance policies. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the life insurance policies, excluding the financial effect of surrender charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) (Continued)

The carrying value of deposits and prepayments for life insurance policies at the end of each reporting period are set out below:

	2025 HK$'000	2024 HK$'000
Deposits	**14,679**	11,198
Prepayments	**8,199**	8,372
	22,878	19,570

As at 31 March 2025 and 2024, the deposits and prepayments for life insurance policies have been pledged to banks to secure banking facilities granted to the Group (note 29).

21. PLEDGED DEPOSITS

(a) Pledged rental deposits for lease liabilities

	2025 HK$'000	2024 HK$'000
– Current portion	**–**	799

As at 31 March 2024, pledged rental deposits with aggregate amount of approximately HK$799,000 (2025: nil) represented the deposits pledged to secure the lease liabilities which have been matured in 2025 and were classified as current assets.

(b) Pledged bank deposits for short term loan

	2025 HK$'000	2024 HK$'000
– Current portion	**–**	5,027

As at 31 March 2024, pledged bank deposits amount with aggregate amount of approximately HK$5,027,000 (2025: nil) was pledged to secure short-term bank borrowings and would be matured within one year and classified as current assets. The pledged bank deposits carried interest at prevailing market interest rates during the year ended 31 March 2024. The pledged bank deposits were released upon settlement of relevant bank borrowings during the year ended 31 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

22. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market interest rates during the years ended 31 March 2025 and 2024.

23. TRADE AND OTHER PAYABLES

	2025 **HK$'000**	2024 HK$'000
Trade payables	**73,558**	84,803
Other payables	**65,367**	24,037
Consideration payables for acquisition of property, plant and equipment	**18,009**	12,551
Accruals	**14,007**	23,101
	170,941	144,492

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

	2025 **HK$'000**	2024 HK$'000
Within 30 days	**20,964**	37,074
31 to 60 days	**10,341**	22,451
61 to 90 days	**4,086**	2,640
91 to 365 days	**33,576**	16,004
Over 365 days	**4,591**	6,634
	73,558	84,803

The average credit period granted is 30 (2024: 30) days. The Group has financial risk management in place to ensure that all payables are settling within the credit timeframe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

24. AMOUNT DUE TO A DIRECTOR

The amount due to director, Mr. Wu, is unsecured, non-interest bearing and repayable on demand.

25. BANK BORROWINGS

	2025 **HK$'000**	2024 HK$'000
Secured	**48,194**	61,958
Unsecured	**11,118**	12,830
	59,312	74,788

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

	2025 **HK$'000**	2024 HK$'000
Within one year	**46,917**	54,975
After one year but within two years	**7,031**	7,323
After two years but within five years	**5,036**	11,030
After five years	**328**	1,460
	59,312	74,788
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**12,395**	19,813
Carrying amount repayable within one year and contains a repayment on demand clause	**46,917**	54,975
	59,312	74,788
Amount shown under current liabilities	**(59,312)**	(74,788)
Amount shown under non-current liabilities	**–**	–

25. BANK BORROWINGS (Continued)

(a) The bank borrowings were denominated in HK$ as at 31 March 2025 and 2024.

As at 31 March 2025, bank borrowings carried floating interest at effective interest rates ranging from 2.75% to 7.22% per annum (2024: from 2.50% to 8.30% per annum).

(b) During the year ended 31 March 2025, the Group obtained new bank borrowings of approximately HK$266,239,000 (2024: HK$240,485,000) for Group's working capital purpose and repaid bank borrowings of approximately HK$281,715,000 (2024: HK$243,344,000).

(c) As at 31 March 2025, bank borrowings with aggregated amount at approximately HK$48,194,000 (2024: HK$61,958,000) are secured by (i) a mortgage charged over the Group's ownership interest in leasehold land and building with carrying value of approximately HK$6,522,000 (2024: HK$6,910,000); (ii) the deposits and prepayments for life insurance of approximately HK$22,878,000 (2024: HK$19,570,000) and (iii) pledged deposits of nil (2024: HK$5,027,000).

(d) As at 31 March 2025 and 2024, unsecured bank borrowings were guaranteed by (i) the Company; (ii) Mr. Wu, the executive director of the Company; and (iii) HKMC Insurance Limited, a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited, which provided guarantees under the SME Financing Guarantee Scheme.

(e) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	2025 HK$'000	2024 HK$'000
Facilities amount	**76,141**	81,760
Utilisations – Bank borrowings	**59,312**	74,788
Unutilised facilities amount	**16,829**	6,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

25. BANK BORROWINGS (Continued)

Loan covenants

As at 31 March 2025, the Group's borrowings with carrying amount of approximately HK$22,262,000 (2024: HK$32,563,000) are subject to the fulfilment of covenants. If the Group were to breach the covenants, the related borrowings would become payable on demand. These covenants are mainly as follow:

- Mr. Wu maintain over 50% shareholdings of the borrower and the Company
- Mr. Wu remains chairman and director of the Company
- the Company remains listing on the Stock Exchange of Hong Kong
- the adjusted tangible net worth of not less than HK$120,000,000
- external gearing ratio <1
- the ratio of the current assets to the current liabilities not less than 0.8
- the ratio of EBITDA to interest expense not less than 5

The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 6. As at 31 March 2025, none of the covenants relating to drawn down facilities had been breached.

As at 31 March 2025, as the Group complied with the covenants relating to drawn down facilities that were required to be met on or before 31 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

26. LEASE LIABILITIES

(a) *Lease liabilities*

	2025 HK$'000	2024 HK$'000
Analysed for reporting purposes as:		
– Current	**36,658**	58,819
– Non-current	**21,051**	53,051
	57,709	111,870

	2025 HK$'000	2024 HK$'000
Amounts payable under lease liabilities		
Within one year	**36,658**	58,819
After one year but within two years	**19,370**	34,718
After two years but within five years	**1,681**	18,333
	57,709	111,870
Less: amount due for settlement within 12 months (shown under current liabilities)	**(36,658)**	(58,819)
Amount due for settlement after 12 months	**21,051**	53,051

As at 31 March 2025, the lease liabilities in respect of leased motor vehicles and machinery under hire purchase agreements amounted to approximately HK$57,549,000 (2024: HK$107,984,000) were secured by the lessor's title to the leased assets (note 17) (2024: the lessor's title to the leased assets (note 17) and the pledged deposits (note 21(a))).

During the year ended 31 March 2025, the Group entered into a number of new lease agreements in respect of motor vehicles and machinery and recognised lease liabilities of approximately HK$9,392,000 (2024: HK$43,410,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

26. LEASE LIABILITIES (Continued)

(b) Amounts recognised in profit or loss

	2025 **HK$'000**	2024 HK$'000
Depreciation expense on right-of-use assets included in property, plant and equipment:		
– Leasehold land	**1,167**	2,312
– Motor vehicles	**19,886**	20,229
– Machinery	**43,696**	43,257
Interest expense on lease liabilities	**6,184**	8,837

During the year ended 31 March 2025, all lease payments are all fixed payments and the total cash outflows for leases amounting to approximately HK$67,670,000 (2024: HK$74,764,000).

27. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon, after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity during the year:

	Loss allowances on trade receivables and contract assets HK$'000	**Accelerated tax depreciation** HK$'000	**Tax loss** HK$'000	**Total** HK$'000
At 1 April 2023	5,520	(23,503)	10,017	(7,966)
Credited (charged) to profit or loss	252	672	(2,278)	(1,354)
At 31 March 2024 and 1 April 2024	**5,772**	**(22,831)**	**7,739**	**(9,320)**
Credited to profit or loss	**924**	**3,131**	**577**	**4,632**
At 31 March 2025	**6,696**	**(19,700)**	**8,316**	**(4,688)**

As at 31 March 2025, the Group has estimated unused tax losses of approximately HK$58,712,000 (2024: HK$115,031,000) available for offsetting against future profits. A deferred tax asset has been recognised in respect of approximately HK$50,400,000 (2024: HK$46,903,000) of such losses. No deferred tax asset has been recognised in respect of the remaining estimated unused tax losses of approximately HK$8,312,000 (2024: HK$68,128,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

28. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.05 each		
Authorised		
As at 31 March 2024 and 2025	2,000,000,000	100,000
Issued and fully paid		
As at 31 March 2024 and 2025	415,000,000	20,750

29. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and finance lease companies to secure the banking facilities, bank borrowings and lease liabilities granted to the Group:

	2025	2024
	HK$'000	HK$'000
Property, plant and equipment	90,207	169,435
Deposits and prepayments for life insurance	22,878	19,570
Pledged deposits	–	5,826
	113,085	194,831

30. CONTINGENT LIABILITIES

As at 31 March 2025, three of the subsidiaries of the Group were involved in the litigation regarding ongoing personal injury claim (2024: nil). No provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

31. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to written resolution of the Company passed on 15 November 2016 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 7 December 2026. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up on the date of grant, upon payment of HK$1.00. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Company's shares on the date of grant; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options have been granted since the adoption of the Scheme and during the years ended 31 March 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

32. RELATED PARTY TRANSACTIONS

(a) Balances with related parties

Save as disclosed in elsewhere in the consolidated financial statements, the Company has no material balances with related parties.

(b) Compensation of key management personnel

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

	2025 **HK$'000**	2024 HK$'000
Short-term benefits	**7,328**	7,525
Post-employment benefits	**90**	90
	7,418	7,615

The remuneration of the directors of the Company and other members of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trend.

(c) Guarantee provided by a related party

	2025 **HK$'000**	2024 HK$'000
Mr. Wu	**18,000**	18,000

During the year ended 31 March 2021, the Group obtained a banking facility with total facility amount of approximately HK$18,000,000, in which Mr. Wu, the executive director of the Company and the ultimate beneficial owner of the Company, has provided guarantee for this banking facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued interest HK$'000	**Bank borrowings** HK$'000 (note 25)	**Lease liabilities** HK$'000 (note 26)	**Amount due to a director** HK$'000	**Total** HK$'000
At 1 April 2023	–	77,647	135,355	–	213,002
Financing cash flows:					
– Additions	–	240,485	–	–	240,485
– Repayments	(5,817)	(243,344)	(74,764)	–	(323,925)
Non-cash changes:					
– Interest recognised	5,817	–	8,837	–	14,654
– Lease modification	–	–	(968)	–	(968)
– New leases arrangement	–	–	43,410	–	43,410
At 31 March 2024 and 1 April 2024	**–**	**74,788**	**111,870**	**–**	**186,658**
Financing cash flows:					
– Additions	**–**	**266,239**	**–**	**–**	**266,239**
– Advance from a director	**–**	**–**	**–**	**7,400**	**7,400**
– Repayments	**(4,566)**	**(281,715)**	**(67,670)**	**–**	**(353,951)**
Non-cash changes:					
– Interest recognised	**4,566**	**–**	**6,184**	**–**	**10,750**
– Lease modification	**–**	**–**	**(2,067)**	**–**	**(2,067)**
– New leases arrangement	**–**	**–**	**9,392**	**–**	**9,392**
At 31 March 2025	**–**	**59,312**	**57,709**	**7,400**	**124,421**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

34. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2025, the Group entered into new lease arrangements in respect of motor vehicles and machinery with a total capital value at the inception of the leases of approximately HK$9,392,000 (2024: HK$43,410,000).

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK$'000	2024 HK$'000
Non-current asset			
Investments in subsidiaries		**106,532**	106,532
Current assets			
Deposits, prepayments and other receivables		**148**	149
Amounts due from subsidiaries	(a)	**123,016**	126,432
Bank balances and cash		**74**	161
		123,238	126,742
Current liabilities			
Other payables		**2,005**	2,024
Amount due to a subsidiary	(a)	**3,797**	3,797
		5,802	5,821
Net current assets		**117,436**	120,921
Net assets		**223,968**	227,453
Capital and reserves			
Share capital		**20,750**	20,750
Reserves	(b)	**203,218**	206,703
Total equity		**223,968**	227,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand.

(b) Movements in reserves

	Share premium HK$'000	**Other reserve** HK$'000 (Note)	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2023	150,941	106,532	(46,841)	210,632
Loss and total comprehensive expense for the year	–	–	(3,929)	(3,929)
At 31 March 2024 and 1 April 2024	**150,941**	**106,532**	**(50,770)**	**206,703**
Loss and total comprehensive expense for the year	**–**	**–**	**(3,485)**	**(3,485)**
At 31 March 2025	**150,941**	**106,532**	**(54,255)**	**203,218**

Note: Other reserve represents the difference between the nominal value of the shares issued and the net asset value of the subsidiaries of the Company upon the reorganisation on 13 May 2016.

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Percentage of equity interest and voting power attributable to the Company				Principal activities
			Direct		Indirect		
			2025	2024	**2025**	2024	
Neotime Global Limited	BVI	United States dollar ("US$") 1	**100%**	100%	**–**	–	Investment holding
Lufa Global Investments Limited	BVI	US$1	**100%**	100%	**–**	–	Investment holding
Luen Yau Holdings Limited	BVI	US$100	**100%**	100%	**–**	–	Investment holding
Luen Yau Construction	Hong Kong	HK$1	**–**	–	**100%**	100%	Construction works and provision of construction machinery rental services
Luen Yau Machinery Construction Company Limited	Hong Kong	HK$1	**–**	–	**100%**	100%	Provision of construction machinery rental services
Luen Yau Management Services Limited	Hong Kong	HK$1	**–**	–	**100%**	100%	Provision of management services to fellow subsidiaries
Luen Yau Management Company Limited	BVI	US$1	**–**	–	**100%**	100%	Inactive
Full King (International) Aluminum System Formwork Technology Limited	Hong Kong	HK$10,000	**–**	–	**51%**	51%	Inactive
San Luen New Energy Motor Rental Limited	Hong Kong	HK$10,000	**–**	–	**100%**	N/A	Inactive
San Luen New Energy Motor Services Limited	Hong Kong	HK$10,000	**–**	–	**100%**	N/A	Inactive

None of the subsidiaries has issued any debt securities outstanding at the end of both years or at any time during both years.

FINANCIAL SUMMARY

	For the year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue and Profit (Loss)					
Revenue	**913,784**	728,528	511,016	515,948	435,594
Cost of sales	**(850,349)**	(670,757)	(507,338)	(482,309)	(413,677)
Gross profit	**63,435**	57,771	3,678	33,639	21,917
Other income	**6,478**	4,528	18,929	7,537	15,984
Administrative expenses	**(25,328)**	(22,226)	(23,882)	(23,581)	(21,815)
(Provision for) reversal of loss allowance on trade receivables, net	**(4,084)**	(1,562)	(8,796)	2,284	(7,746)
(Provision for) reversal of loss allowance on contract assets, net	**(284)**	35	(1,147)	(684)	(1,366)
Finance costs	**(10,750)**	(14,654)	(10,565)	(6,477)	(5,322)
Profit (loss) before taxation	**29,467**	23,892	(21,783)	12,718	1,652
Income tax credit (expense)	**4,632**	(1,669)	(176)	(587)	2,086
Profit (loss) and total comprehensive income (expense) for the year	**34,099**	22,223	(21,959)	12,131	3,738
Profit (loss) and total comprehensive income (expense) for the year attributable to the owners of the Company	**34,099**	22,224	(21,959)	12,131	3,738
Loss and total comprehensive expense for the year attributable to non-controlling interest	**–**	(1)	–	–	–
	34,099	22,223	(21,959)	12,131	3,738

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities					
Current assets	**409,360**	362,006	284,114	251,883	233,656
Non-current assets	**181,401**	235,260	282,999	219,174	156,081
Current liabilities	**(274,311)**	(278,283)	(258,084)	(197,041)	(155,912)
Non-current liabilities	**(25,739)**	(62,371)	(74,640)	(69,906)	(41,846)
Total equity	**290,711**	256,612	234,389	204,110	191,979