Sang Hing Holdings (International) Limited
生興控股(國際)有限公司

(incorporated in the Cayman Islands with limited liability)
Stock code: 1472

2025
Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lai Wai *(Chairman)*
Mr. Lai Ying Wah

Independent non-executive Directors

Prof. Leung Yee Tak
Mr. Ho Tai Tung
Ms. Tsang Wing Kiu
Mr. Choi Ho Yan

AUDIT COMMITTEE

Mr. Choi Ho Yan *(Chairman)*
Prof. Leung Yee Tak
Mr. Ho Tai Tung
Ms. Tsang Wing Kiu

REMUNERATION COMMITTEE

Prof. Leung Yee Tak *(Chairman)*
Mr. Ho Tai Tung
Ms. Tsang Wing Kiu
Mr. Choi Ho Yan

NOMINATION COMMITTEE

Mr. Lai Wai *(Chairman)*
Prof. Leung Yee Tak
Mr. Ho Tai Tung
Ms. Tsang Wing Kiu

SUSTAINABLE DEVELOPMENT COMMITTEE

Mr. Ho Tai Tung *(Chairman)*
Prof. Leung Yee Tak
Ms. Tsang Wing Kiu
Mr. Choi Ho Yan

INVESTMENT COMMITTEE

Mr. Lai Wai *(Chairman)*
Mr. Au Chun Wing
Mr. Shum Tsz Yeung

COMPANY SECRETARY

Ms. Chang Kam Lai

AUTHORISED REPRESENTATIVES

Mr. Lai Wai
Ms. Chang Kam Lai

LEGAL ADVISER

Khoo & Co.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 215A-B, 2/F
Central Services Building
Nan Fung Industrial City
No. 18 Tin Hau Road
Tuen Mun, New Territories
Hong Kong

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited
Shanghai Commercial Bank Ltd.

COMPANY WEBSITE

www.sang-hing.com.hk

STOCK CODE

1472

Financial Highlights

	2025 *HK$'000*	2024 *HK$'000*	Increase/ (Decrease) *%*
Revenue	**194,780**	116,469	67.2
EBITDA	**(58)**	(825)	(93.0)
Loss before tax	**(6,845)**	(8,376)	(18.3)
Loss for the year attributable to owners of the Company	**(9,095)**	(6,356)	43.1
Loss per share attributable to owners of the Company Basic and diluted *(HK cents)*	**(0.91)**	(0.64)	42.2

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Sang Hing Holdings (International) Limited (the "**Company**"), I am honored to present our annual report of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2025.

The core business of our Group is in Hong Kong and mainly in civil construction work for over 20 years. The Group is included in the list of Approved Contractors under the works Branch with Group C status (unlimited value) in the public works categories of Roads and Drainage works, and also Site Formation works.

The Group was awarded two projects from government departments in March and May 2025 respectively for civil engineering projects in relation to site formation and infrastructure works for public housing development at three urban squatter areas in Kowloon East, Hong Kong, namely, Cha Kwo Ling Village, Chuk Yuen United Village and Ngau Chi Wan Village (Project W62) and site formation and infrastructure works for public housing development at A Kung Ngam Village, Eastern, Hong Kong (Project W63). The contract period of Project W62, with contract sum of approximately HK$668 million, is from March 2025 to October 2029; and the contract period of Project W63, with contract sum of approximately HK$442.2 million, is from May 2025 to September 2029, total contract sum of the two projects are HK$1,110 million.

For the year ended 31 March 2025, the Group's revenue was approximately HK$194.8 million (2024: approximately HK$116.5 million), representing an increase of 67.2% as compared with last year. The loss attributable to shareholders for the year ended 31 March 2025 was approximately HK$9.1 million (2024: approximately HK$6.4 million), representing an increase in loss of 43.1% as compared to last year. The increase in loss for the year was mainly due to the decrease in deferred tax recovery income.

Throughout the year ended 31 March 2025, there was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group. Meanwhile, the Group had an ISO certificate of ISO 45001:2018 under Occupational Health and Safety (OHS) management system. Surely, the Group will strictly comply with all applicable laws and regulations released by the relevant authorities which are material with us continually.

Looking forward for the next year, the Group will continue to take part in tenders for projects from various government departments rigorously and actively, especially those from the Civil Engineering and Development Department and Drainage Services Department, in order to secure more revenue from engineering projects. Due to the fierce competition in the market and the increased technical requirements of the clients for bidding projects, it has become increasingly more difficult to successfully win bids for projects. We will keep on enhancing the Group's competitiveness and strive for more successful bids for projects.

Chairman's Statement

As the Russia-Ukraine war continues and the tension in the Middle East intensifies, the global financial and energy markets are bound to be volatile. Against this backdrop, we anticipate that energy prices will rise, and the prices of raw materials will remain high, which will have an adverse impact on the Group's operating cost. The Group will take all reasonable measures to save energy and enhance the efficiency of resource utilisation, so as to control costs and offset such adverse impact.

The Group will capitalise its competitive advantages after listing to secure more projects, and to actively participate in bidding for works of the Hong Kong Government to achieve increase revenue. In additions, the Group will also explore various chances in construction industry to create greater value for shareholders.

On behalf of the Board, I would like to take this opportunity to thank our shareholders, customers and business partners for their full trust and support in the past year, as well as staff for their efforts and contributions. I hope we can join hands and create a better future together.

Lai Wai
Chairman

Hong Kong, 27 June 2025

Management Discussion and Analysis

BUSINESS REVIEW AND FINANCIAL RESULTS

The Group is an established main contractor with over 20 years of experience specialising in a variety of civil engineering works, including site formation, road and bridge construction, drainage and sewerage construction, watermain installation and slope works in Hong Kong. We are a Group C contractor under the Site Formation and Roads and Drainage categories with confirmed status and are qualified to tender for public works contracts of any values exceeding HK$400 million.

The Group was awarded a tender in May 2024 for a civil engineering project in relation to site formation and engineering infrastructure works in Hung Shui Kiu/Ha Tsuen New Development Area, Hong Kong (Project W61), with contract sum of approximately HK$560 million which the contract period is from June 2024 to December 2028. In additions, the Group was also awarded two tenders in March and May 2025 respectively for civil engineering projects in relation to site formation and infrastructure works for public housing development at three urban squatter areas in Kowloon East, Hong Kong, namely, Cha Kwo Ling Village, Chuk Yuen United Village and Ngau Chi Wan Village (Project W62), with contract sum of approximately HK$668 million which the contract period is from March 2025 to October 2029, and in relation to site formation and infrastructure works for public housing development at A Kung Ngam Village, Eastern, Hong Kong (Project W63), with contract sum of approximately HK$442 million which the contract period is from May 2025 to September 2029, total contract sum of the two projects are HK$1,110 million.

For the year ended 31 March 2025, the Group's revenue was approximately HK$194.8 million (2024: approximately HK$116.5 million), representing an increase of 67.2% as compared with last year. The loss attributable to shareholders for the year ended 31 March 2025 was approximately HK$9.1 million (2024: approximately HK$6.4 million), representing an increase in loss of 43.1% as compared to last year. The increase in loss for the year was mainly due to decrease in deferred tax recovery income.

Analysis of revenue and management fee income of each project during the year ended 31 March 2025 was as follows:

Project Code	Type of works	Location	2025 *HK$'000*	2024 *HK$'000*
On-going projects				
W58	Construction of sewers and sewerage system	Northern Tuen Mun	9,406	2,401
W59	Site formation and infrastructure works for public housing developments	Kam Tin South, Yuen Long	3,666	10,544
W60	Temporary construction waste sorting facilities	Tseung Kwan O and Tuen Mun	82,318	77,047
W61	Site formation and engineering infrastructure works	Hung Shui Kiu/Ha Tsuen New Development Area	104,664	–
W62	Site formation and infrastructure works for public housing developments	Kowloon East	144	–
Projects completed or substantially completed				
W55	Development of columbarium and infrastructural works	North District	–	24,423
W57	Development of Long Valley Nature Park	North District	7,654	14,999
Total			207,852	129,414

Management Discussion and Analysis

During the year ended 31 March 2025, we recognised revenue and management fee income from six projects in total, of which one project was substantially completed. The revenue for the year ended 31 March 2025 was increased as compared with last year mainly due to increased in revenue from Project W61 in which its contract period begun from June 2024.

The gross profit margin for the year ended 31 March 2025 was 1.9% (2024: 3.6%). The gross profit margin was decreased and kept at low gross profit margin during the year ended 31 March 2025 which was due to work progress of Project W61 at the early stage of its contract period with low profit margin contract works completed and increase in price of materials and subcontracting charges during the year.

Other income and other gain or loss, net for the year ended 31 March 2025 amounted to approximately HK$14.5 million (2024: approximately HK$13.4 million), representing an increase of 8.8% as compared with last year, which was due to increase in compensation from insurance.

Administrative and operating expenses for the year ended 31 March 2025 amounted to approximately HK$24.9 million (2024: approximately HK$25.8 million), representing a decrease of 3.6% as compared with last year, which was mainly due to decrease in directors' remuneration and general administrative expenses.

As at 31 March 2025, prepayments, deposits and other receivables mainly represented amounts paid for insurance and subcontracting fee prepayments, deposits for material purchases, deposits for rental and utilities and other receivables. During the year, prepayments, deposits and other receivables were decreased by approximately HK$14.4 million which was mainly utilised in Projects W60, W61 and W62. The Group ensures that subcontractors or suppliers have the necessary funds to initiate work promptly, facilitating smoother project execution and reducing the risk of delays due to financial constraints. This proactive cash flow management is crucial for maintaining project timelines and ensuring that all stakeholders, including subcontractors and customers, are aligned and committed to the construction project's success.

The management considered the financial health of the subcontractors or suppliers that the Group has made payments to and for, and considered their creditworthiness and conducted cashflow analysis. In evaluating their financial stability and creditworthiness, the management reviewed their financial performance, credit ratings and other relevant financial indicators. The management also took into account such subcontractors' historical performance in terms of fulfilling contracts and ability to meet financial obligations, including repayment of receivables in order to reduce the credit risk.

Furthermore, as previously disclosed in the Company's announcements dated 26 March 2025 and 30 April 2025, the Group was awarded two new tenders in March and May 2025 respectively for Projects W62 and W63. As the Group's existing subcontractors or suppliers would participate in such projects, the management considers that the prepayments and payments previously made to them would be utilised in ensuring the reliable performance in such projects, thereby benefiting the Group in the long run.

Management Discussion and Analysis

OUTLOOK

Looking forward for the next year, the Group will take part in tenders for projects from various government departments more rigorously and actively, especially those from the Civil Engineering and Development Department and Drainage Services Department, in order to secure more revenue from engineering projects. Due to the fierce competition in the market and the increased technical requirements of the clients for bidding projects, it has become increasingly more difficult to successfully win bids for projects. We will enhance the Group's bidding advantages and capabilities and strive for more successful bids for projects.

We expect that the Russia-Ukraine war and military conflict in Middle East area will continue, the global financial and energy markets will remain volatile and the prices of energy and raw materials will remain high. Geopolitical uncertainties may result in the disruption of the raw material supply chain, which in turn leads to a shortage of supply. Despite the Group's business suffering fewer adverse effects than other industries, we expect our operating cost to remain high and the price will continue to increase in the coming year. The Group will take all reasonable measures to save energy and enhance the efficiency of resource utilisation, so as to control costs.

Based on the two projects (W62 and W63) secured in March and May 2025 with a total contract sum of HK$1,110 million, the Group's contracted projects and current operational plans, we expect revenue to improve in forthcoming years. However, this outlook is subject to market volatility and other external factors. We anticipate continued challenges in managing direct costs and expenses due to fluctuating market conditions, which could impact projected margins.

The Group will capitalise its competitive advantages after listing to secure more projects, and to actively participate in bidding for works of the Hong Kong Government to achieve increase revenue. In additions, the Group will also explore various chances in construction industry to create greater value for shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The uses of cash of the Group are mainly for the financing of the operations and working capital requirements. The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers.

As at 31 March 2025, the Group had cash and cash equivalents of approximately HK$28.7 million (2024: approximately HK$42.3 million) and pledged bank deposit of approximately HK$4.5 million (2024: approximately HK$4.3 million). The decrease of approximately HK$13.6 million in cash and cash equivalents was mainly used in acquisition of property, plant and equipment. All of the bank balances were placed with banks in Hong Kong and are denominated in Hong Kong dollars. As at 31 March 2025, the Group had not experienced any liquidity problems in settling its payables in the normal course of business.

Additionally, as at 31 March 2025, the Group had unutilised banking facilities amounting to approximately HK$75 million (2024: approximately HK$75 million).

There has been no change in the capital structure of the Company during the year ended 31 March 2025. The capital of the Group only comprises ordinary shares. As at 31 March 2025, the total number of issued ordinary shares of the Company was 1,000,000,000 of HK$0.01 each.

GEARING RATIO

As at 31 March 2025, the Group's gearing ratio was approximately 0.2% (2024: approximately 0.4%). The gearing ratio is calculated by dividing lease liabilities by total equity and expressed as a percentage. With available bank balances and cash, the directors of the Company are of the view that the Group has sufficient liquidity to satisfy the funding requirements.

TREASURY POLICY

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

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations of the Group were denominated in Hong Kong dollars. There was no exposure to foreign exchange rate fluctuations. As such, no hedging or other arrangements was made by the Group during the years ended 31 March 2025 and 2024.

SIGNIFICANT INVESTMENTS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2025, the Group did not have any significant investments. There was no plan for any material investments or other additions of capital assets as at the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2025.

PLEDGE OF ASSETS

As at 31 March 2025, the Group pledged its bank deposits of approximately HK$4.5 million (2024: approximately HK$4.3 million) as securities for the Group's banking facilities (including letter of credit, bank overdrafts and performance bonds).

CONTINGENT LIABILITIES

As at 31 March 2025 and 2024, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2025 and 2024, the Group did not have any material capital commitments.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2025, the Group had a total of 147 employees (2024: 98) who were directly employed by the Group in Hong Kong. The staff costs, including Directors' emoluments, of the Group amounted to approximately HK$49.4 million for the year ended 31 March 2025 (2024: approximately HK$43.7 million).

The remuneration package the Group offered to the employees includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. Share options are also available to the Group's employees. The Group provides various types of training to the employees and sponsors the employees to attend various training courses, including those on occupational health and safety in relation to the work. Such training courses include the internal training as well as courses organised by external parties such as the Construction Industry Council and the Occupational Safety and Health Council. The safety officers also provide training to the workers before the commencement of work.

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds received by the Company from public offer of the Company's shares in March 2020 were approximately HK$79.8 million after deducting the listing expenses of approximately HK$45.2 million. As at 31 March 2025, the Group has fully utilised the net proceeds.

As at 31 March 2025, the net proceeds had been utilised as follows:

Intended use of net proceeds	**Net proceeds** *HK$' million*	**Amount not yet utilised as at 31 March 2024** *HK$' million*	**Amount utilised during the year ended 31 March 2025** *HK$' million*	**Amount not yet utilised as at 31 March 2025** *HK$' million*
Acquisition of additional plant and machinery	58.3	3.6	3.6	–
Recruiting and retiring additional staff	3.4	–	–	–
Costs for upgrading information technology system	2.9	–	–	–
Additional working capital	15.2	–	–	–
Total	79.8	3.6	3.6	–

The actual application of the net proceeds was slower than expected and such a delay was mainly due to (i) the impact of the COVID-19 pandemic, which has caused delays in certain of our projects; (ii) the delay of the projects due to inclement weather; (iii) the delay in projects due to clients have changed the design of the project and/or order in variations; and (iv) the difficulty in recruiting suitable candidates.

Report of the Directors

The directors (the "**Directors**") of Sang Hing Holdings (International) Limited (the "**Company**") have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and joint operations are the provision of civil engineering works in Hong Kong. Particulars of the subsidiaries of the Company and the Group's joint operations are set out in notes 32 and 33 to the consolidated financial statements, respectively.

RESULTS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 50 of this annual report.

FINAL DIVIDEND

The board of Directors (the "**Board**") did not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

DIVIDEND POLICY

The Company's dividend policy aims to allow shareholders of the Company to share the Company's profit and for the Company to retain adequate reserves for future growth. In recommending a dividend, the Company would consider various factors, including the Group's financial results, the general financial condition of the Group, the Group's current and future operations, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Group, surplus received from the Company's subsidiaries, general market conditions, and any other factors that the Board deems appropriate.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 4 September 2025 ("**AGM**"), the register of members of the Company will be closed from Monday, 1 September 2025 to Thursday, 4 September 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 29 August 2025.

Report of the Directors

BUSINESS REVIEW

A review of the business of the Group and a discussion and analysis of the Group's performance during the year under review and a discussion on the Group's future business development and outlook of the Group's business are provided in the sections headed "Chairman's Statement" on pages 4 to 5 and "Management Discussion and Analysis" on pages 6 to 10 of this annual report.

Risks and Uncertainties

There are certain risks involved in the Group's business operations. Some of the relatively material risks include (i) the Group's business operates under various registrations, licences and certifications and the loss of or failure to obtain or renew any or all of these registrations, licences and/or certifications could materially and adversely affect the Group's business; (ii) the Group relies on public sector projects awarded by the government of Hong Kong; (iii) the Group's business is non-recurring in nature and the Group is subject to the risks associated with the competitive tendering process; (iv) the Group relies on subcontractors to help complete the civil engineering works projects, and their performance will affect the Group; (v) error or inaccurate estimation of project duration and costs when determining the tender price may result in substantial loss incurred by the Group; and (vi) an occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse on the business, financial condition and results of operations.

In addition, various financial risks have been disclosed in note 5 to the consolidated financial statements.

An Analysis Using Financial Key Performance Indicators

An analysis of the Group's performance during the year ended 31 March 2025 using financial performance indicators is provided in the section headed "Management Discussion and Analysis" on pages 6 to 10 of this annual report.

Environmental Policies and Performance

The Group is committed to contributing to the sustainability of the environment and the development of society. The Group has established a sustainable development committee to identify material environmental, social and governance matters through review and assessment of internal operations, and to determine the importance of such matters to the Group's business and the Company's stakeholders. Details of the Group's development, performance and operation in the environmental aspect are set out in the Company's Environmental, Social and Governance Report 2025.

Key Relationships with Employees, Customers, Suppliers and Subcontractors

The Group's employees are one of its most important assets and it is committed to providing them with a fair and safe, healthy and happy work environment that is conducive to personal growth and career development. The Group provides various types of training to the employees and sponsors its employees to attend various training courses, including those on occupational health and safety in relation to the work. The remuneration package the Group offered to the employees includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of the employees, which forms the basis of the decisions with respect to salary raises, bonuses and promotions.

The Group has established stable business relationships with its customers who are departments of the government of Hong Kong. Furthermore, the Group has also established a stable business relationship with its major suppliers for over one year in general. The Directors believe that the Group's long-term relationship with the customers and major suppliers reflects positively on the Group as a valued working party to their projects.

The Group will engage subcontractors to carry out a certain part of the works. While the Group has not entered into any long-term agreement with the subcontractors, it engages them on a project basis. Nevertheless, the Directors believe that the Group has maintained a good relationship with its key subcontractors.

More information concerning the employees, customers, suppliers and subcontractors of the Group are set out in the Company's Environmental, Social and Governance Report 2025.

Compliance with Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with such requirements. The Group has an on-going review of the newly enacted laws and regulations affecting the operations of the Group. During the year ended 31 March 2025, the Group is not aware of any material non-compliance with the laws and regulations that has a significant impact on the business of the Group.

Report of the Directors

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2025 are set out in the consolidated statement of changes in equity on page 53 and note 28(b) to the consolidated financial statements.

Distributable reserves of the Company as at 31 March 2025, calculated in accordance with the Companies Act of the Cayman Islands, amounted to approximately HK$84.4 million (2024: HK$87.8 million).

TAX RELIEF

The Directors are not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of the shares of the Company.

EQUITY-LINKED AGREEMENTS

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

FIXED ASSETS

Details of the movements during the year ended 31 March 2025 in property, plant and equipment and right-of-use assets are set out in notes 16 and 26(a) to the consolidated financial statements, respectively.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year ended 31 March 2025. Details of the share capital of the Company are set out in note 28(a) to the consolidated financial statements.

DEBENTURES

The Company did not issue any debentures during the year ended 31 March 2025.

PRE-EMPTIVE RIGHTS

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 118 of this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES OR SALE OF TREASURY SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) during the year ended 31 March 2025.

DIRECTORS

The Directors during the year and up to the date of this Report of the Directors are:

Executive Directors:

Mr. Lai Wai *(Chairman)*
Mr. Lai Ying Wah

Independent non-executive Directors:

Prof. Leung Yee Tak
Mr. Ho Tai Tung
Ms. Tsang Wing Kiu
Mr. Choi Ho Yan

Briefed biographical details of the Directors as at the date of this Report of the Directors are set out in the section headed "Biographical Details of Directors, Senior Management and Company Secretary" of this annual report.

In accordance with article 84(1) of the Company's articles of association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, Mr. Lai Wai and Prof. Leung Yee Tak will retire from office by rotation and, both being eligible, offer themselves for re-election as Directors at the forthcoming AGM.

Emoluments of the Directors and the five highest paid individuals

Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in notes 12 and 13 to the consolidated financial statements, respectively.

The emoluments of the Directors are subject to review by the remuneration committee of the Company. Their emoluments are determined with reference to their roles and responsibilities in the Group and the prevailing market conditions. The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below and in note 29 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years and continuing thereafter until terminated by either party by giving not less than three months' notice in writing to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of two years, provided that either the Company or the independent non-executive Directors may terminate such appointment at any time by giving at least three months' notice in writing to the other. The term of appointment of Prof. Leung Yee Tak, Mr. Ho Tai Tung and Ms. Tsang Wing Kiu will expire on 16 March 2026. The term of appointment of Mr. Choi Ho Yan will expire on 29 April 2027.

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

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's articles of association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them.

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS

No contract of significance has been entered into among the Company or any of its subsidiaries and the controlling shareholders of the Company or any of their respective subsidiaries during the year ended 31 March 2025.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

At no time during the year ended 31 March 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares, or debt securities, including debentures, of the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

(i) Long position in the issued ordinary shares of the Company (the "Shares")

Name of Director	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding in the Company
Mr. Lai Wai	Interest in a controlled corporation *(Note 1)*	600,000,000	60.0%

Note:

1. Mr. Lai Wai directly holds the entire issued share capital of Worldwide Intelligence Group Limited ("**Worldwide Intelligence**") and is therefore deemed to be interested in the same number of Shares in which Worldwide Intelligence is interested.

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

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholding
Mr. Lai Wai	Worldwide Intelligence	Beneficial owner	1	100%

Save as disclosed above, as at 31 March 2025, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 March 2025, the following person (other than the Directors or chief executive of the Company the interests of which were disclosed above) or corporation had interest or short position in the Shares which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register of the Company required to be kept pursuant to section 336 of the SFO:

Long position in the Shares

Name of substantial shareholder	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding in the Company
Worldwide Intelligence	Beneficial owner	600,000,000	60.0%
Ms. Dun Xin Chun (Note 1)	Interest of spouse	600,000,000	60.0%

Note:

1. Ms. Dun Xin Chun is the spouse of Mr. Lai Wai. By virtue of the SFO, Ms. Dun Xin Chun is deemed, or taken to be, interested in all the Shares in which Mr. Lai Wai is deemed to be interested.

Save as disclosed above, as at 31 March 2025, the Directors were not aware of any person (other than the Directors and the chief executive of the Company) who has an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

On 29 January 2020, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "**Share Option Scheme**").

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and there was no share option outstanding as at 31 March 2025.

The following is a summary of the principal terms of the Share Option Scheme.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions by Proposed Grantee (as defined in sub-paragraph (b) below) to the Company and its subsidiaries or invested entity and associated companies of the Company. By providing them with the opportunity to acquire equity interests in the Company, the Share Option Scheme aims to achieve the following objectives:

(i) attract skilled and experienced personnel, to incentivise them to remain with the Company or its subsidiaries or any entity in which any member of the Group holds any equity interest ("**invested entity**") (as the case may be) and to give effect to the Company's customer-focused corporate culture, and to motivate them to think as shareholders of the Company and strive for the future development and expansion of the Company and its subsidiaries or invested entity; and

(ii) attract and retain or otherwise maintain ongoing business relationships with suppliers and customers whose contributions are or will be beneficial to the long-term growth of the Company.

(b) Who may join

The Board may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to the following persons (collectively, "**Proposed Grantee**"):

(i) employee (whether full time or part time, and for the purposes of the Share Option Scheme also includes any executive Director and non-executive Directors (including independent non-executive Director) of the Company or any of its subsidiaries or invested entity (collectively, "**Employee**");

(ii) any advisor, consultant, supplier, customer or agent to the Company or any of its subsidiaries or invested entity provided that (i) such advisor, consultant, supplier, customer or agent provides bona fide services to or conduct business with the Company or any of its subsidiaries or invested entity, (ii) the services provided by or business with the advisor, consultant, supplier, customer or agent are not in connection with the offer or sale of securities in a capital-raising transaction of the Company and (iii) such advisor, consultant, supplier, customer or agent, or the services provided or the business conducted, do not directly or indirectly make a market for the Company's securities (collectively, "**third party contributor**"),

provided that no prospectus is required to be issued in connection with such grant under the Companies Ordinance or Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any other applicable laws. The Board may in its absolute discretion specify such conditions (if any) as it thinks fit when making such offer to the Proposed Grantee, including, without limitation and notwithstanding sub-paragraph (i), as to performance criteria to be satisfied by the Proposed Grantee and/or the Company before an option can be exercised.

(c) Maximum number of Shares available for issue

No share option has been granted under the Share Option Scheme as at the date of this annual report.

The total number of Shares available for issue under the Share Option Scheme is 100,000,000, representing approximately 10% of the Company's total number of issued shares as at the date of this annual report. The Company has 1,000,000,000 shares in issue as at the date of this annual report.

(d) Maximum entitlement of each individual and connected persons

No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the issued share capital of the Company from time to time. Any further grant of options in excess of this 1% limit will be subject to the approval of the shareholders of the Company in general meeting.

The independent non-executive Directors (excluding any independent non-executive Director who is a Proposed Grantee of the option(s)) will be required to approve each grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates. If a grant of options to a substantial shareholder of the Company or an independent non-executive Director, or their respective associates, will result in the total number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the issued share capital of the Company from time to time; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet at the date of each grant, in excess of HK$5 million,

such further grant of options will be required to be approved by the shareholders of the Company in general meeting.

(e) Acceptance of an offer of options

An offer shall be accepted by the Proposed Grantee within 30 days from the date of the offer of grant of the option. A consideration of HK$1.00 is payable on acceptance of the offer of the grant of an option.

(f) Exercise price

The exercise price in respect of any option shall be such price as determined by the Board and notified to any Grantee (subject to any adjustment made in accordance with the Share Option Scheme) and shall be the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for a board lot on the option offer date; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for a board lot for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

(g) Time of vesting and exercise of options

Subject to sub-paragraph (b), and unless otherwise determined by the Board and stated in the offer to a Proposed Grantee, no performance criteria are to be satisfied by a Proposed Grantee and/or the Company before the exercise of an option granted to him.

A Proposed Grantee may exercise his option in whole or in part (but, if in part, only in respect of a board lot or any integral multiple thereof) by giving notice in writing to the Company stating that the option is thereby exercised and specifying the number of Shares to be subscribed. Each such notice must be accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance, the Company will allot and issue the relevant Shares to the Proposed Grantee credited as fully paid and issue to the Proposed Grantee a share certificate in respect of the Shares so allotted.

Subject to any early vesting of options pursuant to Share Option Scheme, all options granted under the Share Option Scheme will be subject to a vesting period of up to ten years to be determined with respect to each Proposed Grantee by the Board at the time of grant of the relevant option and stated in the offer to a Proposed Grantee. In the absence of such requirements, a Proposed Grantee is not required to hold an option for any minimum period before the exercise of an option granted to him.

(h) Remaining life of the Share Option Scheme

The Share Option Scheme shall remain in force until 17 March 2030.

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Details of related party transactions entered into by the Group in the normal course of business during the year ended 31 March 2025 are set out in note 30 to the consolidated financial statements.

An indirect wholly-owned subsidiary of the Company as the tenant entered into a tenancy agreement (the "**Tenancy Agreement**") with Mr. Lai Hoi Kan, a director of the Company's subsidiary, as the landlord on 1 April 2023 in respect of the tenancy of office premises for a term of two years from 1 April 2023 to 31 March 2025 at a monthly rental of HK$7,500 (exclusive of management fees, air-conditioning charges, government rent and rates and utilities expenses payable on the office premises).

The aggregate rental paid by the Group pursuant to the Tenancy Agreement for the year ended 31 March 2025 amounted to HK$90,000.

As Mr. Lai Hoi Kan is a connected person of the Company, the Tenancy Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios for the transaction under the Tenancy Agreement is less than 0.1%, such transaction constitutes de *minimis* transaction under Rule 14A.76(1)(a) of the Listing Rules and as such, was fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as disclosed, for the year ended 31 March 2025, the Directors are not aware of any related party transaction which constituted a connected transaction or continuing connected transaction of the Company required to be disclosed under Chapter 14A of the Listing Rules.

Report of the Directors

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year ended 31 March 2025.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2025, the Group's customers were departments of the government of Hong Kong, namely Civil Engineering and Development Department ("**CEDD**") and The Drainage Services Department ("**DSD**"). For the year ended 31 March 2025, CEDD and DSD accounted for 100% (2024: 100%) of the Group's total revenue while the largest customer, namely CEDD, accounted for 95.5% (2024: 98.1%) of the Group's total revenue. The Directors consider that such customer concentration is not uncommon for civil engineering works contractors in Hong Kong which mainly undertake public works and particularly site formation and roads and drainage, and that the Group' business model is sustainable despite such customer concentration having regard to the competitive strengths when tendering for public work projects.

The suppliers principally included the suppliers of construction materials and subcontractors. For the year ended 31 March 2025, the five largest suppliers of the Group accounted for approximately 78.4% (2024: 52.1%) of the total purchases of the Group while the largest supplier accounted for approximately 61.0% (2024: 18.5%) of the total purchases of the Group.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float of at least 25% of the Company's issued shares.

RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 24 to 38 of this annual report.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company nor any of their respective associates (as defined in the Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the year.

The Company has received annual confirmations from the controlling shareholders, Mr. Lai Wai and Worldwide Intelligence, in respect of their compliance with the non-competition undertaking provided in favour of the Company. The independent non-executive Directors have reviewed the said undertaking and are of the view that Mr. Lai Wai and Worldwide Intelligence have complied with the non-competition undertaking during the year ended 31 March 2025.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 35 to the consolidated financial statements, there is no other significant event affecting the Group which has occurred after 31 March 2025 and up to the date of this annual report.

AUDITOR

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

On behalf of the Board

Lai Wai
Executive Director
Hong Kong, 27 June 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Sang Hing Holdings (International) Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**We**") recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. In order to comply with the requirements under the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company has adopted various measures to ensure the high standard of corporate governance is maintained.

The board (the "**Board**") of directors (the "**Directors**") of the Company is of the opinion that the Company has complied with the code provisions as set out in Part 2 of the CG Code during the year ended 31 March 2025, except for the deviations as stated below.

Under code provision C.5.1 of the CG Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 March 2025, only three board meetings were held to review and discuss the annual results, interim results and the Environmental, Social and Governance report. The Board considers that the three meetings were sufficient to deal with matters of the Group. Apart from Board meetings, consent of Directors on issues was also sought through circulating resolutions in writing.

Under code provision D.1.2 of the CG Code, the management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient details. During the year ended 31 March 2025, the management has provided all members of the Board updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board.

CORPORATE CULTURE

The Group's purpose is to further strengthen its position as an established site formation and roads and drainage main contractor in Hong Kong. With this purpose, we are dedicated to delivering projects on time and within budget and to the satisfaction of the customers. We believe that a healthy corporate culture across the Group is critical to the Group's long-term sustainable growth, as well as achieving its purpose. The Group's culture is built on five core values: integrity, safety, excellence, collaboration and sustainability.

Integrity:	We act with honesty in all our interactions.
Safety:	The safety of our employees and communities is paramount. We are committed to preventing accidents, injuries, and property damage by prioritising and continually improving our safety standards and practices.
Excellence:	We strive to meet customers' requirements, particularly in respect of safety, quality and environmental aspects, in every project.
Collaboration:	We believe that teamwork and open communication are essential to our success.
Sustainability:	We are committed to protecting the environment and promoting sustainable practices throughout our operations.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the Model Code during the year ended 31 March 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the year ended 31 March 2025.

THE BOARD

Composition

The Board currently consists of six Directors, comprising two executive Directors and four independent non-executive Directors.

Executive Directors:

Mr. Lai Wai *(Chairman)*
Mr. Lai Ying Wah

Independent non-executive Directors:

Prof. Leung Yee Tak
Mr. Ho Tai Tung
Ms. Tsang Wing Kiu
Mr. Choi Ho Yan

To the best knowledge of the Board, other than Mr. Lai Wai and Mr. Lai Ying Wah are brothers, there is no financial, business, family or other material or relevant relationship between the members of the Board. The biographical details of the Directors are set out in the section headed "Biographical Details of Directors, Senior Management and Company Secretary" in this annual report.

The Company complies at all times during the year ended 31 March 2025 with the requirements under the Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules respectively relating to the appointment of at least three independent non-executive Directors and one of which should have appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive Directors represent at least one-third of the Board.

Responsibilities

The main functions of the Board include approving the overall business plans and strategies, monitoring the implementation of such plans and strategies and the management of the Group. The Board acts collectively by majority decisions in accordance with the articles of association of the Company (the "**Articles of Association**") and applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by the Board. The management shall provide members of the Board and committees under the Board with appropriate and sufficient information in a timely manner so as to update them with the latest developments of the Group and to better facilitate the discharge of their duties. The management team is accountable to the Board, executing the strategies and plans formulated by the Board, and making decisions in relation to the day-to-day operation of the Group.

There is an established mechanism for Directors to seek independent professional advices for them to discharge their duties and responsibilities, and to ensure independent views and input are available to the Board. The Board had made an annual review on the implementation and effectiveness of the mechanism and was of the view that the mechanism had been satisfactorily implemented.

Each Director is entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. Each Director is also entitled to seek, where necessary, independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities. The Director must seek the prior approval of the Board. In seeking such prior approval, the Director must provide details of the nature of and reasons for the independent professional advice to be sought, the likely cost of obtaining the independent professional advice; and details of the independent adviser. The approval of the Board must not be unreasonably withheld. The Board may set a reasonable limit on the amount that the Company will contribute towards the cost of obtaining such advice. All documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to the Company and the Director in their personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including, for example, matters relating to the Director's contract of employment with the Company (in the case of an executive director) or any dispute between the Director and the Company. Unless the Board otherwise determines, any advice received by an individual Director will be circulated to the Board.

According to code provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board has reviewed the Company's compliance with the CG Code for the year ended 31 March 2025 and other legal and regulatory requirements set out under code provision A.2.1 of the CG Code.

Independent non-executive Directors

The Company has received an annual confirmation from each of the independent non-executive Directors confirming independence under Rule 3.13 of the Listing Rules. The nomination committee of the Company (the "**Nomination Committee**") has assessed the independence of each of the independent non-executive Directors and the Company considers that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent in accordance with terms of the guidelines.

As at the date of this annual report, none of the independent non-executive Directors has served the Company for more than nine years and none of them, individually, held directorships in 7 or more listed public companies (including the Company).

Appointment and re-election of Directors

All executive Directors are appointed for a specific term of three years. All non-executive Directors (including the independent non-executive Directors) are appointed for a specific term of two years.

Under the Articles of Association, every Director, including those appointed for a specific term, is subject to retirement by rotation at least once every three years at the Company's annual general meeting. Any Director appointed by the Board is subject to re-election by shareholders of the Company at the next annual general meeting of the Company following his or her appointment. Directors who are subject to retirement and re-election at the forthcoming annual general meeting are set out in "Report of the Directors" in this annual report.

Nomination policy

The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the shareholders of the Company for election as Directors at general meetings or appoint as Directors to fill casual vacancies. In assessing the suitability of a proposed candidate, the Nomination Committee would consider factors including educational background, professional experience, skills, knowledge, personal qualities and the benefit of diversity as set out under the Board Diversity Policy. The Nomination Committee would also take into account whether the candidate can demonstrate his/her commitment, competence and integrity required for the position, and in the case of independent non-executive Directors, the independence requirements under the Listing Rules and their time commitment to the Company. These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Board and general meetings

During the year ended 31 March 2025, the Board held three meetings and the Company held one general meeting, being the annual general meeting of the Company held on 5 September 2024 (the "**2024 AGM**"). The chairman of the Board, and the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee as well as the external auditor of the Company attended the 2024 AGM. The chairman of the Board met with the independent non-executive Directors without the presence of executive Directors during the year. The attendance of each Director at the Board meetings and at the general meeting is set out below:

Name of Director	Attendance/ Number of Board meetings held	Attendance/ Number of general meeting held
Executive Directors		
Mr. Lai Wai *(Chairman)*	3/3	1/1
Mr. Lai Ying Wah	0/3	0/1
Independent non-executive Directors		
Prof. Leung Yee Tak	3/3	1/1
Mr. Ho Tai Tung	3/3	1/1
Ms. Tsang Wing Kiu	3/3	1/1
Mr. Choi Ho Yan	3/3	1/1

Evaluation for the Board

The Company conducts evaluation on the performance of the Board every two years since the year ended 31 March 2023.

In June 2025, the Board underwent an annual evaluation of its effectiveness and performance with regard to the year ended 31 March 2025. The results of the evaluation were that the Board was found to be operating effectively, there is nothing significant affecting the Board performance and there is no material issue needed for further discussion.

Training, induction and continuing development of Directors

The development and training of Directors is an ongoing process so that they can perform their duties appropriately. The company secretary of the Company continuously provides updates to Directors on the latest developments regarding Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. The external auditor has also provided a briefing on changes or amendments to accounting standards at the audit committee meeting. Continuing briefings and professional development for Directors will be arranged whenever necessary. Details of the continuous professional development participated by the Directors are set out below:

	Corporate governance/ updates on laws, rules and regulations/finance/business	
Name of Director	**Attending briefing/seminars**	**Reading materials**
Executive Directors		
Mr. Lai Wai *(Chairman)*	✓	✓
Mr. Lai Ying Wah	x	✓
Independent non-executive Directors		
Prof. Leung Yee Tak	✓	✓
Mr. Ho Tai Tung	✓	✓
Ms. Tsang Wing Kiu	✓	✓
Mr. Choi Ho Yan	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE

The roles of chairman and chief executive officer of the Company are held separately by Mr. Lai Wai and Mr. Au Chun Wing, respectively.

The chairman is responsible for the management of the Board and strategic planning of the Group, ensures that the Board works effectively and discharges its responsibilities, encourages all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that the Board acts in the best interests of the Group. The role of the chief executive officer is responsible to undertake the day-to-day management of the Group's business.

The separation of duties of the chairman and chief executive officer of the Company ensures a clear distinction between the chairman's responsibility for running the Board and the chief executive officer's responsibility for running the Group's business.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy on 29 January 2020 which sets out the approach by which the Board could achieve a higher level of diversity. In summary, such policy sets out that when considering the nomination and appointment of a director, with the assistance of the Nomination Committee, the Board would consider a number of factors, including but not limited to the age, gender, skills, length of service, professional experience and qualifications, cultural and educational background of the prospective candidate. The ultimate decision of the appointment will be based on merit and the contribution which the prospective candidate would bring to the Board. All Board appointments will be considered against objective criteria, having due regard to the benefits of diversity on the Board in order to best serve the shareholders and other stakeholders going forward.

The Nomination Committee has conducted the annual review of the Board composition and the implementation of the board diversity policy.

DIVERSITY IN BOARD AND WORKFORCE

Board level

As at the date of this annual report, the Board consists of five male members and one female member. The Directors obtained degrees in various majors including business administration, international business management, economics, science and mechanical engineering. All the executive Directors possess extensive experience in the management and civil engineering industry. The independent non-executive Directors possess extensive knowledge and experience in finance and banking, civil engineering as well as accounting and auditing. Prof. Leung Yee Tak, one of the independent non-executive Directors, has over 43 years of tertiary level teaching experience in the civil engineering field. Ms. Tsang Wing Kiu and Mr. Choi Ho Yan, both the independent non-executive Directors, have extensive experience in accounting, finance and auditing. Furthermore, the Board has a wide range of ages, ranging from 49 years old to 76 years old. Taking into account the existing needs of the Company, the combination of the Board would bring about the necessary balance of skills and experience appropriate for the requirements of the business development of the Company, despite the majority of the Board is comprised of male directors. The Nomination Committee considered that the Board was sufficiently diverse in terms of gender and the Board had not set any measurable objectives.

Workforce level

As of 31 March 2025, the Group's total workforce (including senior management) comprised 66.7% (2024: 61.2%) male and 33.3% (2024: 38.8%) female. Further details of the Group's workforce composition are provided in the Company's Environmental, Social and Governance Report 2025.

The Group is engaged in provision of civil engineering work services. Setting a measurable objective for achieving gender diversity at workforce level is not suitable for the Group as construction industry traditionally has a predominantly male workforce. The recruitment strategy of the Group is to employ a right staff for a right position regardless of the gender.

BOARD COMMITTEES

The Board has established five board committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, Sustainable Development Committee and Investment Committee to assist it in carrying out its responsibilities.

Each of the Board Committees has defined duties and responsibilities set out in their respective terms of reference. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Audit Committee currently consists of four members, namely, Prof. Leung Yee Tak, Mr. Ho Tai Tung, Ms. Tsang Wing Kiu and Mr. Choi Ho Yan, all being independent non-executive Directors. Mr. Choi Ho Yan is the chairman of the Audit Committee. The Board is satisfied that the Audit Committee members collectively possess the adequate financial experience to properly perform its duties and responsibilities. Mr. Choi Ho Yan and Ms. Tsang Wing Kiu hold professional accounting qualifications required by Rule 3.10(2) of the Listing Rules, details of which are set out in their biographies in "Biographical Details of Directors, Senior Management and Company Secretary" in this annual report.

The primary duties of the Audit Committee are (a) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (c) to oversee the Company's financial reporting, risk management and internal control systems and (d) to monitor continuing connected transactions (if any).

During the year ended 31 March 2025, three Audit Committee meetings were held (i) to discuss with the Company's external auditor the audit plan and approve the fee for the annual audit for the year ended 31 March 2024 and recommend the re-appointment of the Company's external auditor; (ii) to review the Company's external auditor's independence and its report; (iii) to review the audited consolidated financial statements for the year ended 31 March 2024 and the unaudited consolidated financial statements for the six months ended 30 September 2024; and (iv) to review the effectiveness of the Company's risk management and internal control systems. The attendance of each member at the meetings is set out below:

Name of member	Attendance/ Number of meetings held
Mr. Choi Ho Yan *(Chairman)*	3/3
Prof. Leung Yee Tak	3/3
Mr. Ho Tai Tung	3/3
Ms. Tsang Wing Kiu	3/3

Remuneration Committee

The Remuneration Committee currently consists of four members, namely, Prof. Leung Yee Tak, Mr. Ho Tai Tung, Ms. Tsang Wing Kiu and Mr. Choi Ho Yan, all being independent non-executive Directors. Prof. Leung Yee Tak, is the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review other remuneration-related matters, including benefits-in-kind and other compensation payable to the Directors and senior management, review performance-based remunerations, and review matters relating to the share schemes of the Company (as appropriate) under Chapter 17 of the Listing Rules.

The Remuneration Committee has adopted the model that it will review the proposal made by the management on the remuneration package of individual executive Directors and senior management and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

During the year ended 31 March 2025, one Remuneration Committee meeting was held to review the remuneration policy for the Directors and senior management. The attendance of each member at the meeting is set out below:

Name of member	Attendance/ Number of meetings held
Prof. Leung Yee Tak *(Chairman)*	1/1
Mr. Ho Tai Tung	1/1
Ms. Tsang Wing Kiu	1/1
Mr. Choi Ho Yan	1/1

The remuneration of the members of the senior management of the Group excluding the Directors by band for the year ended 31 March 2025 is set out below:

Remuneration band	Number of individuals
HK$nil to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	0
HK$1,500,001 to HK$2,000,000	2

Details of the emoluments of the Directors for the year ended 31 March 2025 are set out in note 12 to the consolidated financial statements in this annual report.

Nomination Committee

The Nomination Committee currently consists of four members, namely, Mr. Lai Wai, an executive Director, Prof. Leung Yee Tak, Mr. Ho Tai Tung and Ms. Tsang Wing Kiu, being independent non-executive Directors. Mr. Lai Wai is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, review the board diversity policy on a regular basis, assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

During the year ended 31 March 2025, one Nomination Committee meeting was held to (i) review the structure, size and composition of the existing Board; (ii) assess the independence of the independent non-executive Directors; (iii) make recommendations to the Board for putting forward Directors, who were subject to retirement, for re-appointment at the forthcoming annual general meeting; and (iv) review the board diversity policy. The attendance of each member at the meeting is set out below:

Name of member	Attendance/ Number of meetings held
Mr. Lai Wai *(Chairman)*	1/1
Prof. Leung Yee Tak	1/1
Mr. Ho Tai Tung	1/1
Ms. Tsang Wing Kiu	1/1

Sustainable Development Committee

The Sustainable Development Committee currently consists of four members, namely, Mr. Ho Tai Tung, Prof. Leung Yee Tak, Ms. Tsang Wing Kiu and Mr. Choi Ho Yan, all being independent non-executive Directors. Mr. Ho Tai Tung is the chairman of the Sustainable Development Committee.

The primary duties of the Sustainable Development Committee are to identify material environmental, social and governance matters through review and assessment of internal operations, and determine the importance of such matters to the Group's business and the Company's stakeholders.

During the year ended 31 March 2025, one Sustainable Development Committee meeting was held to review the environmental, social and governance report. The attendance of each member at the meeting is set out below:

Name of member	Attendance/ Number of meetings held
Mr. Ho Tai Tung *(Chairman)*	1/1
Prof. Leung Yee Tak	1/1
Ms. Tsang Wing Kiu	1/1
Mr. Choi Ho Yan	1/1

Investment Committee

The Investment Committee has been established by the Board on 14 July 2020 and consists of three members, namely Mr. Lai Wai (executive Director), Mr. Au Chun Wing (the chief executive officer of the Company) and Mr. Shum Tsz Yeung (the chief financial officer of the Company). Mr. Lai Wai is the chairman of the Investment Committee.

The primary duties of the Investment Committee are to handle any issues or affairs related to the investment aspects of the Company, review the investment performance from time to time and advise the Board on how the Company's funds are to be used to enhance the Group's investment returns, and preserve the value of the Company's funds and/or achieving capital appreciation.

During the year ended 31 March 2025, two Investment Committee meetings were held to review the investment performance. The attendance of each member at the meetings is set out below:

Name of member	Attendance/ Number of meetings held
Mr. Lai Wai *(Chairman)*	2/2
Mr. Au Chun Wing	2/2
Mr. Shum Tsz Yeung	2/2

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group. In preparing the financial statements for the year ended 31 March 2025, the Directors have selected suitable accounting policies and applied them consistently. The Directors also made judgements and estimates that are prudent and reasonable and prepared the financial statements on a going concern basis.

As at 31 March 2025 and up to the date of this annual report, the Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditors' Report" of this annual report.

AUDITORS' REMUNERATION

For the year ended 31 March 2025, the fees paid/payable by the Group to HLB Hodgson Impey Cheng Limited for their audit and non-audit services are analysed below:

Services rendered	**Fees paid/ payable** *HK$'000*
Audit services – audit fee for the year ended 31 March 2025	1,200
Non-audit services (interim review service)	250

RISK MANAGEMENT AND INTERNAL CONTROL

The management identified and evaluated the significant risks relevant to the Group based on their experience in the business environment. They regularly met with frontline employees and continuously monitored business performance compared to operational plans and financial forecasts. The risk management and internal control systems are in place to cope with potential risks in different areas including liquidity, fraud and financial reporting, operational and compliance risks.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The Board has delegated its responsibility to the Audit Committee to review the Group's risk management and internal control matters on an annual basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit department within the Group in light of the size, nature and complexity of the Group's business. Nevertheless, the Company engaged an independent consultancy firm (the "**Adviser**") to conduct review of the effectiveness of the risk management and internal control systems of the Group. The Adviser has reported findings and areas for improvement to the management and Audit Committee, which then reviewed and reported the same to the Board. The Board and Audit Committee are of the view that there are no material internal control defeats noted. The Board considered that the risk management and internal audit control system are effective and adequate.

Whistleblowing policy

The Group has formulated the whistleblowing policy for employees to raise concerns, in confidence, about possible improprieties in operation, financial reporting or other matters. Such arrangement will be reviewed by the Audit Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters.

Anti-corruption policy

The Group is committed to achieving the highest standards of business conduct and has zero tolerance for corruption and related malpractice. The anti-corruption policy of the Group outlines the Group's expectations and requirements of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

Inside information policy

The Company adopted a policy and procedure on disclosure of inside information (the "**Inside Information Policy**") setting out the Group's procedure in handling such information to ensure its equal and timely dissemination to comply with the requirements under Part XIVA of the Securities and Futures Ordinance and the Listing Rules. The designated departments monitor the Inside Information Policy and assess the nature and materiality of relevant information and determine appropriate actions. The Group will provide appropriate training to officers and employees likely to be in possession of inside information.

COMPANY SECRETARY

The company secretary of the Company is Ms. Chang Kam Lai ("**Ms. Chang**"). Ms. Chang is a fellow of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. During the year ended 31 March 2025, Ms. Chang undertook no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Procedures to convene an extraordinary general meeting

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company may request the Board to convene an extraordinary general meeting pursuant to the article 58 of the Articles of Association. The requisition must state the purposes of the meeting, and must be signed by the requisitionist(s) and deposited at the principal place of business of the Company in Hong Kong (presently at Room 215A-B, 2/F, Central Services Building, Nan Fung Industrial City, No. 18 Tin Hau Road, Tuen Mun, New Territories, Hong Kong) for the attention of the Board or the company secretary of the Company. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a meeting, but such meeting shall be held within two months after the deposit of requisition.

Procedures by which enquiries may be put to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Other shareholders' enquiries can be directed in writing with contact details (including name, address, telephone number and email address) to the principal place of business of the Company in Hong Kong, presently at Room 215A-B, 2/F, Central Services Building, Nan Fung Industrial City, No. 18 Tin Hau Road, Tuen Mun, New Territories, Hong Kong or by email to info@sang-hing.com.hk.

Procedures for putting forward proposals at a general meeting

Proposals shall be directed in writing with contact details (including name, address, telephone number and email address) to the Company's principal place of business in Hong Kong.

The Board will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.

SHAREHOLDERS COMMUNICATION POLICY

The Company has adopted a shareholders' communication policy which aims to ensure the Company's shareholders, both individual and institutional, and in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and business plans, material business developments and corporate governance), in order to enable the shareholders of the Company to exercise their rights in an informed manner, and to allow shareholders of the Company and the investment community to engage actively with the Company.

The Board maintains an on-going dialogue with shareholders and the investment community, and regularly reviews the policy to ensure its effectiveness. Information is communicated to the shareholders of the Company and investment community mainly through the Company's financial reports (interim and annual reports), ESG reports and general meetings, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.

The communication strategies are as follows:

Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar. Shareholders and the investment community may, at any time make a request for the Company's information to the extent such information is publicly available by post addressed to the principal place of business of the Company in Hong Kong or by email to info@sang-hing.com.hk.

Corporate communications

Corporate communication documents (including annual report, interim report, ESG report, notice of meeting, circular and proxy form) would be provided to shareholders in plain language and in both English and Chinese versions to facilitate shareholders' understanding.

Corporate website

Information released by the Company to the Stock Exchange would be also posted on the Company's website as soon as possible thereafter. Such information includes, but not limited to, financial statements, results announcements, ESG reports, circulars and notices of general meetings and other regulatory disclosures.

Shareholders' meetings

Shareholders are encouraged to participate in general meetings. The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholder's needs are best served. The chairman of the Board and the chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee and external auditor should attend the annual general meeting to answer shareholders' questions.

The Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy of the Company, and with the above measures in place, concluded that the policy was implemented effectively during the year.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2025, there were no changes to the memorandum and articles of association of the Company. The latest version of the memorandum and articles of association of the Company is available on the websites of the Company and the Stock Exchange.

Hong Kong, 27 June 2025

Biographical Details of Directors, Senior Management and Company Secretary

DIRECTORS

Executive Directors

Mr. Lai Wai (賴偉) ("Mr. Lai"), aged 73, is an executive Director and the chairman of the Board. He is also the chairman of the nomination committee and investment committee of the Company and a director of all subsidiaries of the Company. He joined the Group in August 1990 and has over 33 years of experience in the civil engineering works industry. He is primarily responsible for the overall corporate strategies, management and business development of the Group.

Mr. Lai is the elder brother of Mr. YW Lai. He is also a director of Worldwide Intelligence Group Limited, a company which has an interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Lai Ying Wah (賴英華) ("Mr. YW Lai"), aged 67, is an executive Director. He is also a director of certain subsidiaries of the Company. He joined the Group in February 1991 and has over 33 years of experience in the civil engineering works industry. He is primarily responsible for the business development, day-to-day operations of site formation projects, and management of the plant and machinery of the Group.

Mr. YW Lai is the younger brother of Mr. Lai.

Biographical Details of Directors, Senior Management and Company Secretary

Independent non-executive Directors

Prof. Leung Yee Tak (梁以德) ("Professor Leung"), aged 76, was appointed as an independent non-executive Director on 29 January 2020. He is also the chairman of remuneration committee of the Company and a member of the audit committee, nomination committee and sustainable development committee of the Company.

Professor Leung has over 43 years of tertiary level teaching experience in the civil engineering field. Professor Leung had been appointed as lecturer, senior lecturer, reader (professor) of the Department of Civil Engineering of the University of Hong Kong from September 1978 to February 1997. He served as a professor of engineering at the University of Manchester in the United Kingdom from February 1997 to June 2007. During his tenure with the University of Manchester, Professor Leung also acted as the head of building and construction of City University of Hong Kong from September 1999 to June 2005. Professor Leung acted as the chair of sustainable construction of City University of Hong Kong from July 2005 to June 2014. He is currently serving as an emeritus professor at City University of Hong Kong since June 2016.

Professor Leung worked as a structural engineer of Ove Arup and Partners London in the United Kingdom from August 1982 to September 1983. He was registered as a European Chartered Engineer in October 1979. He was elected as a member and a fellow of The Royal Aeronautical Society in the United Kingdom in September 1979 and May 1990, respectively. He was admitted as a member and a fellow of the Hong Kong Institution of Engineers in June 1985 and March 2008, respectively. He was elected as an active member of The New York Academy of Sciences in November 1994. He was elected a member of the Institution of Structural Engineers in March 1997. He was appointed as a senior advisor on construction of Benxi City People's Government of Liaoning Province in China (遼寧省本溪市人民政府城市建設高級顧問) in September 2001. He was elected as a fellow of the Royal Institution of Chartered Surveyors in February 2006. He was appointed as a member of the Hong Kong Research Grants Council from July 2008 to June 2010. He was also admitted as a fellow of the Chartered Institute of Building in July 2013. He was elected as a council member and a fellow of the Hong Kong Institution of Certified Auditors in July 2015 and April 2018, respectively. He was appointed as an honourary advisor of the Institute of Safety and Health Practitioners from July 2015 to June 2016. He served as an independent non-executive director of Prosper Construction Holdings Limited, the shares of which are listed on the Stock Exchange (Stock code: 6816), from June 2016 to October 2018.

Professor Leung obtained a master's degree in science in December 1972 and a doctoral degree of philosophy in mechanical engineering in July 1976 from Aston University (formerly known as the University of Aston in Birmingham) in the United Kingdom. He also obtained a doctoral degree in science from Aston University in the United Kingdom in July 1995.

Mr. Ho Tai Tung (何大東) ("Mr. Ho"), aged 71, was appointed as an independent non-executive Director on 29 January 2020. He is also the chairman of the sustainable development committee of the Company and a member of the audit committee, remuneration committee and nomination committee of the Company.

Mr. Ho has over 40 years of experience in the banking industry, in the fields of syndicated loans, corporate financing, non-performing asset management, credit risk management, retail banking, customer relationship management and Chinese-foreign cross-border financing. Mr. Ho served as an officer in a number of branches of Sun Hung Kai Bank Limited from January 1982 to February 1984 and his last position was officer-in-charge in its Wanchai Branch. He served as assistant manager, assistant vice president of the credit administration department and vice president as head of the special assets department at Security Pacific Asian Bank from February 1984 to April 1991. He was appointed as an assistant manager and subsequently an account relationship manager in the credit management department of Standard Chartered Bank from April 1991 to April 1992. He was employed as a manager of commercial banking of Kowloon East Region of Asia Commercial Bank from May 1994 to June 1995. He worked as a relationship manager in trade product marketing of the corporate banking group of Standard Chartered Bank from July 1995 to April 1996. He was employed by Asia Commercial Bank from May 1996 to April 1999. He was employed by United Overseas Bank from November 1999 to May 2003 and his last position was vice president and head of marketing in the credit and marketing department. He served as a senior manager of business development of the Pearl River Delta at Standard Chartered Bank from June 2003 to May 2004. He served as a branch manager of Wing Hang Bank from May 2004 and retired at Shau Kei Wan branch in April 2014. He was a founding director of the Greater China Financial Professionals Association in February 2015, and was subsequently reappointed as its director in 2016.

Mr. Ho was previously elected as a committee member of the Association of Shenzhen Foreign Financial Institutions for the years of 1998 and 1999.

Mr. Ho graduated with a master's degree of arts in comparative and public history at the Chinese University of Hong Kong in November 2016. He obtained a master's degree of arts in international business management and a master's degree in business administration from City University of Hong Kong in November 2000 and November 2001, respectively. During his pursuit of the master's degree in business administration in City University of Hong Kong, he completed a corporate diagnosis (企業診斷) at Binjiang Commercial Building Limited of Tianjin Binjiang Corporation (天津濱江集團濱江商廈有限公司) in August 2001. He also completed a higher certificate course of Chinese commercial law (中國營商法律高等證書課程) jointly organised by the Hong Kong Trade Development Council and Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong in July 2004.

Ms. Tsang Wing Kiu (曾詠翹) ("Ms. Tsang"), aged 51, was appointed as an independent non-executive Director on 29 January 2020. She is also a member of the audit committee, remuneration committee, nomination committee and sustainable development committee of the Company.

Ms. Tsang has over 27 years of experience in accounting, finance and auditing. She obtained a degree of bachelor of arts in business administration from the University of Greenwich in July 1995 and a degree of master of science in accountancy from The Hong Kong Polytechnic University in December 2006. She is a member of The Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

She worked at RSM Hong Kong, an international accounting firm, from April 2002 to September 2016 and her last position was senior manager. She worked as chief financial officer and company secretary at Satu Holdings Limited, a company listed on the Stock Exchange (Stock code: 8392) with principal business of design, development and production management of homeware products for the period from 1 April 2017 to 31 December 2018. She worked as the chief financial officer and company secretary at Kelfred Holdings Limited, a company listed on the Stock Exchange (Stock code: 1134) with principal business of design, production and sale of eyewear products for the period from April 2019 to September 2021.

Mr. Choi Ho Yan (蔡浩仁) ("Mr. Choi"), aged 49, was appointed as an independent non-executive Director on 30 April 2023. He is also the chairman of the audit committee and a member of the remuneration committee and sustainable development committee of the Company.

Mr. Choi has over 26 years of extensive experience in accounting, auditing, corporate finance and restructuring, investor relations, and project acquisitions. He also has experience in serving listed companies operating in Mainland China, Hong Kong and Singapore. He graduated from University of Hertfordshire, the United Kingdom in July 1998 with a bachelor of arts in accounting. Mr. Choi is an independent non-executive director of Jimu Group Limited, the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8187), since February 2022. Since May 2013, Mr. Choi has been serving as an independent non-executive director of Time Watch Investments Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2033). From March 2020 to March 2021, Mr. Choi served as an independent non-executive director of Long Well International Holdings Limited, the shares of which were listed on the Main Board of the Stock Exchange (Stock Code: 850) and was delisted from the Stock Exchange on 28 May 2021. From June 2020 to November 2022, Mr. Choi served as an independent non-executive director of China Saite Group Company Limited, the shares of which were listed on the Main Board of the Stock Exchange (Stock Code: 153) and was delisted from the Stock Exchange on 16 November 2022.

SENIOR MANAGEMENT

Mr. Au Chun Wing (歐俊榮) ("Mr. Au"), aged 42, was appointed as the chief executive officer of the Company on 11 July 2018. He was also appointed as a member of the investment committee of the Company on 14 July 2020. He joined the Group in April 2013 and has more than 21 years of experience in the civil engineering works industry in Hong Kong.

Mr. Au obtained a bachelor's degree in civil engineering with first class honours from the University of Liverpool in the United Kingdom in July 2004. He obtained a master's degree of science in civil infrastructural engineering and management from the Hong Kong University of Science and Technology in November 2007.

Mr. Au was admitted as a member of the Institution of Civil Engineers in the United Kingdom and was qualified as a chartered civil engineer in December 2009. He was registered as a chartered engineer by the Engineering Council of the United Kingdom in January 2010. He was admitted as a member of the Hong Kong Institute of Engineers in February 2012.

Mr. Lam Ho Fung (林浩峰) ("Mr. Lam"), aged 41, was appointed as the chief operations officer of the Company on 11 July 2018. He joined the Group in May 2012 and has more than 18 years of experience in the civil engineering works industry in Hong Kong.

Mr. Lam was certified as a member of the Institution of Civil Engineers of in the United Kingdom and was registered by the Engineering Council in the United Kingdom as a chartered engineer in December 2010. He was admitted as a member of the Hong Kong Institution of Engineers in September 2012.

Mr. Lam obtained a bachelor's degree of science in civil engineering from the California State Polytechnic University, Pomona in the United States in August 2006. He was certified as an engineer-in-training in the state of California in June 2006.

Mr. Shum Tsz Yeung (岑子揚) ("Mr. Shum"), aged 46, was appointed as the chief financial officer of the Company on 11 July 2018. He was also appointed as a member of the investment committee of the Company on 14 July 2020. He joined the Group in April 2018 and has over 25 years of experience in accounting, auditing, advisory on corporate governance, internal control, financial management and business administration. He obtained a diploma in accountancy from Hong Kong Lee Wai Lee Technical Institute in August 1998. He was accredited as a Hong Kong Accounting Technician by the Hong Kong Association of Accounting Technicians in November 1998.

Mr. Shum is currently a non-executive director of Jimu Group Limited, the shares of which are listed on the Stock Exchange (stock code: 8187), since 14 November 2021.

COMPANY SECRETARY

Ms. Chang Kam Lai (張錦麗) ("Ms. Chang"), was appointed as the company secretary of the Company on 11 July 2018. She joined the Group in April 2018 and has approximately 25 years of experience in auditing, financial management, internal control and corporate governance. She is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Independent Auditors' Report

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

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

TO THE MEMBERS OF
SANG HING HOLDINGS (INTERNATIONAL) LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sang Hing Holdings (International) Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 50 to 117, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 as 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 Auditors' Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

The key audit matter	How the key audit matter was addressed in our audit

Revenue recognition for provision of civil engineering work services

Refer to Note 7 to the consolidated financial statements.

We identified the revenue recognition for provision of civil engineering work services as a key audit matter due to its significance to the consolidated financial statements.

During the year ended 31 March 2025, the Group generated revenue of approximately HK$194,780,000 from provision of civil engineering work services as disclosed in Note 7 to the consolidated financial statements.

As disclosed in Note 7 to the consolidated financial statements, the Group recognised revenue from provision of civil engineering work services over time using output method, i.e. based on surveys of civil engineering work completed by the Group to date as certified by architects, surveyors or other representatives appointed by the customers or estimated with reference to the progress payment application submitted by the Group to the customers in relation to the work completed by the Group.

Our procedures in relation to the revenue recognition for provision of civil engineering work services included:

- obtaining an understanding on the management's key process in recognition of the contract revenue for provision of civil engineering work services;
- checking the total contract value to the contracts and variation orders (if any) to the agreements or other correspondence, on a sample basis; and
- evaluating the reasonableness of revenue from provision of civil engineering work services recognised to date by:
  - checking to the certificates issued by the architects or surveyors appointed by the customers before and subsequent to year end date to evaluate the value of work already performed during the year and the subsequent progress of respective projects, on a sample basis; and
  - discussing with the management of the Group to understand the status of respective engineering work service contracts, on a sample basis.

We found that the revenue recognition for provision of civil engineering work services to be supportable by available evidence.

KEY AUDIT MATTERS (Continued)

The key audit matter	How the key audit matter was addressed in our audit
Impairment assessment of other receivables	
Refer to Notes 5 and 19 to the consolidated financial statements.	
We identified the impairment assessment of other receivables as a key audit matter due to the significance of these balances to the consolidated financial statements as a whole, and the use of judgment and estimates by management in assessing the recoverability of other receivables. As disclosed in Note 19 to the consolidated financial statements, other receivables of the Group carried at approximately HK$70,916,000 (net of allowance for expected credit losses) as at 31 March 2025. As set out in Note 5 to the consolidated financial statements, in determining the impairment losses on other receivables, the management assessed individually and/or collectively based on the Group's determination of probability of default, loss given default and forward-looking information which involve estimation and significant judgment.	Our procedures in relation to impairment assessment of other receivables included: • understanding the management's process of assessing the recoverability of other receivables; • discussing with the management to obtain an understanding of the management basis and method in estimating the amount of expected credit losses ("**ECL**") and examining the information considered by the management in the ECL measurement process; and • assessing the appropriateness of the ECL provisioning methodology, examining the key data inputs to assess their accuracy and completeness, and challenging the assumptions, including the determination of probability of default, loss given default and forward-looking information. We found that the management judgement and estimates used to assess the recoverability of the other receivables and determine the allowance for expected credit losses to be supportable by available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "**Other Information**").

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

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

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

The directors 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility toward or accept liability to any other persons 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 director on the audit resulting in this independent auditor's report is Fong Ka Yiu.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Fong Ka Yiu
Practising Certificate Number: P08080

Hong Kong, 27 June 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Note	2025 *HK$'000*	2024 *HK$'000*
Revenue	*7*	**194,780**	116,469
Cost of services		**(191,011)**	(112,299)
Gross profit		**3,769**	4,170
Other income and other gain or loss, net	*8*	**14,536**	13,366
Administrative and operating expenses		**(24,854)**	(25,782)
Loss from operations		**(6,549)**	(8,246)
Finance costs	*9*	**(296)**	(130)
Loss before tax	*10*	**(6,845)**	(8,376)
Income tax (expense)/credit	*11*	**(2,250)**	2,020
Loss and total comprehensive loss for the year		**(9,095)**	(6,356)
Loss and total comprehensive loss for the year attributable to owners of the Company		**(9,095)**	(6,356)
Loss per share attributable to owners of the Company			
Basic and diluted (HK cents)	*15*	**(0.91)**	(0.64)

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

Consolidated Statement of Financial Position

As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	16	**22,044**	11,122
Right-of-use assets	26(a)	**1,161**	1,813
Contract assets	18	**538**	3,283
		23,743	16,218
Current assets			
Trade receivables	17	**14,186**	12,548
Contract assets	18	**90,131**	62,117
Prepayments, deposits and other receivables	19	**169,606**	184,016
Financial assets at fair value through profit or loss	20	**527**	428
Pledged bank deposits	21	**4,494**	4,346
Cash and cash equivalents	22	**28,691**	42,263
		307,635	305,718
Current liabilities			
Trade and retention payables	23	**26,029**	11,549
Other payables and accruals	24	**7,247**	5,328
Contract liabilities	25	**1,289**	–
Lease liabilities	26(b)	**385**	996
		34,950	17,873
Net current assets		**272,685**	287,845
Total assets less current liabilities		**296,428**	304,063

Consolidated Statement of Financial Position

As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Deferred tax liabilities	*27*	**2,319**	797
Lease liabilities	*26(b)*	**176**	238
		2,495	1,035
Net assets		**293,933**	303,028
Capital and reserves			
Share capital	*28(a)*	**10,000**	10,000
Reserves		**283,933**	293,028
Total equity attributable to owners of the Company		**293,933**	303,028

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

Lai Wai
Director

Lai Ying Wah
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Share capital HK$'000 (note 28(a))	Share premium HK$'000	Other reserves HK$'000 (note)	Retained profits HK$'000	Total HK$'000
At 1 April 2023	10,000	91,979	21,149	186,256	309,384
Loss and total comprehensive loss for the year	–	–	–	(6,356)	(6,356)
At 31 March 2024 and 1 April 2024	10,000	91,979*	21,149*	179,900*	303,028
Loss and total comprehensive loss for the year	–	–	–	(9,095)	(9,095)
At 31 March 2025	**10,000**	**91,979***	**21,149***	**170,805***	**293,933**

* These reserve accounts comprise the consolidated reserves of approximately HK$283,933,000 (2024: HK$293,028,000) in the consolidated statement of financial position.

Note: Other reserves represented the difference between the Group's share of nominal values of the paid-up capital of the subsidiary acquired over the Group's cost of acquisition of the subsidiary under common control upon the corporate reorganisation of the Group in preparation for the listing.

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Operating activities			
Loss before tax		(6,845)	(8,376)
Adjustments for:			
Depreciation of property, plant and equipment	10	5,427	6,350
Depreciation of right-of-use assets	10	1,064	1,071
Allowance for ECL on financial assets at amortised cost	10	31	164
Gain on disposal of property, plant and equipment	8	(48)	(7)
Loss on disposal of financial assets at fair value through profit or loss	8	–	171
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss	8	(99)	130
Bank interest income	8	(307)	(386)
Finance costs	9	296	130
Operating cash outflow before movements in working capital		(481)	(753)
(Increase)/decrease in trade receivables		(1,638)	12,467
(Increase)/decrease in contract assets		(25,269)	46,796
Decrease/(increase) in prepayments, deposits and other receivables		5,359	(46,975)
Increase/(decrease) in trade and retention payables		14,480	(26,676)
Increase/(decrease) in other payables and accruals		1,919	(1,263)
Increase in contract liabilities		1,289	–
Cash used in operations		(4,341)	(16,404)
Hong Kong tax (paid)/refund		(728)	3,295
Net cash used in operating activities		(5,069)	(13,109)
Investing activities			
Interest received		307	386
Proceeds from disposal of financial assets at fair value through profit or loss		–	1,385
Purchases of property, plant and equipment		(7,329)	(9)
Proceeds from disposal of property, plant and equipment		48	57
Placement of pledged bank deposits		(148)	(152)
Net cash (used in)/generated from investing activities		(7,122)	1,667

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Financing activities			
Capital element of lease rentals paid		(1,085)	(1,314)
Interest paid		(296)	(130)
Net cash used in financing activities		(1,381)	(1,444)
Net decrease in cash and cash equivalents		(13,572)	(12,886)
Cash and cash equivalents at beginning of the year		42,263	55,149
Cash and cash equivalents at end of the year		28,691	42,263
Analysis of balances of cash and cash equivalents			
Cash and bank balances		28,691	42,263

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

1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 25 June 2018 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 March 2020. The registered office address and principal place of business of the Company are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 215A-B, 2/F, Central Services Building, Nan Fung Industrial City, No. 18 Tin Hau Road, Tuen Mun, New Territories, Hong Kong, respectively.

The Company's immediate and ultimate holding company is Worldwide Intelligence Group Limited ("**Worldwide Intelligence**"), a company incorporated in the British Virgin Islands. Worldwide Intelligence is controlled by Mr. Lai Wai ("**Mr. Lai**") who is the chairman and executive director of the Company. Worldwide Intelligence and Mr. Lai are referred to as the controlling shareholders of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are provision of civil engineering works service and related services. Particulars of the Group's subsidiaries and joint operations are set out in notes 32 and 33 to the consolidated financial statements, respectively.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Group. All values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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

New and amendments to HKFRS Accounting Standards that have been 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:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given 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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

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

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Basis of consolidation (Continued)

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

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

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Property, plant and equipment

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

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

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

Property, plant and equipment (Continued)

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.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture, fixtures and office equipment	20%-25%
Plant and machinery	10%-20%
Motor vehicles	20%-25%

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

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

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

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

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cashgenerating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Financial instruments

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

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

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

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to 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 that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

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

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

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is classified as held for trading if:

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

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

(i) Amortised cost and effective interest method

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated creditimpaired 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 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.

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

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

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets and contract assets under ECL model

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

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

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

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

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

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets under ECL model (Continued)

(i) Significant increase in credit risk

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

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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.

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

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets under ECL model (Continued)

(i) Significant increase in credit risk (Continued)

Despite the aforegoing, 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 reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower 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 it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

(ii) Definition of default

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

- when there is a breach of financial covenants by the counterparty; or

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

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

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

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets under ECL model (Continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

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

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

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets under ECL model (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

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

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

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

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

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

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

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

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities

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

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

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Revenue from contracts with customers

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

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

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

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

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

Revenue from contracts with customers (Continued)

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Variable consideration

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

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

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.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to accounts receivable when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfer control of the related goods or services to the customer).

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

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

Lease modifications

The Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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

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

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

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

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

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

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 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. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related 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. Such grants are presented under "Government and other subsidies" under "Other income and other gain or loss, net".

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

Provisions

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

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

Onerous contracts

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

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

Contingent liabilities

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

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

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

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

(Continued)

Cash and cash equivalents

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

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

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

Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with joint operations, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in the future period in which significant amounts of deferred taxes are expected to be settled or recovered.

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

Income tax (Continued)

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

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

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

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

Employee benefits (Continued)

Retirement benefit costs (Continued)

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with HKAS 19 paragraph 70.

For LSP obligation, the Group accounts for the employer's MPF contributions expected to be offset as a deemed employee's contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

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

Employee benefits (Continued)

Short-term and other long-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

Borrowing costs

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

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

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

Related parties transactions

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

(i) A person or a close member of that person's family is related to the Group if that person:

  (a) has control or joint control over the Group;

  (b) has significant influence over the Group; or

  (c) is a member of the key management personnel of the Group or of a parent of the reporting entity.

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

Related parties transactions (Continued)

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Close family members of an individual are those family members who may be expected to influence, or be inflecting by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Dividends

Dividends proposed by the directors of the Company are classified as a separate allocation of retained profits within the equity section of the statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidate financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material maybe aggregated if share a majority of these criteria.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgments, estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Joint operations

The Group has numerous joint arrangements with third parties for construction work in Hong Kong and under which decisions about the relevant activities of such arrangements require the unanimous consent of all parties to the arrangements. For accounting purposes, the directors assessed whether such arrangements are joint operations or joint ventures under HKFRS 11. After considering the rights and obligations of parties to the joint arrangements with reference to the structure, the legal form of the arrangements, the contractual terms agreed by the parties in the arrangements, and the relevant facts and circumstances, the directors of the Company concluded that all of the Group's joint arrangements for construction work should be classified as joint operations under HKFRS 11 as the relevant contractual agreements for these joint arrangements specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Estimation uncertainty on construction contract

The Group reviews and revises the estimates of contract revenue, contract costs, variations in contract work and claims prepared for each construction contract as the contract progresses. Budgeted contract costs are prepared by the management on the basis of quotations from time to time provided by the major subcontractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred.

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

Impairment of trade and other receivables and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade and other receivables and contract assets based on the credit risk of trade and other receivables and contract assets. The amount of the impairment loss is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the trade and other receivables and contract assets. The assessment of the credit risk of the trade and other receivables and contract assets involves high degree of estimation and uncertainly. When the actual future cash flows are less than expected or more than expected a material impairment loss or a material reversal of impairment loss may arise, accordingly.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
At FVTPL	527	428
At amortised costs		
– Trade receivables	14,186	12,548
– Deposits and other receivables	70,916	72,529
– Pledged bank deposits	4,494	4,346
– Cash and cash equivalents	28,691	42,263
	118,814	132,114

	2025 HK$'000	2024 HK$'000
Financial liabilities		
At amortised costs		
– Trade and retention payables	26,029	11,549
– Other payables and accruals	6,747	4,828
– Lease liabilities	561	1,234
	33,337	17,611

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise financial assets at FVTPL, trade receivables, deposits and other receivables, pledged bank deposits, cash and cash equivalents, trade and retention payables, other payables and accruals and lease liabilities. The main purpose of these financial instruments is to finance the Group's operation.

The main risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's management reviews and agrees policies for managing each of these risks and they are summarised below:

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

Market risk exposures are measured by sensitivity analysis.

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

Market risk (Continued)

Price risk management

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. For equity securities measured at FVTPL quoted in the Stock Exchange, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower, the loss for the year ended 31 March 2025 would increase/decrease by approximately HK$26,000 (2024: HK$21,000) as a result of the changes in fair value of financial assets at FVTPL.

Interest rate risk management

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain lease liabilities bearing fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively and the exposure to the Group is considered immaterial.

The exposure to interest rate risk for the Group's bank balances is considered immaterial.

Foreign exchange risk management

The Group has no transactional currency exposures. The Group's markets mainly located in Hong Kong and its operations are denominated primarily in Hong Kong dollars, which does not expose the Group to foreign currency risk. The Group does not have any formal hedging policy.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligation resulting in financial losses to the Group. The credit risk of the Group mainly arises from pledged bank deposits and cash and cash equivalents, trade receivables, contract assets, deposit and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

Credit risk and impairment assessment (Continued)

In respect of pledged bank deposits and cash and cash equivalents, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. The directors of the Company consider that the Group's credit risk on the pledged bank deposits and cash and cash equivalents is low. Management continues to monitor the position and will take appropriate action if their ratings should change. As at 31 March 2025 and 2024, the Group has no significant concentration of credit risk in relation to pledged bank deposits and cash and cash equivalent.

In respect of trade receivables and contract assets, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables and contract assets balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

The Group assessed the ECL on trade receivables and contract assets individually. Based on historical experience of the Group, these trade receivables and contract assets are generally recoverable due to the long term/on-going relationship and good repayment record. The Group has assessed that the rate of ECL for trade receivables and contract assets are minimal, thus, the additional loss allowance for provision for trade receivables and contract assets was insignificant as at 31 March 2025 and 2024.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and also available reasonable and supportive forward-looking information. The credit risks of this financial asset is considered not to increase significantly since initial recognition, as the counterparty has a low risk of default and does not have any past due amounts so the credit rating is classified as low risk. It is subject to the ECL model and the loss allowances are limited to 12-month ECL. The reversal of provision for impairment loss for other receivables of approximately HK$74,000 (2024: provision for impairment loss of approximately HK$325,000) was recognised for the year ended 31 March 2025. The average loss rate for other receivables was 1.80% (2024: 1.70%) for the year ended 31 March 2025.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

Credit risk and impairment assessment (Continued)

The Group has concentration of credit risk as 92.6% (2024: 91.6%) and 52.8% (2024: 49.9%) of the total other receivables and prepayments was due from the Group's largest subcontractor respectively. In order to minimise the credit risk, the management of the Group (i) has considered the financial health of the subcontractors or suppliers that the Group has made payments to and for, and considered their creditworthiness and conducted cashflow analysis. In evaluating their financial stability and creditworthiness, the management of the Group reviewed their financial performance, credit ratings and other relevant financial indicators; and (ii) took into account such subcontractors' historical performance in terms of fulfilling contracts and ability to meet financial obligations, including repayment of receivables.

For amount due from other joint operator of a joint operation, the Group regularly monitors the business performance of the joint operation. The Group's credit risks in this balance are mitigated through the value of the assets held by this entity and the power to participate the relevant activities of this entity. The management believes that there is no significant increase in credit risk of this amount since initial recognition and the Group provided impairment based on 12-month ECL. For the years ended 31 March 2025 and 2024, the management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of amount due from other joint operator of a joint operation. The provision for impairment loss for amount due from other joint operator of a joint operation of approximately HK$105,000 (2024: reversal of provision for impairment loss of approximately HK$161,000) was recognised for the year ended 31 March 2025. The average loss rate for amount due from other joint operator of a joint operation was 1.80% (2024: 1.70%) for the year ended 31 March 2025.

Provision of ECL on other receivables and amount due from other joint operator of a joint Operation

The provision for other receivables and amount due from other joint operator of a joint operation as at 31 March 2025 and 2024 was as follows:

	12-month ECL	**Total**
	HK$'000	*HK$'000*
As at 1 April 2023	1,064	1,064
Provision for the year	164	164
As at 31 March 2024 and 1 April 2024	1,228	1,228
Provision for the year	31	31
As at 31 March 2025	**1,259**	**1,259**

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are 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.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management.

The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term. The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or within 1 year *HK$'000*	Over 1 year and within 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
At 31 March 2025					
Non-derivative financial liabilities					
Trade and retention payables	–	26,029	–	26,029	26,029
Other payables and accruals	–	6,747	–	6,747	6,747
Lease liabilities	4.7%	407	187	594	561
		33,183	187	33,370	33,337

	Weighted average effective interest rate	On demand or within 1 year *HK$'000*	Over 1 year and within 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
At 31 March 2024					
Non-derivative financial liabilities					
Trade and retention payables	–	11,549	–	11,549	11,549
Other payables and accruals	–	4,828	–	4,828	4,828
Lease liabilities	4.0%	1,034	243	1,277	1,234
		17,411	243	17,654	17,611

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(c) Fair value measurement of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their values.

Fair value hierarchy:

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
As at 31 March 2025				
Financial assets at FVTPL				
Held for trading-listed equity securities	**527**	**–**	**–**	**527**
As at 31 March 2024				
Financial assets at FVTPL				
Held for trading-listed equity securities	428	–	–	428

Financial assets	**Fair value as at 31 March**		**Fair value hierarchy**	**Valuation technique and key input**
	2025 ***HK$'000***	2024 *HK$'000*		
Held for trading-listed equity securities	**527**	428	2025: Level 1 (2024: Level 1)	2025: Quoted bid price in an active market (2024: Quoted bid price in an active market)

There were no transfer between level 1 and 2 during the year.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(Continued)

(d) Capital risk management

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt (which includes lease liabilities), cash and cash equivalents, pledged bank deposits and total equity attributable to owners of the Company, comprising issued share capital and reserves.

Gearing ratio

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The gearing ratio is calculated based on net debt and total equity.

The gearing ratio at the end of the reporting period was as follows:

	2025 *HK$'000*	2024 *HK$'000*
Total debt[#]	561	1,234
Less: Cash and bank balances	(28,691)	(42,263)
Pledged bank deposits	(4,494)	(4,346)
Net debt	(32,624)	(45,375)
Total equity	293,933	303,028
Gearing ratio	N/A	N/A

[#] Total debt comprises lease liabilities as detailed in Note 26(b) to the consolidated financial statements.

6. SEGMENT INFORMATION

(i) Operating segment information

The Group's most senior executive management has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The Group's most senior executive management has determined the operating segments based on these reports.

The Group's most senior executive management assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the business of civil engineering works service and related services in Hong Kong. Information reported to the Group's most senior executive management for the purpose of resources allocation and performance assessment, focuses on the operating result of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating and geographical segment information is presented.

(ii) Information about major customers

Revenue from customers during the years ended 31 March 2025 and 2024 contributing individually over 10% of the Group's revenue is as follows:

	2025	2024
	HK$'000	*HK$'000*
Customer A	**194,780**	116,469

7. REVENUE

The Group's revenue represents the amount received and receivable for revenue arising on civil engineering works service and related services which is recognised over time.

	2025	2024
	HK$'000	*HK$'000*
Revenue from civil engineering works	**194,780**	116,469

Performance obligations for contracts with customers

The Group provides construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the value of completed construction work using output method.

7. REVENUE (Continued)

Performance obligations for contracts with customers (Continued)

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

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving the value of construction work has been agreed with the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the Group issued invoice to the customers based on the value of work certified by the architects, surveyor or other representatives appointed by the customers.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2025 and 2024 and the expected timing of recognising revenue are as follows:

	2025 *HK$'000*	2024 *HK$'000*
Within one year	242,000	N/A
More than one year but not more than two years	672,140	N/A
More than two years	105,886	–
	1,020,026	N/A

All other construction contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

8. OTHER INCOME AND OTHER GAIN OR LOSS, NET

	2025 *HK$'000*	2024 *HK$'000*
Bank interest income	307	386
Government and other subsidies *(note (i))*	94	–
Gain on disposal of property, plant and equipment	48	7
Loss on disposal of financial assets at FVTPL	–	(171)
Gain/(loss) on change in fair value of financial assets at FVTPL	99	(130)
Management fee income *(note (ii))*	13,072	12,945
Compensation from insurance	856	–
Dividend income from equity securities listed in Hong Kong	34	146
Sundry income	26	183
	14,536	13,366

Notes:

(i) The amount of approximately HK$94,000 related to other subsidy under EX-Gratia Payment Scheme provided by the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to these subsidies.

(ii) Management fee income represented the management fee received from the Sang Hing – Kuly Joint Venture. The Group will receive management fee income until the completion of Projects W58 and W59.

9. FINANCE COSTS

	2025 *HK$'000*	2024 *HK$'000*
Interest on bank overdrafts	238	21
Interest on lease liabilities	58	109
	296	130

10. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2025 *HK$'000*	2024 *HK$'000*
Auditors' remuneration		
– Audit services	1,200	1,200
– Non-audit services	250	250
Depreciation of property, plant and equipment	5,427	6,350
Depreciation of right-of-use assets	1,064	1,071
Less: amounts included in cost of services	(5,171)	(5,985)
	1,320	1,436
Directors' remuneration		
– Other emoluments (fees, salaries, allowance, bonus and benefits in kind)	2,150	3,064
– Retirement benefit scheme contributions*	–	9
Staff costs (excluding directors' remuneration)		
– Wages, salaries, allowance and bonus	46,059	39,449
– Retirement benefits schemes contributions*	1,158	1,166
	47,217	40,615
Less: amounts included in cost of services	(30,021)	(23,428)
	17,196	17,187
Subcontracting costs	101,773	32,623
Allowance for ECL on financial assets at amortised cost	31	164
Short-term lease expenses	101	99

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

11. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) of the estimated assessable profits arising in Hong Kong during the year.

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

	2025 ***HK$'000***	2024 *HK$'000*
Provision for Hong Kong profits tax:		
– Current tax	**–**	–
– Underprovision in prior years	**728**	18
Deferred taxation *(Note 27)*	**1,522**	(2,038)
	2,250	(2,020)

The taxation for the years ended 31 March 2025 and 2024 can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 ***HK$'000***	2024 *HK$'000*
Loss before tax	**(6,845)**	(8,376)
Tax expenses at the Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	**(1,130)**	(1,382)
Tax effect of income not taxable for tax purpose	**(83)**	(1,397)
Tax effect of expenses not deductible for tax purpose	**905**	691
Tax losses not recognised	**2,228**	640
Utilisation of tax losses previously not recognised	**(398)**	(590)
Underprovision in prior year	**728**	18
Tax charge/(credit) for the year	**2,250**	(2,020)

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors and chief executive of the Company by the Group during the years ended 31 March 2025 and 2024 are as follows:

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement benefits schemes contributions *HK$'000*	Total *HK$'000*
Year ended 31 March 2025					
Executive directors					
Mr. Lai Wai	–	840	–	–	840
Mr. Lai Ying Wah	–	600	50	–	650
Independent non-executive directors					
Prof. Leung Yee Tak	180	–	–	–	180
Mr. Ho Tai Tung	180	–	–	–	180
Ms. Tsang Wing Kiu	120	–	–	–	120
Mr. Choi Ho Yan	180	–	–	–	180
	660	1,440	50	–	2,150
Chief executive					
Mr. Au Chun Wing	–	1,531	220	25	1,776
Year ended 31 March 2024					
Executive directors					
Mr. Lai Wai	–	998	–	–	998
Mr. Lai Ying Wah	–	705	50	–	755
Mr. Lai Ying Keung *(note (i))*	–	378	–	9	387
Non-executive director					
Mr. Fung Chi Kin *(note (ii))*	135	–	–	–	135
Independent non-executive directors					
Mr. Cheung Wai Kwok Gary *(note (iii))*	90	–	–	–	90
Prof. Leung Yee Tak	196	–	–	–	196
Mr. Zhang Senquan *(note (iv))*	18	–	–	–	18
Mr. Ho Tai Tung	196	–	–	–	196
Ms. Tsang Wing Kiu	120	–	–	–	120
Mr. Choi Ho Yan *(note (v))*	178	–	–	–	178
	933	2,081	50	9	3,073
Chief executive					
Mr. Au Chun Wing	–	1,260	210	18	1,488

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Note:

(i) Mr. Lai Ying Keung retired as executive director of the Company on 12 September 2023.

(ii) Mr. Fung Chi Kin retired as non-executive director of the Company on 12 September 2023.

(iii) Mr. Cheung Wai Kwok Gary resigned as independent non-executive director of the Company on 1 September 2023.

(iv) Mr. Zhang Senquan resigned as independent non-executive director of the Company on 30 April 2023.

(v) Mr. Choi Ho Yan was appointed as independent non-executive director of the Company on 30 April 2023.

The executive directors' and chief executive's emoluments shown were mainly for their services in connection with the management of the affairs of the Company and the Group.

During the years ended 31 March 2025 and 2024, there were no amounts paid or payable by the Group to the directors and chief executive or any of the highest paid individuals set out in Note 13 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

13. EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

Of the five highest paid individuals of the Group during the year ended 31 March 2025, one (2024: two) is executive director or chief executive of the Company for the year ended 31 March 2025, whose emoluments are disclosed in Note 12. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2025 ***HK$'000***	2024 *HK$'000*
Salaries, allowance and benefits in kind	**4,105**	3,134
Discretionary bonuses	**567**	522
Retirement benefits schemes contributions	**76**	54
	4,748	3,710

The emoluments of the above individuals are within the following bands:

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

14. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

15. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of approximately HK$9,095,000 (2024: HK$6,356,000) and the weighted average number of ordinary shares of the Company in issue during the year.

	2025	2024
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	1,000,000,000	1,000,000,000

No diluted loss per share for both years is presented as there was no potential dilutive ordinary shares in issue during both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment *HK$'000*	Plant and machinery *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:				
At 1 April 2023	2,090	45,768	13,682	61,540
Additions	9	–	–	9
Written-off	–	–	(185)	(185)
Disposal	–	–	(1,252)	(1,252)
At 31 March 2024 and 1 April 2024	2,099	45,768	12,245	60,112
Additions	47	15,419	883	16,349
Written-off	–	–	(267)	(267)
Disposal	–	–	(1,520)	(1,520)
At 31 March 2025	**2,146**	**61,187**	**11,341**	**74,674**
Accumulated depreciation:				
At 1 April 2023	1,613	29,146	13,268	44,027
Charge for the year	302	5,764	284	6,350
Written-off	–	–	(185)	(185)
Disposal	–	–	(1,202)	(1,202)
At 31 March 2024 and 1 April 2024	1,915	34,910	12,165	48,990
Charge for the year	157	5,141	129	5,427
Written-off	–	–	(267)	(267)
Disposal	–	–	(1,520)	(1,520)
At 31 March 2025	**2,072**	**40,051**	**10,507**	**52,630**
Net carrying amount:				
At 31 March 2025	**74**	**21,136**	**834**	**22,044**
At 31 March 2024	184	10,858	80	11,122

17. TRADE RECEIVABLES

	2025 *HK$'000*	2024 *HK$'000*
Trade receivables	**14,186**	12,548

As at 1 April 2023, trade receivables amounted to HK$25,015,000.

The average credit period on construction works is 30 days.

An aging analysis of trade receivables as at the end of the reporting period, based on the invoice date, is as follows. The analysis below is net of allowance for ECL:

	2025 *HK$'000*	2024 *HK$'000*
0-30 days	**14,186**	12,548

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

18. CONTRACT ASSETS

	2025 *HK$'000*	2024 *HK$'000*
Unbilled receivables *(note (ii))*	**88,473**	59,379
Retention receivables *(note (iii))*	**2,196**	6,021
	90,669	65,400
Less: Non-current portion of retention receivables	**(538)**	(3,283)
	90,131	62,117

Notes:

(i) As at 1 April 2023, the contract assets amounted to HK$109,308,000.

(ii) Unbilled receivables included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the 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.

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

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 *HK$'000*	2024 *HK$'000*
Prepayments *(note (a))*	**98,690**	111,487
Deposits	**2,200**	1,659
Other receivables *(note (b))*	**63,872**	72,088
Amount due from other joint operator of a joint operation *(note (c))*	**6,103**	10
	170,865	185,244
Less: allowance for ECL	**(1,259)**	(1,228)
	169,606	184,016

Notes:

(a) As at 31 March 2025, the prepayments mainly present subcontractor charge of amount approximately HK$94,637,000 (2024: HK$110,307,000) which were prepaid to independent third parties.

(b) As at 31 March 2025, included in the other receivables was an aggregate amount of approximately HK$63,456,000 (2024: HK$71,673,000) representing the contra charges paid on behalf of and advance payment to the subcontractors.

(c) The amount due from other joint operator of a joint operation is unsecured, interest-free and recoverable on demand.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 *HK$'000*	2024 *HK$'000*
Financial assets		
Equity securities listed in Hong Kong	**527**	428

For more details, please refer to note 5(c).

21. PLEDGED BANK DEPOSITS

As at 31 March 2025 and 2024, the pledged bank deposits of the Group is pledged to bank for general banking facilities. As at 31 March 2025, the Group has unutilised banking facilities amounting to approximately HK$75,000,000 (2024: HK$75,000,000).

22. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise

	2025 *HK$'000*	2024 *HK$'000*
Cash at banks and in hand	**28,691**	42,263
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**28,691**	42,263

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances carries interest rate ranging from 0.01% to 4.85% (2024: 0.01% to 4.85%) per annum. As at 31 March 2025 and 2024, no time deposits are made by the Group.

(b) Reconciliation of liabilities arising from financing activities

The table below details the cash flow and non-cash flow changes in the Group's liabilities arising from financing activities. Except as disclosed below, there were non-cash changes in the Group's liabilities arising from financing activities.

	Lease liabilities *HK$'000*
At 1 April 2023	2,212
Capital element of lease rentals paid	(1,314)
Interest element of lease rentals paid	(109)
Other changes:	
Interest expenses on lease liabilities	109
New leases	336
At 31 March 2024 and 1 April 2024	1,234
Capital element of lease rentals paid	(1,085)
Interest element of lease rentals paid	(58)
Other changes:	
Interest expenses on lease liabilities	58
New leases	412
At 31 March 2025	**561**

The total cash outflow for leases is HK$1,244,000 (2024: HK$1,522,000) for the year ended 31 March 2025.

23. TRADE AND RETENTION PAYABLES

	2025 *HK$'000*	2024 *HK$'000*
Trade payables	**24,132**	9,566
Retention payables	**1,897**	1,983
	26,029	11,549

The credit period on trade payables is up to 60 days. Aging analysis of trade payables at the end of each reporting period, based on invoice dates, is as follows:

	2025 *HK$'000*	2024 *HK$'000*
0-30 days	**13,837**	2,805
31-60 days	**2,890**	1,832
61-90 days	**155**	629
Over 90 days	**7,250**	4,300
	24,132	9,566

24. OTHER PAYABLES AND ACCRUALS

	2025 *HK$'000*	2024 *HK$'000*
Other payables and accruals	**2,482**	1,938
Accrued staff costs	**4,265**	2,890
Employee benefit obligations	**500**	500
	7,247	5,328

25. CONTRACT LIABILITIES

	2025 *HK$'000*	2024 *HK$'000*
Construction contracts	**1,289**	–

As at 1 April 2023, contract liabilities amounted to HK$Nil.

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

Construction contracts

The Group received certain amounts from customers for civil engineering works service while the services had not been rendered to customers at 31 March 2025 and 2024.

The Group classifies these contract liabilities as current liabilities because the Group expects to them to be settled in its normal operating cycle which is within 12 months after the end of the reporting period.

26. LEASES

(a) Right-of-use assets

	Leasehold land and buildings *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:			
At 1 April 2023	2,150	2,983	5,133
Additions	336	–	336
At 31 March 2024 and 1 April 2024	2,486	2,983	5,469
Additions	412	–	412
At 31 March 2025	**2,898**	**2,983**	**5,881**
Accumulated depreciation:			
At 1 April 2023	1,941	644	2,585
Charge for the year	325	746	1,071
At 31 March 2024 and 1 April 2024	2,266	1,390	3,656
Charge for the year	319	745	1,064
At 31 March 2025	**2,585**	**2,135**	**4,720**
Net carrying amount:			
At 31 March 2025	**313**	**848**	**1,161**
At 31 March 2024	220	1,593	1,813

Lease liabilities of approximately HK$561,000 (2024: HK$1,234,000) are recognised with related right-of-use assets of approximately HK$1,161,000 (2024: HK$1,813,000) as at 31 March 2025. The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

26. LEASES (Continued)

(b) Lease liabilities

As at 31 March 2025, the Group leases various motor vehicles and leasehold land and buildings for a period of time through lease arrangements with lease terms ranging from two to four years (2024: ranging from two to three years). These liabilities were measured at the net present value of the lease payments during the lease terms that are not yet paid.

The ranges of interest rates are from 2.25% to 7.79% (2024: 2.25% to 7.79%) per annum.

The total future minimum lease payments under lease arrangements and their present values were as follows:

	Minimum lease payments as at 31 March 2025 *HK$'000*	**Present value of minimum lease payments as at 31 March 2025** *HK$'000*	Minimum lease payments as at 31 March 2024 *HK$'000*	Present value of minimum lease payments as at 31 March 2024 *HK$'000*
Within 1 year	**407**	**385**	1,034	996
After 1 year but within 2 years	**115**	**107**	243	238
After 2 years but within 5 years	**72**	**69**	–	–
	594	**561**	1,277	1,234
Less: Total future interest expenses	**(33)**		(43)	
Present value of lease liabilities	**561**		1,234	
Less: Amount due for settlement within one year		**(385)**		(996)
Amount due for settlement after one year		**176**		238

Analysed by:

	As at 31 March 2025 *HK$'000*	As at 31 March 2024 *HK$'000*
Leasehold land and buildings	**323**	229
Motor vehicles	**238**	1,005
	561	1,234

As at 31 March 2025, no balance included in lease liabilities (2024: HK$174,000) represents payable to the son of Mr. Lai Wai, who is the chairman and executive director of the Company.

27. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation *HK$'000*
At 1 April 2023	2,835
Credit to profit or loss *(Note 11)*	(2,038)
At 31 March 2024 and 1 April 2024	797
Charge to profit or loss *(Note 11)*	1,522
At 31 March 2025	**2,319**

At the end of the reporting period, the Group has unused tax losses of approximately HK$14,755,000 (2024: HK$3,656,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Other losses may be carried forward indefinitely.

As at 31 March 2025, the Group has deductible temporary differences of approximately HK$208,000 (2024: HK$203,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

28. CAPITAL AND RESERVES

(a) Share capital

	Number of shares	Share capital *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	**10,000,000,000**	**100,000**
Issued:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	**1,000,000,000**	**10,000**

28. CAPITAL AND RESERVES (Continued)

(b) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share premium *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2023	91,979	(721)	91,258
Loss and total comprehensive loss for the year	–	(3,500)	(3,500)
At 31 March 2024 and 1 April 2024	91,979	(4,221)	87,758
Loss and total comprehensive loss for the year	–	(3,388)	(3,388)
At 31 March 2025	**91,979**	**(7,609)**	**84,370**

29. SHARE OPTION SCHEME

On 29 January 2020, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "**Share Option Scheme**").

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and there was no share option outstanding as at 31 March 2025 and 2024.

The following is a summary of the principal terms of the Share Option Scheme.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions by Proposed Grantee (as defined in sub-paragraph (b) below) to the Company and the subsidiaries or invested entity and associated companies of the Company. By providing them with the opportunity to acquire equity interests in the Company, the Share Option Scheme aims to achieve the following objectives:

(i) attract skilled and experienced personnel, to incentivise them to remain with the Company or its subsidiaries or any entity in which any member of the Group holds any equity interest ("**invested entity**") (as the case may be) and to give effect to the Company's customer-focused corporate culture, and to motivate them to think as shareholders of the Company and strive for the future development and expansion of the Company and its subsidiaries or invested entity; and

(ii) attract and retain or otherwise maintain ongoing business relationships with suppliers and customers whose contributions are or will be beneficial to the longterm growth of the Company.

29. SHARE OPTION SCHEME (Continued)

(b) Who may join

The Board may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to the following persons (collectively, "**Proposed Grantee**"):

(i) employee (whether full time or part time, and for the purposes of the Share Option Scheme also includes any executive Director and non-executive Directors (including independent non-executive Director) of the Company or any of its subsidiaries or invested entity (collectively, "**Employee**");

(ii) any advisor, consultant, supplier, customer or agent to the Company or any of its subsidiaries or invested entity provided that (i) such advisor, consultant, supplier, customer or agent provides bona fide services to or conduct business with the Company or any of its subsidiaries or invested entity, (ii) the services provided by or business with the advisor, consultant, supplier, customer or agent are not in connection with the offer or sale of securities in a capital-raising transaction of the Company and (iii) such advisor, consultant, supplier, customer or agent, or the services provided or the business conducted, do not directly or indirectly make a market for the Company's securities (collectively, "**third party contributor**"), provided that no prospectus is required to be issued in connection with such grant under the Companies Ordinance or Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any other applicable laws. The Board may in its absolute discretion specify such conditions (if any) as it thinks fit when making such offer to the Proposed Grantee, including, without limitation and notwithstanding subparagraph (i), as to performance criteria to be satisfied by the Proposed Grantee and/or the Company before an option can be exercised.

(c) Maximum number of Shares available for issue

No share option has been granted under the Share Option Scheme as at the date of this annual report.

The total number of Shares available for issue under the Share Option Scheme is 100,000,000, representing approximately 10% of the Company's total number of issued shares as at the date of this annual report. The Company has 1,000,000,000 shares in issue as at the date of this annual report.

29. SHARE OPTION SCHEME (Continued)

(d) Maximum entitlement of each individual and connected persons

No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the issued share capital of the Company from time to time. Any further grant of options in excess of this 1% limit will be subject to the approval of the shareholders of the Company in general meeting.

The independent non-executive Directors (excluding any independent non-executive Director who is a Proposed Grantee of the option(s)) will be required to approve each grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates. If a grant of options to a substantial shareholder of the Company or an independent non-executive Director, or their respective associates, will result in the total number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the issued share capital of the Company from time to time; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet at the date of each grant, in excess of HK$5 million,

such further grant of options will be required to be approved by the shareholders of the Company in general meeting.

(e) Acceptance of an offer of options

An offer shall be accepted by the Proposed Grantee within 30 days from the date of the offer of grant of the option. A consideration of HK$1.00 is payable on acceptance of the offer of the grant of an option.

(f) Exercise price

The exercise price in respect of any option shall be such price as determined by the Board and notified to any Grantee (subject to any adjustment made in accordance with the Share Option Scheme) and shall be the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for a board lot on the option offer date; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for a board lot for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

29. SHARE OPTION SCHEME (Continued)

(g) Time of vesting and exercise of options

Subject to sub-paragraph (b), and unless otherwise determined by the Board and stated in the offer to a Proposed Grantee, no performance criteria are to be satisfied by a Proposed Grantee and/or the Company before the exercise of an option granted to him.

A Proposed Grantee may exercise his option in whole or in part (but, if in part, only in respect of a board lot or any integral multiple thereof) by giving notice in writing to the Company stating that the option is thereby exercised and specifying the number of Shares to be subscribed. Each such notice must be accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance, the Company will allot and issue the relevant Shares to the Proposed Grantee credited as fully paid and issue to the Proposed Grantee a share certificate in respect of the Shares so allotted.

Subject to any early vesting of options pursuant to Share Option Scheme, all options granted under the Share Option Scheme will be subject to a vesting period of up to ten years to be determined with respect to each Proposed Grantee by the Board at the time of grant of the relevant option and stated in the offer to a Proposed Grantee. In the absence of such requirements, a Proposed Grantee is not required to hold an option for any minimum period before the exercise of an option granted to him.

(h) Remaining life of the Share Option Scheme

The Share Option Scheme shall remain in force until 17 March 2030.

30. MATERIAL RELATED PARTY TRANSACTIONS

Material related party transactions identified during the year are summarised as follows:

(a) Transactions with related parties

Name of related parties	Nature of transactions	2025 HK$'000	2024 HK$'000
Mr. Lai Hoi Kan (i)	Interest on lease liabilities	3	9
Mr. Lai Hoi Chun (ii)	Interest on lease liabilities	3	9

Notes:

(i) Mr. Lai Hoi Kan, who is the son of Mr. Lai Wai, who is the chairman and executive director of the Company.

(ii) Mr. Lai Hoi Chun, who is the son of Mr. Lai Wai, who is the chairman and executive director of the Company.

(b) Key management personnel remuneration

The emoluments of the directors and senior management of the Group, who represent the key management personnel during the year are as follows:

	2025 HK$'000	2024 HK$'000
Salaries, fees and allowances	7,542	8,054
Discretionary bonuses	705	650
Retirement benefit	102	121
	8,349	8,825

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Categories of financial assets and liabilities

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Investment in a subsidiary		–*	–*
Amount due from a subsidiary		89,448	92,116
		89,448	92,116
Current assets			
Prepayments, deposits and other receivables		289	258
Financial assets at FVTPL		527	428
Amount due from a subsidiary		3,991	3,967
Cash and cash equivalents		701	1,871
		5,508	6,524
Current liabilities			
Accruals		586	882
Net current assets		4,922	5,642
Total assets less current liabilities		94,370	97,758
Net assets		94,370	97,758
Capital and reserves			
Share capital	28(a)	10,000	10,000
Reserves	28(b)	84,370	87,758
Total equity attributable to owners of the Company		94,370	97,758

* The balance represents an amount less than HK$1,000.

32. PARTICULARS OF SUBSIDIARIES

The following table lists the subsidiaries of the Company:

Name of subsidiary	Place of registration/ operation	Class of share	Issued and fully paid share capital	Percentage of attributable interest of the Group 2025	2024	Principal activities
Sang Hing Holdings (Hong Kong) Limited	British Virgin Islands	Ordinary	100 shares/ USD 100	100%	100%	Investment holding
Sang Hing Civil Contractors Company Limited	Hong Kong	Ordinary	25,000,000 shares/ HK$25,000,000	100%	100%	Civil engineering work services
Allied Nice Investment Limited	Hong Kong	Ordinary	1 share/HK$1	100%	100%	Dormant

Except for Sang Hing Holdings (Hong Kong) Limited which is directly held by the Company, all other subsidiaries are indirectly held by the Company.

None of the subsidiaries had debt securities outstanding at the end of the reporting period or at any time during the year ended 31 March 2025.

33. PARTICULARS OF PRINCIPAL JOINT OPERATIONS

Particulars of the Group's principal joint operations as at 31 March 2025 and 2024 are as follows:

Name of joint operation	Form of business structure	Place of registration/ operation	Project code and works	Percentage of attributable interest of the Group 2025 *(note a)*	2024 *(note b)*	Principal activities
Sang Hing – Kuly Joint Venture	Unincorporated	Hong Kong	W49 – Construction of sewers and sewerage system	–	95.01%	Construction
Sang Hing – Kuly Joint Venture	Unincorporated	Hong Kong	W52 – Remaining works of cycle tracks	–	95.21%	Construction
Sang Hing – Kuly Joint Venture	Unincorporated	Hong Kong	W56 – Land decontamination and advance engineering works	–	94.95%	Construction
Sang Hing – Kuly Joint Venture	Unincorporated	Hong Kong	W57 – Development of Long Valley Nature Park	94.61%	94.61%	Construction
Sang Hing – Kuly Joint Venture *(note c)*	Unincorporated	Hong Kong	W58 – Construction of sewers and sewerage system	–	–	Construction
Sang Hing – Kuly Joint Venture *(note c)*	Unincorporated	Hong Kong	W59 – Site formation and infrastructure works for public housing developments	–	–	Construction
Tapbo – Sang Hing Joint Venture	Unincorporated	Hong Kong	W60 – Temporary construction waste sorting facilities	100%	100%	Construction
Sang Hing – Kuly Joint Venture	Unincorporated	Hong Kong	W61 – Site formation and engineering infrastructure works for public housing developments	82%	–	Construction
Sang Hing – Tapbo Joint Venture	Unincorporated	Hong Kong	W62 – Site formation and infrastructure works for public housing developments	100%	–	Construction

33. PARTICULARS OF PRINCIPAL JOINT OPERATIONS (Continued)

Notes:

(a) The Group's attributable interest is equal to, greater or less than 50% in these body unincorporates. However, under the joint venture agreements, the joint operators have contractually agreed sharing of control over the relevant activities of these body unincorporates, hence all these body unincorporates are jointly controlled by the Group and the other joint operators. Furthermore, the relevant joint venture agreements specify that the Group and the other parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements in accordance with the attributable interest of the Group as disclosed above and the interest attributable to the other joint operators respectively, therefore these body unincorporates are classified as joint operations.

(b) All principal joint operations engaged in construction work are contracted to carry out infrastructure and public facilities related works in Hong Kong. These joint operations are strategic to the Group's principal activities in construction work.

(c) As at 31 March 2025 and 2024, the percentage of joint operation interest of Projects W58 and W59 of the Group are 95.04% and 95.00% respectively.

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2025, additions to property, plant and equipment of HK$9,020,000 were settled by off-setting other receivables.

35. SUBSEQUENT EVENTS

On 30 April 2025, a joint operation formed between Sang Hing Civil Contractors Company Limited, a wholly-owned subsidiary of the Company, and Kuly Construction & Engineering Company Limited was awarded a tender for a civil engineering project in relation to site formation and infrastructure works for public housing development at A Kung Ngam Village, Eastern, Hong Kong, with contract sum of approximately HK$442 million which the contract period is from May 2025 to September 2029.

Save as disclosed above, the Group had no material events for disclosure subsequent to 31 March 2025 and up to the date of this report.

36. LITIGATION

As at the date of this report, all of the claims brought against the Group have been settled. The directors of the Company are of the view that the amount to be borne by the Group in respect of the cost of the common law personal injury claims will be covered by the relevant insurance taken out by the Group. Therefore, the Group has not made provision to cover the potential liability under the above claims.

37. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2025.

Five-Year Financial Summary

For the year ended 31 March 2025

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out below:

RESULTS

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**194,780**	116,469	323,721	426,960	390,229
Gross profit	**3,769**	4,170	3,995	32,080	39,421
Income tax (expenses)/credit	**(2,250)**	2,020	1,899	(1,249)	(7,311)
(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company	**(9,095)**	(6,356)	(8,397)	11,975	26,424

ASSETS AND LIABILITIES

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**331,378**	321,936	359,121	380,553	363,631
Total liabilities	**(37,445)**	(18,908)	(49,737)	(62,772)	(57,825)
Total equity attributable to owners of the Company	**293,933**	303,028	309,384	317,781	305,806

The summary above does not form part of the audited consolidated financial statements.