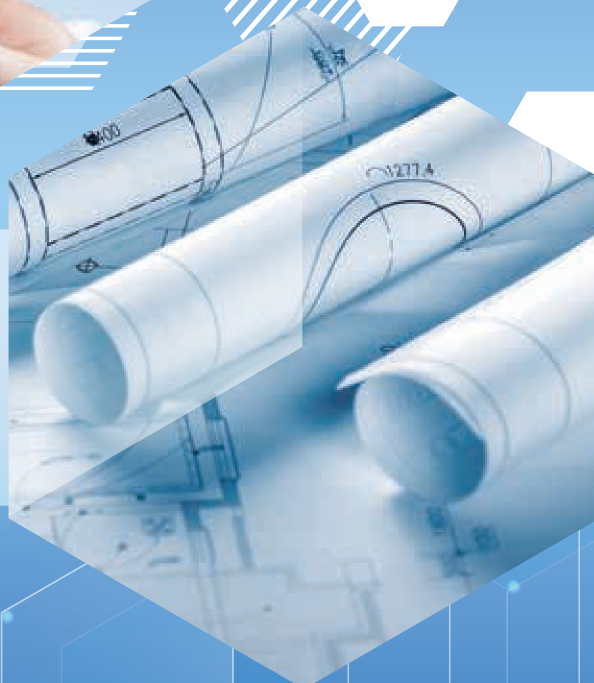
Green Economy Development Limited
綠色經濟發展有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1315



ANNUAL REPORT 2025

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CORPORATE INFORMATION

PRESIDENT

Mr. Michael Ngai Ming Tak *(resigned on 25 March 2025)*

EXECUTIVE DIRECTORS

Mr. Zhu Feng *(appointed as chairman on 19 June 2025)*
Mr. Tang Hongyang *(appointed as Chief Executive Officer on 20 February 2025)*
Mr. Zhu Xiaodong
Mr. Chau Ting Sen *(appointed on 20 February 2025)*
Mr. Su Junjie *(appointed on 13 January 2025)*
Mr. Fung Ka Lun
Mr. Chau Chit *(Chairman and Chief Executive Officer) (resigned on 20 February 2025)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Wai Kwan
Mr. Zhang Shengman
Ms. Li Xiaoting *(appointed on 3 May 2024)*
Dr. Wong Lee Ping *(resigned on 3 May 2024)*

COMPLIANCE OFFICER

Ms. Zhang Wan

COMPANY SECRETARY

Mr. Cheung Yiu Kuen

AUDIT COMMITTEE

Mr. Wong Wai Kwan *(Chairman)*
Mr. Zhang Shengman
Ms. Li Xiaoting *(appointed on 3 May 2024)*
Dr. Wong Lee Ping *(resigned on 3 May 2024)*

REMUNERATION COMMITTEE

Mr. Zhang Shengman *(Chairman)*
Mr. Zhu Feng
Mr. Chau Ting Sen *(appointed on 20 February 2025)*
Mr. Wong Wai Kwan
Ms. Li Xiaoting *(appointed on 3 May 2024)*
Dr. Wong Lee Ping *(resigned on 3 May 2024)*
Mr. Chau Chit *(resigned on 20 February 2025)*

RISK MANAGEMENT COMMITTEE

Mr. Zhu Feng
Mr. Zhu Xiaodong
Mr. Chau Ting Sen *(appointed on 20 February 2025)*
Mr. Wong Wai Kwan
Mr. Chau Chit *(resigned on 20 February 2025)*

NOMINATION COMMITTEE

Mr. Zhu Feng *(re-designated as Chairman on 20 February 2025)*
Mr. Chau Ting Sen *(appointed on 20 February 2025)*
Mr. Wong Wai Kwan
Mr. Zhang Shengman
Ms. Li Xiaoting *(appointed on 3 May 2024)*
Dr. Wong Lee Ping *(resigned on 3 May 2024)*
Mr. Chau Chit *(Chairman) (resigned on 20 February 2025)*

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1001, 10/F,
China Huarong Tower
60 Gloucester Road, Wan Chai
Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank (Hong Kong) Limited
Chong Hing Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F, Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock code: 1315

COMPANY WEBSITE

www.greeneconomy.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to present the annual results of Green Economy Development Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2025 ("Fy2025").

The Group recorded total turnover of approximately HK$2,833 million for the financial year ended 31 March 2025 ("Fy2025"), compared to turnover of approximately HK$2,935 million for the financial year ended 31 March 2024 ("Fy2024").

Although there was a decrease of gross profit of approximately HK$26.3 million, from approximately HK$84.9 million in Fy2024 to approximately HK$58.6 million in Fy2025, this was offset by the decrease of administrative expenses and selling expenses of approximately HK$17.5 million and increase in other gains and losses of approximately HK$9.3 million. Profit from operations was approximately HK$49.6 million in Fy2025 compared to approximately HK$48.2 million in Fy2024.

Profit from operations for Fy2025 was approximately HK$49.6 million (Fy2024: approximately HK$48.2 million).

Basic earnings per share for Fy2025 is approximately HK2.51 cents (Fy2024: approximately HK4.89 cents).

Further analysis of the Group's results is set out in the "Management Discussion and Analysis" section.

BUSINESS OVERVIEW AND PROSPECT

Supply chain management business

The Company currently involves in the supply chain of materials (e.g. iron ores) in various markets, the businesses of which involves sales and provision of materials, the relevant transportation of materials and potential accessary services (e.g. the mixing of iron ores).

The Group's Supply Chain Management Business mainly offers iron ore products such as lump iron ores, iron powder and iron ore pellets to its customers, which are widely used in blast furnace ironmaking process in construction and manufacturing industry.

The iron ore products industry is a volume-driven market. Market players could make profit in this industry by achieving mass volume of supplying iron ore products to construction companies and manufacturers of building materials. In order to achieve the mass volume, one of the characteristics of the market players in the iron ore industry is that the market players must have sufficient financial resources to purchase the iron ore products in batches with large quantity at the competitive price for inventory purposes. In addition to having sufficient financial resources, market players also need to be aware of searching the supply of iron ore products in order to ensure inventory is readily available on hand when customers have immediate demand. As customers generally adopts the "just in time" policy, only market players with sufficient funding may have enough inventory on hand to fulfill their demand.

The Group has frequent communication with the customers to ensure a clear understanding on iron ore products by the customers. During the communication process, the Group would provide and/or exchange advices on the market and price trend for iron ore products to its customers.

When confirming the grading of iron ore products with the customers, the Group would initially check on its inventory level to confirm as to whether the inventory on hand could satisfy the order from the customers. In the event that stock on hand is not enough to satisfy the order from the customers in a timely manner, the Group may contact other market players and enquire for their inventory of the same grading requested by the customers in order to fulfill the purchase orders. Given the Group is well aware of the demand of its customers, the Group would prepare adequate inventory level to fulfill the potential orders from the customers as the Group has spare financial resources and banking facilities.

In order to facilitate the prompt delivery to its customers, the Group would maintain storages at various ports, including but not limited to Rizhao Port, Qingdao Port, Taicang Port, Lianyungang Port and Zhoushan Port, which offers comprehensive logistic services to its customers. As at 31 March 2025, the Group maintained inventory of iron ore products of around HK$83.2 million in major ports in the PRC, which are in close proximity to its customers and readily available to deliver to its customers.

The Group generally adopts a cost-plus approach in price determination with reference to prevailing market prices of iron ore products to ensure its price competitiveness and profitability.

The Group generally pay its suppliers up to 10% of the purchase price as deposits for iron ore products, which will then be maintained by the Group in major ports in the PRC that are readily available for delivery to its customers. Upon arranging delivery to its customers, the Group would offer a credit period of up to one month to its customers while the Group will settle the amount payable to its suppliers upon receipt from the customers.

In the long run, the trading business will continue to generate income and contribute profit to the Group. Looking forward, the Group would continue to explore and strive to diversify and develop its trading businesses in 2025.

Construction related businesses

The lagging property market, high interest rates and aging construction manpower lead to a slowdown in the growth of the Hong Kong construction industry. Diminishing demand in the private sector and tightened public project expenditure make the market highly competitive. Owing to the continuous monetary tightening, building contractors are facing financial hardship while fierce price competition has further narrowed profit margins.

Shortage of skilled labour and soaring costs in maintaining quality and safe construction are still the two main risk factors for the construction business. Adoption of the latest technology in the construction industry is one of the ways to improve the works management and enhance overall cost control.

We will keenly focus on operational cost control in order to maintain liquidity and competitiveness in the market. Additionally, we will leverage our accumulated experience and understanding in the industry to explore other opportunities to reduce our business risks selectively.

On 19 June 2025, the Company entered into a Sale and Purchase Agreement with a company wholly-owned by Mr. Wong Law Fai (the "Purchaser"), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of Prosper Ace Investments Limited (the "Target Company"), at a consideration of HK$1 (the "Disposal"). The Target Company is a wholly-owned subsidiary of the Company. The Target Company and its subsidiaries (including Magic Choice Holding Limited ("Magic Choice"), Wan Chung Construction Company Limited ("Wan Chung"), Wan Chung Engineering Company Limited and Ki Ngai Construction Engineering Limited) (collectively referred to as the "Target Group") are principally engaged in building construction and other construction related business, alterations, renovation, upgrading and fitting-out works and property maintenance.

CHAIRMAN'S STATEMENT (Continued)

As the Company is indebted to the Target Group, on 19 June 2025, the Company entered into a Deed of Settlement with the Target Company and Mr. Wong Law Fai. Pursuant to the Deed of Settlement, the Company shall settle the current accounts with the Target Company by (i) instructing Mr. Wong Law Fai to pay to the Target Group for settlement of his outstanding debt with the Company; and (ii) the Company shall pay HK$15 million to the Target Company for the settlement of the remaining balance of the current accounts.

A shareholders' meeting of the Company will be convened to consider and, if thought fit, to pass the resolutions to approve the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

Details of the above transactions and the conditions precedent under the Sale and Purchase Agreement are set out in the Company's announcement dated 19 June 2025.

Upon Completion of the Disposal, the Target Company will cease to be a wholly-owned subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

APPRECIATION

Finally, I would like to take this opportunity to express my gratitude to our Shareholders and business partners for their support to and trust in the Board. My gratitude also extends to our management and staff for their loyalty and diligence in the achievements of the Group.

Zhu Feng
Chairman
Green Economy Development Limited
27 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

The Group recorded total turnover of approximately HK$2,833 million for the financial year ended 31 March 2025 ("Fy2025"), compared to turnover of approximately HK$2,935 million for the financial year ended 31 March 2024 ("Fy2024").

Although there was a decrease of gross profit of approximately HK$26.3 million, from approximately HK$84.9 million in Fy2024 to approximately HK$58.6 million in Fy2025, this was offset by the decrease of administrative expenses and selling expenses of approximately HK$17.5 million and increase in other gains and losses of approximately HK$9.3 million. Profit from operations was approximately HK$49.6 million in Fy2025 compared to approximately HK$48.2 million in Fy2024.

The fluctuations in revenue and segment results are further discussed in the Results of Operations section below.

Basic earnings per share for Fy2025 is approximately HK2.51 cents (Fy2024: approximately HK4.89 cents).

The Board does not recommend any payment of dividends for Fy2025 (Fy2024: Nil).

RESULTS OF OPERATIONS

(i) Supply Chain Management

Revenue for the segment for Fy2025, comprising income from trading of materials of HK$2,415 million and transportation service income of HK$38 million, was approximately HK$2,453 million (Fy2024: approximately HK$2,201 million).

Segment result decreased from the Fy2024 segment profit of approximately HK$37.6 million to segment profit approximately HK$25.1 million Fy2025 as there was decrease in profit margin recorded in the segment.

(ii) Building Construction

Revenue for the building construction segment in Fy2025 was approximately HK$1.4 million (Fy2024: approximately HK$2 million).

Segment result decreased from segment profit approximately HK$1.7 million for Fy2024 to segment profit approximately HK$0.4 million for Fy2025.

Segment profit decreased was mainly attributed to more cost was recognized from a completed project.

(iii) Alterations, Renovation, Upgrading and Fitting-out ("A&A") Works

Revenue for the A&A works segment in the Fy2025 was approximately HK$44.5 million (Fy2024: approximately HK$116 million) and segment profit was approximately HK$2.9 million (Fy2024: segment profit approximately HK$13.5 million).

The decrease in the segment revenue from A&A works was mainly attributable to the recognition of more revenue from several large scale A&A works projects in Hong Kong which were in full swing operation in the Fy2024.

Segment result decreased from segment profit HK$13.5 million in the Fy2024 to segment profit HK$2.9 million in Fy2025. The change was mainly contributed by more construction costs in the Fy2025 for operation of several large scale A&A works projects.

(iv) Property Maintenance

Revenue for the property maintenance segment decreased from approximately HK$615.8 million in the Fy2024 to approximately HK$335.1 million in the Fy2025 and segment profit decreased from approximately HK$34.0 million in the Fy2024 to approximately HK$32.7 million in the Fy2025.

The property maintenance projects included maintenance works for public sectors. The decrease in segment revenue was mainly attributable to two large scale long term property maintenance contracts which contract period were expired on 31 March 2024 and 31 December 2024 respectively had contributed less segment revenue in the Fy2025 and no long term property maintenance contract was awarded in the Fy2025.

The decrease in segment profit was mainly attributable to more operating cost recognized in Fy2025 including safety precaution and quality control cost and also more subcontracting cost of the abovementioned large scale property maintenance projects incurred in Fy2025.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the current assets and current liabilities were stated at approximately HK$662.1 million (as at 31 March 2024: approximately HK$671.8 million) and approximately HK$418.0 million (as at 31 March 2024: approximately HK$469.7 million), respectively. The current ratio maintained at 1.58 times as at 31 March 2025 (as at 31 March 2024: 1.43 times). The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective period. As at 31 March 2025, the Group had total cash and bank deposits of approximately HK$209.9 million (as at 31 March 2024: approximately HK$150.0 million).

As at 31 March 2025, total interest-bearing loans amounted to approximately HK$207.3 million (as at 31 March 2024: approximately HK$207.3 million). The Group's net cash balance as at 31 March 2025 (the sum of pledged bank deposits, restricted cash and bank and cash less interest-bearing bank and other borrowings in current portion) was approximately HK$107.5 million (as at 31 March 2024: approximately HK$47.7 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 31 March 2025, the Group had obtained credit facilities and trade finance facilities from various banks up to a maximum amount of approximately HK$69.5 million and US$50 million respectively (31 March 2024: approximately HK$69.5 million and US$50 million respectively) and approximately HK$12.0 million (31 March 2024: approximately HK$12.8 million) of the credit facilities has been utilized.

As at 31 March 2025, the gearing ratio of the Group was approximately 31.1% (as at 31 March 2024: approximately 30.5%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%. With its available bank balances and cash and existing available bank credit facilities for operating use, the Group has sufficient liquidity and financial resources to satisfy the financial requirements of its existing businesses.

Reference should also be made to the "going concern basis" in Note 2 to the consolidated financial statements for the year ended 31 March 2025 in this report.

USE OF PROCEEDS FROM RIGHTS ISSUE

The gross proceeds from the Rights Issue completed on 16 April 2024 amount to approximately HK$27.67 million, while the net proceeds, after deducting the related expenses, are approximately HK$25.97 million, and the Company intends to apply the net proceeds from the Rights Issue as to approximately 35% or HK$9.09 million for investment in other business opportunities to be identified by the Group from time to time and as to approximately 65% or HK$16.88 million for general administrative expenses and other general working capital purposes, such as overhead expenses including salary, rental and other expenses of the Company.

As of 31 March 2025, the net proceeds received were utilised as follows:

Intended application of the net proceeds	**Amount to be utilized** (HK$ million)	**Amount utilized for the year ended 31 March 2025** (HK$ million)	**Unutilized as at 31 March 2025** (HK$ million)
Investment in other business opportunities	9.09	**0.09**	**9.0**
General administrative expenses and other general working capital	16.88	**9.73**	**7.15**
Total	25.97	**9.82**	**16.15**

PLEDGE OF ASSETS

At the end of the reporting period, the following assets are pledged to banks and insurance companies to secure the banking facilities and performance bonds granted to the Group:

	31 March 2025 HK$'000	31 March 2024 HK$'000
Pledged for securing the Group's banking facilities and performance bonds		
Other receivables	**92**	92
Bank deposits	**65,759**	63,349
Total	**65,851**	63,441

MAJOR CORPORATE EVENTS

On 21 February 2024, the Board proposed to raise approximately HK$36.23 million before deducting professional fee and other related expenses by issuing up to 224,999,972 new shares to the qualifying shareholders on the basis of two (2) shares in issue for every one (1) rights share (the "Rights Shares") at the subscription price of HK$0.161 per share (the "Rights Issue").

On 16 April 2024, the Rights Issue was completed with applications in respect of a total of 171,876,373 Rights Shares received and 171,876,373 Rights Shares allotted and issued. The gross proceeds raised from the Rights Issue are approximately HK$27.67 million and the net proceeds from the Rights Issue after deducting the estimated expenses of approximately HK$1.7 million in relation to the Rights Issue are estimated to be approximately HK$25.97 million.

Details of the Rights Issue are disclosed in the Company's announcements dated 21 February 2024 and 15 April 2024.

MATERIAL ACQUISITIONS

On 11 September 2024, Start Shinning Pte. Ltd., a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party of the Company for the sale and purchase of the entire issued share capital of Runroc Holdings Limited ("Target Company"), a company incorporated in the British Virgin Islands with limited liability which holds 85% of the equity interest in Rizhao Zhongkuang New Energy Technology Co., Ltd.* (日照中礦新能源科技有限公司) ("Target Subsidiary"), a company established under the laws of the PRC with limited liability. The Target Company is principally engaged in investment holding and trading business and the Target Subsidiary is principally engaged in trading business and starts to get involved with provision of iron ore pretreatment and mixed ore processing services for various steel mills (the "Acquisition").

The consideration of the Acquisition is HK$87,000 and the Acquisition was completed in 13 September 2024. Details of the Acquisition could be referred to the announcements of the Company dated 11 September 2024 and 14 October 2024.

Save as disclosed above, there was no material acquisition, disposal or loss of control of subsidiaries or associated companies or capital investment by the Group in Fy2025.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risks relating to supply chain business segment

(i) The trading profit margin is relatively low and hence any significant impairment of trade receivables, and abnormal fluctuations of trading prices and exchange rates would affect the operating result of the Company.

(ii) Given that the shipping industry is a highly cyclical industry, and as a professional logistics operator, the Group undertakes various functions such as customer receipt, shipment, transportation, and distribution, it will accordingly bear transportation risks such as restrictions on navigation areas, cargo detention, and harsh weather conditions, as well as market price fluctuations. The management of the Company will minimise risks by strengthening relevant risk management.

Risks relating to constructions related segments

(i) The Group's construction works are labour-intensive in nature. In the event that there is a significant increase in the costs and demand of labour, the Group's staff cost and/or subcontracting cost will increase and thus lower its profitability. On the other hand, if the Group or its subcontractors fail to retain the Group's existing labour and/or recruit sufficient labour in a timely manner to cope with the Group's existing or future projects, the Group may not be able to complete the Group's projects on schedule and within budget, the Group's operations and profitability may be adversely affected.

(ii) The Group needs to estimate the time and costs involved in projects in order to determine the fee. There is no guarantee that the actual amount of time and costs would not exceed the Group's estimation during the performance of the jobs. The actual amount of time and costs involved in completing the jobs may be adversely affected by many factors, including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions. Any material inaccurate estimation in the time and costs involved in a job may adversely affect the profit margin and results of operations of the Group.

(iii) The projects undertaken by the Group are mostly on a case by case basis. As such, our revenue derived from such projects is not recurring in nature and we cannot guarantee that our customers will provide us with new business after the completion of the current projects. The Group has to go through the competitive tendering process to secure new project works. In the event we are unable to maintain business relationship with existing customers or unable to price our tender competitively, our business and hence our revenue will be adversely affected.

Financial Risk

The Group adheres to prudent financial management principle in order to control and minimise financial and operational risks. The Group has certain portion of bank balances and cash denominated in currencies other than the functional currencies of the relevant entities to which they relate. In addition, the Group's sales and purchases are mainly transacted in Hong Kong dollar, United States dollar and Renminbi. The Group will, from time to time, review its foreign exchange position and market conditions to determine if any hedging is required. Similarly, the Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

The financial risk management objectives and policies of the Group are shown in note 6 to the consolidated financial statements.

CONTINGENT LIABILITIES

Compensation to banks or insurance companies due to satisfactory performance to customers

Performance bonds amounting to approximately HK$9,334,000 (2024: approximately HK$12,979,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and these customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers. At the end of the reporting period, the directors do not consider it will be probable that a claim will be made against the Group under any of the above guarantees. The maximum liability of the Group at the end of the reporting period under such guarantees is the outstanding amount at that date.

Apart from as disclosed above, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of each case and with reference to legal advice.

At the end of each reporting period, the Company had provided the following guarantees:

	31 March 2025 HK$'000	31 March 2024 HK$'000
Guarantees in respect of performance bonds in favor of its clients	**9,151**	12,796

MOVEMENT OF INCOMPLETE CONTRACTS FOR THE YEAR ENDED 31 MARCH 2025

	31 March 2024 HK$'000	**Contracts Secured** HK$'000	**Contracts Completed** HK$'000	**31 March 2025** HK$'000
Building Construction	—	—	—	**—**
Property Maintenance	1,229,787	—	(955,800)	**273,987**
Alterations, Renovation, Upgrading and Fitting-Out Works	139,038	46,552	(95,897)	**89,693**
	1,368,825	46,552	(1,051,697)	**363,680**

Building Construction segment

Contracts secured for the year ended 31 March 2025

Contract	**Commencement date**	**Contract value** HK$'000
N/A	N/A	N/A
Total	N/A	N/A

Property Maintenance segment

Contracts secured for the year ended 31 March 2025

Contract	Commencement date	Contract value HK$'000
N/A	N/A	N/A
Total	N/A	N/A

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured for the year ended 31 March 2025

Contracts	Commencement date	Contract value HK$'000
Renovation works for West Kowloon Campus — Phase 3 for The Hong Kong Polytechnic University	September 2024	12,579
Improvement works of changing room for EMSD Hong Kong	December 2024	3,352
Supply and installation for renovation of office and store for EMSD Hong Kong	January 2025	6,940
Improvement works of Reception Offices for EMSD Hong Kong	January 2025	4,704
Design and construction for New MunK Office for EMSD Hong Kong	April 2025	6,898
Improvement works to classrooms for The Hong Kong Polytechnic University	May 2025	12,079
Total		46,552

Building Construction segment

Contract completed for the year ended 31 March 2025

Contract	Commencement date	Completion date	Contract value HK$'000
N/A	N/A	N/A	N/A
Total			N/A

Property Maintenance segment

Contracts completed for the year ended 31 March 2025

Contracts	Commencement date	Completion date	Contract value HK$'000
Term contract for minor works 2021 for Hong Kong West Clusters, Hospital Authority, Hong Kong	October 2021	December 2024	955,800
Total			955,800

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed for the year ended 31 March 2025

Contracts	Commencement date	Completion date	Contract value HK$'000
High school improvement works for Hong Kong International School	March 2023	April 2024	26,997
Spatial reorganization works for City University of Hong Kong	June 2023	June 2024	18,293
Renovation of New JC STEM Lab of Energy and Material Physics of Yeung Kin Man Academic Building for City University of Hong Kong	March 2024	August 2024	1,994
Provision of builder's works for renovation works of SVSD offices for EMSD, Hong Kong	March 2024	March 2025	5,962
External wall refurbishment works at CLP Power Hong Kong Limited, Shatin Centre, Hong Kong	October 2022	October 2024	30,072
Renovation works for West Kowloon Campus — Phase 3 for The Hong Kong Polytechnic University	September 2024	December 2024	12,579
Total			95,897

Overall

Contracts secured subsequent to 31 March 2025 and up to the date of the report

Contract	Commencement date	Contract value HK$'000
N/A	N/A	N/A
Total		N/A

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group employed a total of 72 staff (as at 31 March 2024: 189 staff) which included Hong Kong and Mainland China employees. The total remuneration for staff was approximately HK$49.8 million for Fy2025 (Fy2024: approximately HK$90.8 million).

The Group establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. It is to ensure that the Group is able to attract, retain and motivate executives of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industrial comparatives. The components of remuneration package consist of basic salary, allowances, benefit-inkind, fringe benefits including medical insurance and contributions to mandatory provident funds, as well as incentives like discretionary bonus. The Group also provides external training programmes which are complementary to certain job functions.

The remuneration packages of the senior management are recommended by the managing director of the respective company and approved by the Board by reference to their respective responsibilities and accountability, target achievements, business results and market competitiveness of the Group. The remuneration packages of the managerial and support staff are determined by the directors of the respective company.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy"). Under the Dividend Policy, the Board may declare dividends to the Shareholders from time to time but no dividends shall exceed the amount recommended by the Board subject to approval at general meeting, the Company's articles of association and the Companies Law of the Cayman Islands.

In accordance with the applicable requirements of the Company's articles of association and the Companies Law of the Cayman Islands, no dividend shall be declared or paid otherwise than out of profits. No distribution or dividend may be paid to the Shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

(a) the Group's actual and expected financial performance and conditions and liquidity position;

(b) the shareholder's interests;

(c) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements and future expansion plans;

(f) statutory and regulatory restrictions;

(g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy from time to time.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

(a) On 18 June 2025, the Company announced to subscribe up to HK$11,600,000 investor shares of Bayzed Health Group Inc. at its offer price in initial public offering. The details of the subscription is set out in the announcement date 18 June 2025.

(b) On 19 June 2025, the Company entered into a Sale and Purchase Agreement with a company wholly-owned by Mr. Wong (the "Purchaser"), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of Prosper Ace Investments Limited (the "Target Company"), at a consideration of HK$1. The Target Company is a wholly-owned subsidiary of the Company. The Target Company and its subsidiaries (including Magic Choice, Wan Chung, Wan Chung Engineering Company Limited and Ki Ngai Construction Engineering Limited) (collectively referred to as the "Target Group") are principally engaged in building construction and other construction related business, alterations, renovation, upgrading and fitting-out works and property maintenance.

    As the Company is indebted to the Target Group, on 19 June 2025, the Company entered into a Deed of Settlement with the Target Company and Mr. Wong. Pursuant to the Deed of Settlement, the Company shall settle the Current Accounts with the Target Company by (i) instructing Mr. Wong to pay to the Target Group for settlement of his outstanding debt with the Company; and (ii) the Company shall pay HK$15 million to the Target Company for the settlement of the remaining balance of the Current Accounts.

    A shareholders' meeting will be convened to consider and, if thought fit, to pass the resolutions to approve the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

Details of the above transactions and the conditions precedent under the Sale and Purchase Agreement are set out in the Company's announcement dated 19 June 2025.

Upon completion of the disposal of the Target Company and the completion of the Deed of Settlement, the Group will no longer be indebted to Mr. Wong.

(c) On 20 June 2025, Magic Choice, Wan Chung and Mr. Wong entered into agreements to further extend the maturity date of loans to Magic Choice and Wan Chung to 30 September 2027 at interest rate of 13% per annum with immediate effect.

Save as disclosed above, there is no other event after the reporting period that should be notified to the shareholders of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhu Feng ("Mr. Zhu Feng"), aged 53, was appointed as an executive Director, a member of the nomination committee, a member of the remuneration committee and a member of the risk management committee of the Company on 13 October 2023. Mr. Zhu was re-designated as the chairman of the nomination committee of the Company on 20 February 2025 and was appointed as the chairman of the board of directors of the Company on 19 June 2025.

Mr. Zhu Feng obtained his postgraduate degree in business administration from Central China Normal University (華中師範大學) in July 2004. Prior to joining the Company, he joined Jiangsu Suzhou Steel Group Company Limited* (江蘇蘇鋼集團有限公司) working in different roles for over 10 years from 2003 to 2016 including serving as the chief executive. Mr. Zhu Feng was then appointed in 2017, and continues to serve as, the chairman and the chief executive of Baize Group Co., Ltd* (佰澤集團有限公司), which is involved in businesses across various sectors including hospital management, import and export of goods and construction project management.

Mr. Tang Hongyang ("Mr. Tang"), aged 62, was appointed as an executive Director on 10 November 2023. Mr. Tang obtained his undergraduate degree in metal corrosion and protection engineering at the Chemistry and Chemical Engineering Department from Hunan University (湖南大學) in July 1982. Mr. Tang has more than 20 years' experience in banking, risk management and asset management. Mr. Tang worked as various senior positions at headquarter and different branches, including its Hong Kong branch, of China Minsheng Banking Corp., Ltd. from September 1997 to December 2021. Prior to joining the Company, he worked at WallStone Partners & Company Limited and was assigned to work at China Minsheng Banking Corp., Ltd., Hong Kong Branch as Special Assets Management Consultant from January 2022 to September 2023.

Mr. Zhu Xiaodong ("Mr. Zhu Xiaodong"), aged 53, was appointed as an executive Director on 2 September 2019. On 20 April 2020, he was appointed as a member of the risk management committee. Mr. Zhu Xiaodong obtained a bachelor degree in Russian language from Beijing Foreign Studies University in July 1995. Mr. Zhu Xiaodong has extensive experience in the iron and steel industry, including the import and export of steel products, the trading of raw materials for iron and steel making, and developing business relations with suppliers and customers in China and wider Asia regions. He was the trading manager of Baoshan Iron & Steel Company Ltd, a company established in the People's Republic of China engaging in the steel-making business, from July 1995 to May 2009. Mr. Zhu worked as the trading manager of H&C S Holdings Pte Ltd, a company incorporated in Singapore engaging in the iron and steel industry, from June 2009 to April 2011. He was the trading manager of SPR Resources Pte Ltd, a company incorporated in Singapore engaging in the iron and steel industry, from May 2011 to April 2012. Mr. Zhu Xiaodong served as the deputy general manager of H&C S Holding Pte Ltd. from May 2012 to August 2019.

Mr. Chau Ting Sen ("Mr. Chau"), aged 30, was appointed as an executive Director, a member of the nomination committee, a member of the remuneration committee and a member of the risk management committee of the Company on 20 February 2025. Mr. Chau obtained his undergraduate degree in science from Syracuse University in May 2017, followed by a master's degree in global management from the University of Hong Kong in June 2024. Prior to joining the Company, Mr. Chau Ting Sen joined Starlight Culture Entertainment Group Limited (now known as Smart Digital Technology Group Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1159)) as a chief investment officer assistant from July 2017 to April 2023. Mr. Chau Ting Sen also holds office as a director of Star Media Digital Technology Group Limited since April 2023, where he is primarily responsible for conducting financial marketing research and finding potential investment opportunity, project financing and preparing investment strategy.

Mr. Su Junjie ("Mr. Su"), aged 38, was appointed as an executive Director on 13 January 2025. Mr. Su completed his studies in business administration and graduated from the Shandong Trade Union Management Cadre College* (山東省工會管理幹部學院) in July 2008. Mr. Su has accumulated more than 13 years' of work experience including in the business of iron ore trading. Prior to joining the Company, Mr. Su was employed by Qingdao Guangda International Mining Co., Ltd.* (青島光大國際礦業有限公司) from 2008 to 2021, where he was promoted to be the General Manager. Subsequently, Mr. Su founded Shandong Sinopeak Investment Holdings Co., Ltd.* (山東華派 投資控股有限公司) in January 2022 and has been its chairman since then.

Mr. Fung Ka Lun ("Mr. Fung"), aged 49, was appointed as an executive Director of the Company on 13 August 2021. Mr. Fung has extensive experience in corporate management, development and finance, financial management and accounting. Mr. Fung is currently the Chief Financial Officer and Company Secretary of Richly Field China Development Limited, whose shares are listed on the Stock Exchange (stock code: 313) and a partner of Asia GreenTech Fund. Previously, Mr. Fung worked in the Investment Banking Division of UBS AG and Audit Division of KPMG respectively. From June 2010 to August 2013, Mr. Fung was an executive director of China Metal Recycling (Holdings) Limited, whose shares were listed on the Main Board of the Stock Exchange, subsequently under liquidation and cancellation of listing in February 2016. Mr. Fung is a member of the Chinese People's Political Consultative Conference of Heilongjiang Province. Mr. Fung graduated from the Imperial College of Science, Technology and Medicine, the University of London, with a Master of Science degree in Finance and is a member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Wai Kwan ("Mr. WK Wong"), aged 57, was appointed as an independent non-executive Director, a member of the audit committee, remuneration committee and the nomination committee of the Company on 22 July 2015. On 20 April 2020, he was appointed as a member of the risk management committee. On 7 May 2021, he was designated as the chairman of the audit committee. Mr. WK Wong holds a bachelor's degree in Accountancy from City University of Hong Kong and a master's degree in Business Administration from Washington University in St. Louis, U.S.A. He is a member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a fellow member of Certified Practising Accountants (Australia). Mr. WK Wong has extensive working experience in auditing and consulting areas, particularly in IPO exercise, risk management and mergers and acquisitions. During the period from August 1992 to March 2000 Mr. WK Wong was first employed by Ernst & Young's Hong Kong office as Senior Accountant in its Assurance Department and then served in Ernst & Young's Shanghai office as Manager in its Assurance Department. Mr. WK Wong served as the General Manager of the Financial Audit Department and the Managing Director of the Internal Audit Department of Shanghai Fosun High Technology (Group) Co., Ltd., a wholly-owned subsidiary of Fosun International Limited (Stock Code: 0656) from December 2011 to June 2016. Mr. WK Wong was a consultant of VideoMobile Co., Ltd (a former holding company of Vobile Group Limited (Stock Code: 3738), which is listed on the Stock Exchange) from July 2016 to June 2017.

Mr. WK Wong was an independent non-executive director, and a member of the audit committee, nomination committee and remuneration committee of Shougang Concord Technology Holdings Limited (Now known as CWT International Limited) (Stock code: 0521) during the period from June 2010 to October 2013. Mr. WK Wong was an independent non-executive director and member of the audit committee, nomination committee, remuneration committee, and the investment steering committee of Starlight Culture Entertainment Group Limited ("Starlight Culture") from September 2013 to November 2014. On 31 May 2017, he was again an independent non-executive director of Starlight Culture and was the chairman of the audit committee, a member of the nomination committee, the remuneration committee, the investment steering committee and the anti-money laundering committee of that company from May 2017 to September 2023. Mr. WK Wong was a non-executive Director of Vobile Group Limited (Stock Code: 3738) since June 2017 and was re-designated as an executive Director in June 2023.

Mr. Zhang Shengman ("Mr. Zhang"), aged 67, was appointed as an independent non-executive Director, the chairman of remuneration committee, and a member of the audit committee and the nomination committee of the Company on 28 February 2023. Mr. Zhang has over 30 years of experience in corporate and financial matters. Prior to joining the Company, from August 2016 to March 2018, Mr. Zhang served as a director of Future Land Holdings Co., Ltd.* (新城控股集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange. Future Land Holdings Co., Ltd. is a subsidiary of Future Land Development Holdings Limited 新城發展控股有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 1030), where Mr. Zhang has served as an independent non-executive director since March 2018. From May 1981 to October 1992, Mr. Zhang served various positions in the Ministry of Finance of the People's Republic of China, including as a deputy director. From November 1992 to October 2005, Mr. Zhang took up various roles in the World Bank, namely executive director for China, vice president and secretary and senior vice president, where he was responsible for the World Bank's corporate and support functions. Mr. Zhang was then promoted as managing director of the World Bank and chairman of the World Bank's operations committee, sanctions committee and corporate committee on fraud and corruption policy from January 2001 to December 2006. Subsequently, Mr. Zhang joined Citigroup (listed on the NYSE with stock code: C) in February 2006 as the chairman of the Public Sector. From February 2006 to May 2016, Mr. Zhang was the vice chairman of Global Banking and chief operating officer, president and chairman of Citigroup's Asia Pacific Region. Since December 2006, Mr. Zhang has also been an independent non-executive director of Fosun International Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 656). Mr. Zhang obtained a bachelor's degree in English literature from Fudan University in 1978 and a master's degree in public administration from University of the District of Columbia in 1986. Mr. Zhang completed the Harvard Advanced Management Program from Harvard University in June 1997.

Ms. Li Xiaoting ("Ms. Li"), aged 42, was appointed as an independent non-executive Director, a member of each of remuneration committee, the audit committee and the nomination committee of the Company on 3 May 2024.

Ms. Li obtained her undergraduate degree in economics from Fudan University in July 2005, followed by master's degrees in science obtained from École Nationale des Ponts et Chaussées (now renamed École des Ponts ParisTech) and the University of Paris X (also known as Paris Nanterre University) in May 2009, majoring in (i) Finance Engineering, and (ii) Project Finance and Structured Finance, respectively. Ms. Li has accumulated more than 17 years' experience in banking, risk management and corporate finance. Ms. Li worked at various positions including at the investment banking or corporate finance department at Daiwa Capital Markets (HK) Limited between February 2011 and June 2015, at ADS Securities Hong Kong Limited between June 2015 and May 2019 and at Quam Capital Limited (formerly known as China Tonghai Capital Limited) between May 2019 and June 2021. Prior to joining the Company, Ms. Li worked as Managing Director, Head of Greater China Coverage at Vantage Capital Markets HK Limited between June 2021 and April 2024.

SENIOR MANAGEMENT

Mr. Wong Law Fai ("Mr. LF Wong"), aged 66, is the managing director of Wan Chung Construction Company Limited. Mr. LF Wong was appointed as a director of the Company on 31 May 2011 and redesignated as an executive Director of the Company on 19 December 2011. Later Mr. LF Wong resigned as an executive Director, the chairman of the Board and authorised representative of the Company on 28 May 2013, and the chief executive officer of the Company on 10 September 2013. Mr. LF Wong has over 30 years of experience in the building construction industry of Hong Kong. Mr. LF Wong is a registered professional engineer (building) in Hong Kong, a registered professional surveyor (quantity surveying) in Hong Kong, a member of The Hong Kong Institution of Engineers, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building (the United Kingdom) and a member of The Royal Institution of Chartered Surveyors (the United Kingdom).

Mr. So Siu Cheong ("Mr. So"), aged 57, is the director of Wan Chung Construction Company Limited. Mr. So joined our Group in 2006 and has over 27 years of experience in the construction industry of Hong Kong and Macau. He also has 7 years of experience of the construction industry in Taiwan from 1999 to 2006. Mr. So is a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors (the United Kingdom). He obtained a bachelor degree of laws from the University of Wolverhampton in 2006 and a bachelor degree of science in quantity surveying from The University of Hong Kong in 1991.

Ms. Lee Wai King ("Ms. Lee"), aged 48, is the director of Wan Chung Construction Company Limited. Ms. Lee joined our Group in 1998 and has over 25 years of experience in the construction industry of Hong Kong. Ms. Lee obtained a professional diploma in occupational safety & health from the School of Continuing Education of Hong Kong Baptist University in 2010 and a bachelor degree of arts from The Chinese University of Hong Kong in 1998.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2025.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the supply chain management, provision of building construction services, property maintenance services, and alterations, renovation, upgrading and fitting-out works services. The principal activities and other particulars of the subsidiaries of the Company are set out in note 21 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement and the Management Discussion and Analysis set out on pages 4 to 6 and pages 7 to 17 of this annual report, respectively. This discussion forms part of this Directors' report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out in the five year financial summary on page 120 of this annual report. The summary does not form part of the audited consolidated financial statements.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 March 2025 and the Group's financial position as at 31 March 2025 are set out in the consolidated financial statements on pages 49 to 52.

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

SHARE REORGANIZATION

On 17 February 2023, the board of directors of the Company (the "Board") proposed to implement:

(v) share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK$0.002 ("Existing Share") each to be consolidated into one (1) consolidated shares at par value of HK$0.04 ("Consolidated Share");

(vi) to change the lot size of trading on the Stock Exchange from existing 2,000 Existing Shares into 10,000 Consolidated Shares;

(vii) to reduce the share premium account to offset the accumulated losses at the share consolidation effective date; and

(viii) capital reduction by every one (1) Consolidated Share to sub-divided into four (4) shares at par value of HK$0.01 each.

The aforesaid proposed changes can be implemented are subject to shareholder's approval and certain conditions as disclosed in the announcement on 17 February 2023 and 24 February 2023.

Extraordinary general meeting was held on 6 April 2023 and above proposed changes were approved. On 8 December 2023, all conditions precedent for the implementation of the proposed change (iv) have been fulfilled.

The proposed changes (i), (ii), (iii) and (iv) have been implemented as at 31 March 2024.

SHARE CAPITAL AND SHARE OPTION

The movement in the Company's share capital and share option during the year could be referred to note 35 and note 38 to the consolidated financial statements in this annual report.

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, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES

In addition to the retained earnings, the share premium account of the Company is distributable to its Shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business pursuant to the Companies Law of the Cayman Islands and the Companies Articles. As at 31 March 2025, the distributable reserves available for distribution to Shareholders amounted to approximately HK$50,905,000 (31 March 2024: HK$30,344,000).

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 61.9% of the total sales. The top five suppliers accounted for approximately 40.6% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 19.7% of the total sales and the Group's largest supplier accounted for approximately 11.5% of the total purchases for the year.

At no time during the year ended 31 March 2025 have the then and current Directors of the Company, their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

CHARITABLE DONATIONS

During the year ended 31 March 2025, the Group made charitable donations amounting to approximately HK$4,000 (Year ended 31 March 2024: HK$27,000).

DIRECTORS

The Directors of the Company during the year ended 31 March 2025 and up to the date of this Directors' report are:

Executive Directors:

Mr. Zhu Feng *(appointed as chairman on 19 June 2025)*
Mr. Tang Hongyang *(appointed as Chief Executive Officer on 20 February 2025)*
Mr. Zhu Xiaodong
Mr. Chau Ting Sen *(appointed on 20 February 2025)*
Mr. Su Junjie *(appointed on 13 January 2025)*
Mr. Fung Ka Lun
Mr. Chau Chit *(Chairman and Chief Executive Officer) (resigned on 20 February 2025)*

Independent Non-executive Directors:

Mr. Wong Wai Kwan
Mr. Zhang Shengman
Ms. Li Xiaoting *(appointed on 3 May 2024)*
Dr. Wong Lee Ping *(resigned on 3 May 2024)*

By virtue of articles 108(a), 108(b) and 112 of the articles of association of the Company, Mr. Chau Ting Sen, Mr. Su Junjie, Mr. Zhu Feng, Mr. Tang Hongyang and Mr. Fung Ka Lun will retire. All retiring Directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

PERMITTED INDEMNITY PROVISION

Permitted indemnity provisions (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company are currently in force and was in force during the year and at the date of this report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of the Directors and the five highest-paid individuals of the Group during the year ended 31 March 2025 are set out in notes 16(a) and 15(b) to the consolidated financial statements. The remuneration policy for Directors and senior management is set out in the Corporate Governance Report on page 37 of this annual report.

SHARE OPTION SCHEMES

On 19 December 2011, the sole shareholder of the Company adopted the share option scheme (the "2011 Scheme") by way of written resolution which would be valid for a period of ten years. On 30 September 2021, the Shareholders of the Company approved the termination of the 2011 Scheme (to the effect that no further share option shall be granted by the Company under the 2011 Scheme) and the adoption of a new share option scheme (the "2021 Scheme"), which became effective on 7 October 2021 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2021 Scheme. The share options granted under the 2011 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2011 Scheme. Details of 2011 Scheme and 2021 Scheme are as follows:

2011 Scheme

The 2011 Scheme was adopted by the sole Shareholder by way of written resolution on 19 December 2011 and was terminated on 7 October 2021. The terms of the 2011 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the share option scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

The total number of shares of the Company which may be issued as at 31 March 2025 and up to the date of the report upon exercise of all outstanding share options granted under the 2011 Scheme are 6,664,556 (Note) and 3,332,278 respectively, which represents approximately 1% and 0.5% of the shares of the Company in issue as at 31 March 2025 and up to the date of the report respectively. The 2011 Scheme was terminated on 7 October 2021, no further options can be granted under the 2011 Scheme. However, the share options granted under the 2011 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2011 Scheme.

Each of the grantees was required to pay HK$1.00 as a consideration for the grant of share options in accordance with the 2011 Scheme. The offer of share options must be accepted within 7 days from the date of the offer.

Save as disclosed above, there is no material difference in the terms, which shall be disclosed pursuant to Rule 17.09 of the Listing Rules, between the 2011 Scheme and the 2021 Scheme.

149,999,998 share options were granted on 13 August 2021 in accordance with the terms of the 2011 Scheme. There are 6,664,556 share options as at 31 March 2025 (31 March 2024: 6,664,556 share options) (Note) and 3,332,278 share options up to the date of this report. No share option was exercised or cancelled in accordance with the terms of the 2011 Scheme for the year ended 31 March 2025 and 3,332,278 share options was lapsed since 1 April 2025 and up to the date of the report. Details of movements in the share options under the 2011 Scheme for the year ended 31 March 2025 and up to the date of this report are as follows:

	Options to subscribe for shares of the Company							
Name of grantees	At the beginning of the period (Note)	Options granted during the period	At the end of the period (Note)	Options lasped during the period from 1 April 2025 up to the date of this report	At the end of the period	Date of grant	Exercise period	Exercise price per share (Note)
President of the Company								
Mr. Michael Ngai Ming Tak	3,332,278	–	3,332,278	(3,332,278)	–	13 August 2021	13 August 2021 – 12 August 2026	HK$0.6752
Director of the Company								
Mr. Fung Ka Lun	3,332,278	–	3,332,278	–	3,332,278	13 August 2021	13 August 2021 – 12 August 2026	HK$0.6752
	6,664,556	–	6,664,556	(3,332,278)	3,332,278			

Note:

The number of share options and the exercise price above have been adjusted pursuant to the share consolidation of the Company effective on 6 April 2023 and the rights issue of the Company completed on 16 April 2024.

The number of share options as at 31 March 2024 not adjusted for the rights issue of the Company completed on 16 April 2024 would be 7,499,998 (3,749,999 share options for each of Mr. Michael Ngai Ming Tak and Mr. Fung Ka Lun).

2021 Scheme

On 30 September 2021, the Shareholders of the Company approved the termination of the 2011 Scheme (to the effect that no further share option shall be granted by the Company under the 2011 Scheme) and the adoption of the 2021 Scheme, which became effective on 7 October 2021 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2021 Scheme.

The terms of the 2021 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the 2021 Scheme is to replace the 2011 Scheme and to continue to enable the Company to grant share options to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

The number of options available for grant under the 2021 Scheme as at 31 March 2025 is 37,499,999 (as at 1 April 2024: 37,499,999).

The total number of shares available for issue under the 2021 Scheme is 37,499,999 shares, representing approximately 6.03% of the total issued shares of 621,876,317 as at 31 March 2025 and up to the date of this report.

There is no option outstanding, granted, exercised, cancelled or lapsed under the 2021 Scheme since its adoption and for the year ended 31 March 2025.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2025 are set out in note 15(a) to the consolidated financial statements.

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

As at 31 March 2025, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Directors	**Capacity**	**Number of shares held** (note 1)	**Percentage of the issued share capital of the Company** (note 1)
Mr. Zhu Feng (note 2)	Beneficial owner and Interest of Controlled Corporation	174,797,650 (L)	28.11%
Mr. Su Junjie	Beneficial owner	19,700,000 (L)	3.17%
Mr. Fung Ka Lun (note 3)	Beneficial owner	3,332,278 (L)	0.54%
Mr. Wong Wai Kwan	Beneficial owner	468,750 (L)	0.08%

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 31 March 2025 and the percentage of the issued share capital of the Company is calculated on the basis of 621,876,317 shares in issue as at 31 March 2025.

2. Mr. Zhu Feng, the executive Director, is directly interested in 78,520,950 Shares and is the ultimate beneficial owner of Ensure Prestige Limited. By virtue of the SFO, Mr. Zhu Feng is deemed to be interested in the 96,276,700 Shares held by Ensure Prestige Limited. Therefore, Mr. Zhu Feng is deemed to be interested in 174,797,650 Shares

3. The interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 19 December 2011 (the "2011 Scheme"). Upon exercise of the share options, at the exercise price of HK$0.6752 (as adjusted on 16 April 2024) for each option granted, in accordance with the 2011 Scheme, ordinary shares in the share capital of the Company are issuable. The share options are personal to the director. Further details of the share options are set out in the section headed "Share Options Schemes" above.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year ended 31 March 2025 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures, of the Company or its associated corporations (within the meaning of Part XV of the SFO).

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

As at 31 March 2025, the following persons (other than Directors or chief executives of the Company as disclosed above) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules of the Stock Exchange:

Name of Shareholders	**Capacity**	**Number of Shares held** (note 1)	**Percentage of the issued share capital of the Company** (note 1)
Ensure Prestige Limited (note 2)	Beneficial owner	96,276,700 (L)	15.48%
Mega Start Limited (note 3)	Beneficial owner	46,912,500 (L)	7.54%

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 31 March 2024 and the percentage of the issued share capital of the Company is calculated on the basis of 449,999,944 shares in issue as at 31 March 2024.

2. Mr. Zhu Feng owns the entire issued share capital of Ensure Prestige Limited By virtue of the SFO, Mr. Zhu Feng is deemed to be interested in the 96,276,700 Shares held by Ensure Prestige Limited.

3. Mr. Chau Chit owns the entire issued share capital of Mega Start Limited By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 46,912,500 Shares held by Mega Start Limited.

Save as disclosed above, as at 31 March 2025, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company o5 the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2025.

MANAGEMENT CONTRACTS

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

CONTRACT OF SIGNIFICANCE

Save as disclosed in note 42 to the consolidated financial statements, no contract of significance in relation to the Group's in which the Company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2025, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONFIRMATION OF INDEPENDENCE

The Company has received an annual confirmation of independence from each of the independent non-executive Directors during the reporting period pursuant to Rule 3.13 of the Listing Rules and considers all of them were independent during the year ended 31 March 2025.

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS

The related party transactions of the Group during the year as set out in note 42 to the consolidated financial statements also constitute connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules, and the Group has compiled with the requirement in Chapter 14A of the Listing Rules.

Save as disclosed above, there was no connected transaction during the year.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 33 to 42. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report of the Company prepared in accordance with Appendix C2 (previously Appendix 27) to the Listing Rules will be published on 31 July 2025 on the websites of the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year ended 31 March 2025 and as at the date of this annual report as required under the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

(a) On 18 June 2025, the Company announced to subscribe up to HK$11,600,000 investor shares of Bayzed Health Group Inc. at its offer price in initial public offering. The details of the subscription is set out in the announcement date 18 June 2025.

(b) On 19 June 2025, the Company entered into a Sale and Purchase Agreement with a company wholly-owned by Mr. Wong (the "Purchaser"), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of Prosper Ace Investments Limited (the "Target Company"), at a consideration of HK$1. The Target Company is a wholly-owned subsidiary of the Company. The Target Company and its subsidiaries (including Magic Choice, Wan Chung, Wan Chung Engineering Company Limited and Ki Ngai Construction Engineering Limited) (collectively referred to as the "Target Group") are principally engaged in building construction and other construction related business, alterations, renovation, upgrading and fitting-out works and property maintenance.

As the Company is indebted to the Target Group, on 19 June 2025, the Company entered into a Deed of Settlement with the Target Company and Mr. Wong. Pursuant to the Deed of Settlement, the Company shall settle the Current Accounts with the Target Company by (i) instructing Mr. Wong to pay to the Target Group for settlement of his outstanding debt with the Company; and (ii) the Company shall pay HK$15 million to the Target Company for the settlement of the remaining balance of the Current Accounts.

A shareholders' meeting will be convened to consider and, if thought fit, to pass the resolutions to approve the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

Details of the above transactions and the conditions precedent under the Sale and Purchase Agreement are set out in the Company's announcement dated 19 June 2025.

Upon completion of the disposal of the Target Company and the completion of the Deed of Settlement, the Group will no longer be indebted to Mr. Wong.

(c) On 20 June 2025, Magic Choice, Wan Chung and Mr. Wong entered into agreements to further extend the maturity date of loans to Magic Choice and Wan Chung to 30 September 2027 at interest rate of 13% per annum with immediate effect.

Save as disclosed above, there is no other event after the reporting period that should be notified to the Shareholders of the Company.

AUDITORS

RSM Hong Kong ("RSM") will retire at the conclusion of the forthcoming annual general meeting ("AGM") and being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of RSM as auditor of the Company will be proposed at the forthcoming AGM.

Extract of Independent Auditor's Report on the Company's Consolidated Financial Statements for the year ended 31 March 2025

Opinion

We have audited the consolidated financial statements of Green Economy Development Limited (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 119, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, as at 31 March 2025, the Group had bank and cash balances of approximately HK$144,101,000, while loans from a related party amounted to approximately HK$207,124,000, of which approximately HK$102,124,000 and HK$105,000,000 were originally due on 31 October 2025 and 30 September 2026, respectively.

This condition indicates the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

THE BOARD'S RESPONSE TO THE AUDITOR'S OPINION

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 15 months ending 30 June 2026 on the basis that disposal of the Target Company and the Deed of Settlement will be completed and the Group will no longer be indebted to Mr. Wong. The directors are of the opinion that the Group has sufficient working capital for 15 months ending 30 June 2026.

The directors have also estimated the Group's cash requirements by preparing a Group cashflow forecast for the 15 months ending 30 June 2026 on the basis that disposal of the Target Company and the Deed of Settlement will not be completed. The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 15 months ending 30 June 2026, as the maturity dates of the loans to Magic Choice and Wan Chung are extended to 30 September 2027. After taking into account of the Group's bank deposits and cash balances amounting to HK$144,101,000 as at 31 March 2025, the Group's ability to generate operating cashflow and the extention arrangements with Mr. Wong, the available unutilised banking facilities of approximately HK$446,456,000, of which HK$48,849,000 is available be drawn down for working capital need, as at 31 March 2025, the directors therefore considered it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

The audit committee has discussed with the Company, reviewed the consolidated financial statements for the year ended 31 March 2025, and agreed with the going concern basis of preparation of the consolidated financial statements.

On behalf of the Board

Tang Hongyang
Director

Hong Kong, 27 June 2025

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the Shareholders, customers and employees of the Company. During the year ended 31 March 2025, the Board had adopted the principles and the code provisions as set out in Corporate Governance Code (the "CG Code") in Appendix C1 (previously Appendix 14) of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference and made such terms of reference available on the websites of the Stock Exchange and the Company.

Save as disclosed below, during the year ended 31 March 2025, the Company had complied with the CG Code as set out in Appendix C1 to the Listing Rules.

Code Provision C.1.6

Under code provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, two of the independent non-executive directors were unable to attend the Company's annual general meeting held on 27 September 2024.

Roles of the chairman and the chief executive

According to the code provision C.2.1 of the CG Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing.

The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, Mr. Chau Chit, for the period from 1 April 2024 to 20 February 2025.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

Financial reporting, Risk management and internal control

Auditors' opinion related to going concern and remedial actions

According to the independent auditor's report (page 43 to 48) of this annual report, the Company's auditors drew attention to material uncertainty related to going concern on the consolidated financial statements of the Company for the year ended 31 March 2025.

The followings are further information regarding the above matters:

The management's position and basis on the going concern assumption has been referred to in note 2 to the consolidated financial statements for the year ended 31 March 2025 in this Report dated 27 June 2025.

Referring to independent auditor's report (page 43 to 48) of this annual report, the management of the Company noted that the Company's auditors (the "Auditors") considered that as at 31 March 2025, the Group had bank and cash balances of approximately HK$144,101,000, while loans from a related party amounted to approximately HK$207,124,000, of which approximately HK$102,124,000 and HK$105,000,000 were originally due on 31 October 2025 and 30 September 2026, respectively.

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 15 months ending 30 June 2026 on the basis that disposal of the Target Company and the Deed of Settlement will be completed and the Group will no longer be indebted to Mr. Wong. The directors are of the opinion that the Group has sufficient working capital for 15 months ending 30 June 2026.

The directors have also estimated the Group's cash requirements by preparing a Group cashflow forecast for the 15 months ending 30 June 2026 on the basis that disposal of the Target Company and the Deed of Settlement will not be completed. The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 15 months ending 30 June 2026, as the maturity dates of the loans to Magic Choice and Wan Chung are extended to 30 September 2027. After taking into account of the Group's bank deposits and cash balances amounting to HK$144,101,000 as at 31 March 2025, the Group's ability to generate operating cashflow and the extention arrangements with Mr. Wong, the available unutilised banking facilities of approximately HK$446,456,000, of which HK$48,849,000 is available be drawn down for working capital need, as at 31 March 2025, the directors therefore considered it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

The audit committee has discussed with the management of the Company, reviewed the consolidated financial statements for the year ended 31 March 2025, and agreed with the going concern basis of preparation of the consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (previously Appendix 10) to the Listing Rules (the "Model Code"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they had complied with the Model Code during the year ended 31 March 2025.

BOARD OF DIRECTORS

Composition of the Board of Directors

As at the date of this annual report, the Board consisted nine Directors comprising six executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Zhu Feng *(Chairman)*
Mr. Tang Hongyang *(Chief Executive Officer)*
Mr. Zhu Xiaodong
Mr. Chau Ting Sen
Mr. Su Junjie
Mr. Fung Ka Lun

Independent non-executive Directors

Mr. Wong Wai Kwan
Mr. Zhang Shengman
Ms. Li Xiaoting

The biographical details of all current Directors and senior management of the Company are set out on pages 18 to 21 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among the members of the Board and/or the senior management during the reporting period.

Functions of the Board

The principal functions of the Board are to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business, the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

Directors' Re-election

By virtue of article 112 of the articles of association of the Company, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision B.2.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 108(a) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

Independent non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 3.10(1) and 3.10A of the Listing Rules. The three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance to Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmation, considers, the independent non-executive Directors to be independent.

According to the code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors and independent non-executive Directors without the executive Directors present. During the year ended 31 March 2025, the chairman had met the independent non-executive Directors without the presence of other executive Directors.

Delegation of Powers

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management needs to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out of its corporate activities. The insurance coverage is reviewed on an annual basis.

Continuing Professional Development

According to the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually updated on the legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities.

All Directors during the reporting period have participated in continuous professional development to develop and refresh their knowledge and skills through suitable trainings. The participation in such trainings is to ensure that their contribution to the Board remains informed and relevant.

BOARD COMMITTEES

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 19 December 2011 with written terms of reference which were revised on 23 September 2015 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information and risk management of the Group, oversee the financial reporting process and internal control procedures of the Group, and oversee the relationship with the Company's external auditor.

As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Wai Kwan (the chairman of the Audit Committee), Mr. Zhang Shengman, and Ms. Li Xiaoting.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the interim financial information for the six months ended 30 September 2024 and the consolidated financial statements and annual results for the year ended 31 March 2025.

During the year ended 31 March 2025, the Audit Committee held 3 meetings.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and determine the remuneration packages of individual executive Directors and senior management including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

As at the date of this report, the Remuneration Committee comprised three independent non-executive Directors, namely, Mr. Zhang Shengman (the chairman of the Remuneration Committee), Mr. Wong Wai Kwan and Ms. Li Xiaoting, and two executive Directors, namely Mr. Zhu Feng and Mr. Chau Ting Sen.

During the year ended 31 March 2025, the Remuneration Committee held 4 meetings to, inter alia, review the remuneration packages of all Directors and senior management of the Company.

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries, allowances and share options granted. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate the executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages including basic salaries and discretionary bonuses.

The current share option scheme of the Company (the "Share Option Scheme") was adopted by the Shareholders in the extraordinary general meeting held on 30 September 2021. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons will have additional incentives to improve the Company's performance.

Particulars of the emoluments of the Directors and the five highest-paid individuals of the Group during the year ended 31 March 2025 are set out in notes 16(a) and 15(b) to the consolidated financial statements.

The remuneration paid and payable to the senior management excluding Directors by band for the year ended 31 March 2025 is set out below:

Remuneration of band	Number of individuals
HK$1,000,000 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	—
HK$2,000,001 to HK$2,500,000	2
HK$2,500,001 to HK$3,000,000	—
HK$3,000,001 to HK$3,500,000	—

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 and 26 August 2013 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board succession.

The Board is empowered under the Company's articles of association to appoint any person as a Director either to fill a casual vacancy or, as an additional member of the Board. The Company has formulated the nomination policy, and factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for Director include, inter alia, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company's business. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group's business.

The Nomination Committee formulated the board diversity policy of the Company (the "Board Diversity Policy"). The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

As at the date of this report, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Wong Wai Kwan, Mr. Zhang Shengman and Ms. Li Xiaoting, and two executive Directors, namely Mr. Zhu Feng (the chairman of the Nomination Committee) and Mr. Chau Ting Sen.

During the year ended 31 March 2025, the Nomination Committee held 4 meetings to, inter alia, review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board on the appointment of Directors and assess the Board Diversity Policy.

Risk Management Committee

A Risk Management Committee was established on 20 April 2020. At the date of this report, members composed of three executive Directors and one independent non-executive Director. The Committee is responsible for assisting the Board to oversee the design, implementation and monitoring of the risk management system carried out by the management on a ongoing basis and to analyse and independently assess whether the system in managing risks is sufficient, efficient and effective.

Corporate Governance Functions

According to code provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the policies and practices on corporate governance of the Group and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management; and
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and meetings of Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee and the general meetings of the Company held during the year ended 31 March 2025 is set out in the table below:

	Number of meetings attended/entitled to attend							
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Risk Management Committee**	**Annual General Meeting**	**Extraordinary General Meeting**	**Type of training**
Executive Directors								
Mr. Zhu Feng	8/8	n/a	4/4	4/4	0/0	0/1	0/0	B
Mr. Tang Hongyang	8/8	n/a	n/a	n/a	n/a	1/1	0/0	B
Mr. Zhu Xiaodong	8/8	n/a	n/a	n/a	0/0	0/1	0/0	B
Mr. Chau Ting Sen *(appointed on 20 February 2025)*	0/0	n/a	0/0	0/0	0/0	0/0	0/0	B
Mr. Su Junjie *(appointed on 13 January 2025)*	1/1	n/a	n/a	n/a	n/a	0/0	0/0	B
Mr. Fung Ka Lun	8/8	n/a	n/a	n/a	n/a	0/1	0/0	B
Mr. Chau Chit *(resigned on 20 February 2025)*	7/8	n/a	3/4	3/4	0/0	1/1	0/0	B
Independent Non-executive Directors								
Mr. Wong Wai Kwan	7/8	3/3	3/4	3/4	0/0	0/1	0/0	A and B
Mr. Zhang Shengman	8/8	3/3	4/4	4/4	n/a	0/1	0/0	A and B
Ms. Li Xiaoting *(appointed on 3 May 2024)*	3/6	3/3	2/3	2/3	n/a	1/1	0/0	A and B
Dr. Wong Lee Ping *(resigned on 3 May 2024)*	1/2	0/0	0/1	0/1	n/a	0/0	0/0	A and B

Notes:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Apart from regular Board meetings, the Chairmen also held meetings with the independent non-executive Directors without the presence of executive Directors during the year ended 31 March 2025.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2025, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Auditor's Remuneration

During the year ended 31 March 2025, the remuneration paid or payable to the auditor of the Company, RSM Hong Kong, in respect of their audit and non-audit services was as follows:

	HK$
Audit service fee	1,655,000
Non-audit service fee	
— Agreed upon procedures service	220,000
Total	1,875,000

Risk Management and Internal Control Responsibility

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained. Management is responsible for designing, implementing and monitoring the risk management and internal control systems to manage risks. Sound and effective risk management and internal control systems are designed to identify and manage the risk of failure to achieve business objectives. The Group's risk management process include risk assessment, which constitutes the sub-processes of risk identification, analysis, evaluation, mitigation, reporting and monitoring. The Group also adopt a risk whistle-blowing policy to uphold honesty, integrity and fair play as our core values of the Group at all times.

The Company has set up Risk Management Committee to assist the Board to oversee the risk management system carried out by the management on an ongoing basis, and has appointed a compliance officer to advise on and assist the Board in overseeing the compliance of laws and regulations by the Group.

Review of Risk Management and Internal Control System

The Company has engaged an internal control consultant ("Internal Control Consultant") to conduct an internal control review on, among other things, the Company's controls in place for particular risk management processes of the Group's businesses.

Following the review process, the Company has continued to implement/enhance internal control measures/systems and the Internal Control Consultant will further perform follow-up review on the remedial actions taken by the Company.

INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the company secretary of the Company (the "Company Secretary"):

1. By mail to the Company's principal place of business at Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong;

2. By telephone number 2180 6139;

3. By fax number 2180 6125; or

4. By email at kencheung@1315.com.hk

The Company uses a number of formal communications channels to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channels between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely mannered and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The Chairmen of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision F.2.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 64 of the articles of association of the Company, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings may request an extraordinary general meeting. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a shareholder wishes to propose a person for election as a Director at a general meeting, he/she shall deposit a written notice at the Company's head office and principal place of business of the Company at Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company at Union Registrars Limited, Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong:

- a notice in writing by the Shareholder indicating the intention to propose a person for election as a Director; and

- a notice in writing by the person proposed by the Shareholder for election as a Director indicating his/her willingness to be elected.

The minimum length of the period, during which such notices may be given, will be at least 7 days.

The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The Board has established a Shareholders' communication policy on 28 March 2012 and reviews it on a regular basis to ensure its effectiveness.

In order to promote effective communication, the Company also maintains a website (http://www.greeneconomy.com.hk) which includes the latest information relating to the Group and its businesses.

COMPANY SECRETARY'S TRAINING

During the year ended 31 March 2025, Mr. Cheung Yiu Kuen has received no less than 15 hours of relevant professional training to refresh his skills and knowledge.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF GREEN ECONOMY DEVELOPMENT LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Green Economy Development Limited (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 119, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, as at 31 March 2025, the Group had bank and cash balances of approximately HK$144,101,000, while loans from a related party amounted to approximately HK$207,124,000, of which approximately HK$102,124,000 and HK$105,000,000 were originally due on 31 October 2025 and 30 September 2026, respectively.

This condition indicates the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report:

1. Revenue recognition for construction contracts; and

2. Allowance for expected credit losses on trade and bills receivables and contract assets.

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Revenue recognition for construction contracts Refer to notes 4(h), 5(i)(c), 5(ii)(a), and 8 to the consolidated financial statements. The Group provides construction services which include building construction, alterations, renovation, upgrading and fitting-out works and property maintenance. The Group recognised contract revenue from construction contracts of approximately HK$381,013,000 for the year ended 31 March 2025. The recognition of revenue for the Group's construction contracts is determined based on the progress towards completion of the performance obligation. The input method is used for building construction contracts, while the output method is applied for other construction services including alterations, renovation upgrading and fitting-out works and property maintenance.	Our procedures included: (i) Understanding the assessment process of revenue recognition of construction contracts, including the determination of percentage of completion for construction contracts and the budget costs; (ii) Assessing the inherent risk of material misstatement of revenue recognition for construction contracts by considering the degree of estimation uncertainty and level of other inherent risk factors; (iii) Evaluating the design and implementation of key controls over the revenue recognition for construction contracts;

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Revenue recognition for construction contracts (Continued) Significant management's judgement and estimates were needed to estimate the value of services delivered to date and the final outcome of each contract, including forecasting the costs to complete a contract. We identified the revenue recognition of construction contracts as a key audit matter because of the significance of the revenue to the consolidated financial statements and the significant management judgements and estimates in estimating the value of the construction works completed to date and final outcome of each contract.	Our procedures included (Continued): (iv) Testing the revenue recognised from construction contracts, on a sample basis, by: For revenue from building construction contract: — Reviewing key contract terms and agreeing the expected contract sum to signed contracts; — Assessing the reliability of the approved budgets by comparing the actual outcome against management's estimation of completed contracts; — Agreeing total budgeted costs to approved budgets, and challenging the reasonableness of key management judgements in preparing the budget; — Examining the contract costs incurred by tracing to related documents on a sample basis; — Performing cut-off testing procedures to check if the costs had been recognised in the appropriate accounting period; and — Re-calculating the proportion of the actual cost incurred relative to the estimated total cost and the revenue recognised under the input method. For revenue from alterations, renovation, upgrading and fitting-out works and property maintenance: — Reviewing key contract terms and agreeing the expected contract sum to signed contracts; — Agreeing the progress towards fulfilling the performance obligation to the certifications from the surveyors appointed by the customers for contract revenue recognised; and — Re-calculating the proportion of the revenue recognised during the year.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Allowance for expected credit losses ("ECLs") on trade and bills receivables and contract assets Refer to notes 4(u), 5(i)(d), 5(ii)(b), 6(b), 24 and 25 to the consolidated financial statements. The Group has recognised reversal of allowance for ECLs of HK$1,827,000 in aggregate on trade and bills receivables and contract assets in the current year. As set out in note 4(u) to the consolidated financial statements, the Group always recognises lifetime ECL for all trade and bills receivables and contract assets. Management assessed the allowance for ECLs with reference to the historical observed default rate, loss given default rates and forward-looking economic factors. Management was required to exercise significant judgements in grouping debtors with similar loss pattern. The impact of economic factors, both current and future, historical experience and forward-looking factors specific to the debtors were also considered in management's assessment of the likelihood of recovery from debtors. Accordingly, these areas are considered a key audit matter.	Our procedures in relation to this matter included: — Understanding of the Group's credit risk management and the assessment process of ECLs of trade and bills receivables and contract assets, evaluating the design and implementation of relevant internal controls, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; — Performing a retrospective review to evaluate the outcome of prior period assessment of ECLs of trade and bills receivables and contract assets to assess the effectiveness of management's estimation process; — Challenging the judgements made by management, including the grouping of trade and bills receivables and contract assets by considering the nature of the debtors and credit risk characteristics; — Assessing with the assistance of our valuation expert, the appropriateness of the impairment loss methodology, the relevance and reliability of the data used to determine loss rates and the appropriateness of any adjustments for forward-looking factors; — Testing the accuracy and completeness of the data used by management including the ageing of trade and bills receivables on a sample basis; and — Testing the calculation of ECLs applying the provision rates to the age categories of the trade and bills receivables and contract assets outstanding as at 31 March 2025.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE 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.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Wo Cheung (practicing certificate number: P04489).

RSM Hong Kong
Certified Public Accountants

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	8	**2,833,486**	2,934,565
Cost of sales and services		**(2,774,846)**	(2,849,631)
Gross profit		**58,640**	84,934
Other income	9	**9,610**	8,568
Other gains and losses	10	**9,343**	25
Reversal of allowance for trade and bills receivables	6(b)	**1,827**	1,993
Selling expenses		**(2,014)**	(4,327)
Administrative expenses		**(27,853)**	(43,020)
Profit from operations		**49,553**	48,173
Finance costs	12	**(27,441)**	(25,889)
Profit before tax		**22,112**	22,284
Income tax expenses	13	**(6,858)**	(4,078)
Profit for the year	14	**15,254**	18,206
Other comprehensive income for the year, net of tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,688)**	(6,877)
Other comprehensive income for the year, net of tax		**(1,688)**	(6,877)
Total comprehensive income for the year		**13,566**	11,329

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 March 2025

	Note	**2025** **HK$'000**	2024 HK$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**15,427**	18,221
Non-controlling interests		**(173)**	(15)
		15,254	18,206
Total comprehensive income for the year attributable to:			
Owners of the Company		**13,739**	11,344
Non-controlling interests		**(173)**	(15)
		13,566	11,329

	Note	**2025**	2024
Earnings per share	18		
Basic (HK cents per share)		**2.51**	4.89
Diluted (HK cents per share)		**2.51**	4.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	19	**154**	620
Goodwill		**320**	320
Right-of-use assets	20	**1,489**	2,728
Financial assets at fair value through profit or loss ("FVTPL")	22	**3,543**	4,379
		5,506	8,047
Current assets			
Inventories	23	**83,178**	70,787
Trade and other receivables	24	**238,880**	237,308
Contract assets	25	**110,224**	194,090
Financial assets at FVTPL	22	**369**	—
Amount due from a related party	30(a)	**19,591**	19,591
Pledged bank deposits	26	**65,759**	63,349
Bank and cash balances	26	**144,101**	86,688
		662,102	671,813
Current liabilities			
Trade and other payables	27	**275,541**	300,534
Lease liabilities	28	**1,186**	2,480
Contract liabilities	29	**16,432**	41,030
Amounts due to related parties	30(b)	**8,973**	11,573
Amount due to a director	31	**—**	2,330
Loans from a related party	32	**102,124**	102,124
Other loan	33	**200**	200
Current tax liabilities		**13,516**	9,455
		417,972	469,726
Net current assets		**244,130**	202,087
Total assets less current liabilities		**249,636**	210,134
Non-current liabilities			
Accruals and other payables	27	**487**	487
Lease liabilities	28	**337**	411
Loans from a related party	32	**105,000**	105,000
		105,824	105,898
NET ASSETS		**143,812**	104,236

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2025

	Note	**2025 HK$'000**	2024 HK$'000
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	35	**6,219**	4,500
Reserves		**141,787**	103,795
		148,006	108,295
Non-controlling interests		**(4,194)**	(4,059)
TOTAL EQUITY		**143,812**	104,236

Approved by the Board of Directors on 27 June 2025 and are signed on its behalf by:

Tang Hongyang
Director

Zhu Xiaodong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company										
	Issued capital HK$'000	**Share premium account** HK$'000 (note 37(b)(i))	**Share option reserve** HK$'000 (note 38)	**Foreign currency translation reserve** HK$'000 (note 37(b)(ii))	**Capital Reserve** HK$'000 (note 37(b)(iii))	**Statutory surplus reserve** HK$'000 (note 37(b)(iv))	**Other reserve** HK$'000 (note 37(b)(v))	**(Accumulated losses)/ retained earnings** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 April 2023	18,000	345,649	1,746	3,444	3,642	1,576	22,000	(299,106)	96,951	(4,044)	92,907
Total comprehensive income for the year	–	–	–	(6,877)	–	–	–	18,221	11,344	(15)	11,329
Capital reduction (note 35(b))	(13,500)	–	–	–	–	–	–	13,500	–	–	–
Transfer (note)	–	(345,649)	–	–	–	–	–	345,649	–	–	–
Changes in equity for the year	(13,500)	(345,649)	–	(6,877)	–	–	–	377,370	11,344	(15)	11,329
At 31 March 2024 and 1 April 2024	**4,500**	**–**	**1,746**	**(3,433)**	**3,642**	**1,576**	**22,000**	**78,264**	**108,295**	**(4,059)**	**104,236**
Total comprehensive income for the year	**–**	**–**	**–**	**(1,688)**	**–**	**–**	**–**	**15,427**	**13,739**	**(173)**	**13,566**
Issuance of shares by rights issue (note 35(c))	**1,719**	**24,253**	**–**	**–**	**–**	**–**	**–**	**–**	**25,972**	**–**	**25,972**
Acquisition of a subsidiary (note 39(a))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**38**	**38**
Changes in equity for the year	**1,719**	**24,253**	**–**	**(1,688)**	**–**	**–**	**–**	**15,427**	**39,711**	**(135)**	**39,576**
At 31 March 2025	**6,219**	**24,253**	**1,746**	**(5,121)**	**3,642**	**1,576**	**22,000**	**93,691**	**148,006**	**(4,194)**	**143,812**

Note: On 6 April 2023, an extraordinary general meeting was held and it was approved to reduce the amount standing to the credit of the share premium account and to apply such amount towards offsetting the accumulated losses.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**22,112**	22,284
Adjustments for:		
Finance costs	**27,441**	25,889
Interest income from bank deposits	**(5,723)**	(4,383)
Interest income from sub-contractors	**(2,546)**	(4,027)
Gain on disposals of property, plant and equipment	**(169)**	(125)
Gain on bargain purchase	**(600)**	—
Waiver of other payables	**(9,691)**	—
Fair value losses on financial assets at FVTPL	**980**	—
Depreciation of property, plant and equipment	**433**	621
Depreciation of right-of-use assets	**2,269**	3,570
Early termination of lease	**(38)**	—
Reversal of allowance for trade and bills receivables	**(1,827)**	(1,993)
Operating profit before working capital changes	**32,641**	41,836
Increase in inventories	**(13,193)**	(40,070)
(Increase)/decrease in trade and bills receivables	**(1,644)**	104,512
Decrease/(increase) in contract assets	**83,866**	(14,594)
Decrease/(increase) in prepayments, deposits and other receivables	**21,437**	(46,203)
Decrease in trade and other payables	**(35,666)**	(29,150)
(Decrease)/increase in contract liabilities	**(26,838)**	38,257
Cash generated from operations	**60,603**	54,588
Income tax paid	**(2,674)**	(2,769)
Net cash generated from operating activities	**57,929**	51,819

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(14)**	(119)
Proceeds from disposals of property, plant and equipment	**236**	125
Bank interest received	**5,723**	4,383
Acquisition of a subsidiary	**2,685**	—
Acquisition of financial assets at FVTPL	**—**	(4,379)
Increase in time deposits with original maturity of over three months when acquired, pledged as security for bank facilities	**(2,410)**	(2,352)
Net cash generate from/(used in) investing activities	**6,220**	(2,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new ordinary shares, net of	**25,972**	—
Borrowings raised	**—**	14,500
Repayment of interest expenses on bank loans and other loans	**—**	(129)
Repayment of bank overdraft interest	**(386)**	—
Repayment of other loans	**—**	(14,300)
Repayment of principal element of lease liabilities	**(2,208)**	(2,908)
Repayment of interest expenses on lease liabilities	**(126)**	(218)
Decrease in amount due to a director	**(1,800)**	—
Repayment of interest expenses on loan from a related party	**(26,926)**	(25,774)
Net cash used in financing activities	**(5,474)**	(28,829)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**58,675**	20,648
Effect of foreign exchange rate changes	**(1,262)**	(238)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**86,688**	66,278
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**144,101**	86,688
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**24,575**	17,888
Non-pledged time deposits with original maturity of less than three months when acquired	**119,526**	68,800
	144,101	86,688

1. GENERAL INFORMATION

Green Economy Development Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law (Revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company are investment holding. The principal activities of its subsidiaries are set out in note 21 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern basis

As at 31 March 2025, the Group held bank and cash balances of approximately HK$144,101,000, while the Group had outstanding loans from Mr. Wong Law Fai ("Mr. Wong"), a director of certain subsidiaries of the Company, amounted to approximately HK$207,124,000. These loans, payable by two subsidiaries, Magic Choice Holdings Limited ("Magic Choice") at HK$102,124,000 and Wan Chung Construction Company Limited ("Wan Chung") at HK$105,000,000, were originally due on 31 October 2025 and 30 September 2026, respectively.

This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

As set out in note 43(b), the Company entered into a Sale and Purchase Agreement and a Deed of Settlement on 19 June 2025 for the disposal of Prosper Ace Investments Limited (the "Target Company") and its subsidiaries, including Magic Choice and Wan Chung (the "Disposal"). Upon the successful completion of this Disposal, the Group will no longer be indebted to Mr. Wong. Up to the date of this report, the Disposal is still in progress and its completion is dependent on the fulfillment of all conditions precedent under the Sale and Purchase Agreement, including the approvals from the shareholders and the relevant authorities.

The directors of the Company have prepared these consolidated financial statements on a going concern basis, based on the assessment of the Group's cashflow forecasts for the 15 months ending 30 June 2026. The directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements for that period.

Should the Disposal not proceed, the directors of the Company considered the appropriateness of a going concern basis in the preparation of these consolidated financial statements of the Group based on the following mitigating measures, including but not limited to:

1. as set out in note 32 and note 43(c), the Group entered into agreements with Mr. Wong on 20 June 2025 to extend the maturity date for all outstanding loans to 30 September 2027, at an interest rate of 13% per annum; and

2. as set out in note 34, the Group had unutilised banking facilities of approximately HK$446,456,000 as at 31 March 2025, of which HK$48,849,000 is available for working capital purposes, subject to annual review by the banks.

Notwithstanding the above, a material uncertainty exists as to whether the Group will be able to continue as a going concern, which depends on the following:

a. the completion of the Disposal upon the fulfilment of all conditions precedent under the Sale and Purchase Agreement, including the approvals from the shareholders and the relevant authorities;

b. the Group's ability to renew or further extend the loans from Mr. Wong when they fall due on the extended maturity date of 30 September 2027; and

c. the Group's ability to draw upon its available banking facilities as and when needed, which is dependent on the continuous fulfilment of all loan covenants.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

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

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

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

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

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (Continued)

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2025 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1— Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7— Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Except the above, the directors of the Company (the "Directors") are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

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

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(d) Property, plant and equipment

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

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the shorter of lease terms or 20% to 33%
Motor vehicles	20%
Furniture, fixture and equipment	10% to 33%
Computers	33%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

To determine the incremental borrowing rate, the Group:

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

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

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

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities uses that rate as a starting point to determine the incremental borrowing rate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Leases (Continued)

(i) The Group as a lessee (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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.

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.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECLs") in accordance with the policy set out in note 4(u) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(h) Construction contracts

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

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the input method or output method.

Revenue from the building construction contracts is recognised over time, using an input method measure progress towards complete satisfaction of the services, because the Group's performance creates or enhances an asset that the customer controls as the assets is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

The Group becomes entitled to invoice customers for building construction based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade and bills receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the input method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is always less than one year.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Construction contracts (Continued)

For revenue from property maintenance works under term contract and revenue from other alterations, renovation, upgrading and fitting-out contracts, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced and thus the Group satisfies a performance obligation and recognise revenue over time, using output method by reference to completion of the specific transaction assessed on the basis of the work certified incurred up to the end of the reporting period as a percentage of total contract value for each contract.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

(i) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Equity investment

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or fair value through other comprehensive income, are recognised in profit or loss as other income.

(k) Trade and bills and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

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

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. The accounting policies adopted for specific financial liabilities and equity instruments are set out in notes below.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

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

(o) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) 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 recorded at the proceeds received, net of direct issue costs.

(q) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sales of materials is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from construction contracts is recognised in accordance with the policy set out in note 4(h) above.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(q) Revenue and other income (Continued)

Revenue from transportation services is recognised over time as customer simultaneously receives and consumes the benefit provided by the Group's performance on the delivery of service.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(r) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(s) Borrowing costs

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade and bills receivables, other receivables and contract assets, amount due from a related party, pledged bank deposits and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

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

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— significant increases in credit risk on other financial instruments of the same debtor; and

— 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.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of financial assets and contracts assets (Continued)

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

Credit-impaired financial assets

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

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

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

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of financial assets and contracts assets (Continued)

Measurement and recognition of ECL

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

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

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

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

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(w) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depend upon the successful implementation of financing plans to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position. Details are explained in note 2 to the consolidated financial statements.

(b) Principal vs agent consideration

The Group engages in trading of iron ores. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods to its customers. The Group has inventory risk and it has its own decision on price and whom it sells. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 March 2025, the Group recognised revenue relating to trading of iron ores amounted to HK$2,414,584,000 (2024: HK$2,167,991,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(c) Revenue from contracts with customers

The Group applied the judgements that significantly affect the determination of the amount and timing of revenue from contracts with customer.

The Group has recognised revenue from building construction contracts over time, using an input method; the Group has recognised revenue from property maintenance works under term contract and revenue from other alterations, renovation, upgrading and fitting-out contracts over time, using an output method, to measure progress towards complete satisfaction of the service because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. The output method recognises based on direct measurements of the value of units delivered or surveys of work performed. Both methods involve the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred, direct measurements of the value of units delivered or surveys of work performed and forecasts in relation to costs to complete.

(d) Significant increase in credit risk

As explained in note 4(u), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(ii) Key sources of estimation uncertainty

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

(a) Revenue and profit recognition

As explained in policy note 4(h), revenue from construction contract is recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 25 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year, HK$381,013,000 (2024: HK$733,933,000) of revenue from construction contracts was recognised.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(b) Impairment of trade and bills receivables and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade and bills receivables and contract assets based on the credit risk of trade and bills receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2025, the carrying amount of trade and bills receivables and contract assets were HK$100,618,000, net of allowance HK$76,000 (2024: HK$81,724,000, net of allowance HK$1,907,000) and HK$110,224,000 (2024: HK$194,090,000) respectively.

(c) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. During the year, HK$6,858,000 (2024: HK$4,078,000) of income tax was charged to profit or loss based on the estimated profit from its operations.

The carrying amount of current tax liabilities as at 31 March 2025 was HK$13,516,000 (2024: HK$9,455,000).

(d) Fair value measurement of financial investments

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investment in a private limited company established in South Korea ("Korea Private Company"), details of which are set out in note 22 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of Korea Private Company.

Whilst the Group considers the valuation is the best estimates, the latest tariff war imposed by the United States of America has resulted in greater market volatility and may affect the investee's business, which has led to higher degree of uncertainties in respect of the valuations in the current year. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments.

The carrying amount of the investment as at 31 March 2025 was HK$3,543,000 (2024: HK$4,379,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, United States dollar ("USD") and Renminbi ("RMB"), of which HK$ and RMB are the functional currencies of the Group's entities.

Since HK$ is pegged to US$, it is not likely that there will be material fluctuation in HK$/US$ exchange rate, hence the Group does not expect any significant exposure to foreign currency risk.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and bills receivables, retention receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade and bills receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group's trading terms with its customers are mainly based on the contract. Normally, the Group does not obtain collateral from customers.

Trade and bills receivables are mainly related to supply chain management and trade and bills receivables and contract assets are mainly related to construction businesses of the Group.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade and bills receivables and contract assets (Continued)

(i) Trade and bills receivables from supply chain management business

The Group measures loss allowances for trade and bills receivables for supply chain management business at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECL for trade and bills receivables for supply chain management business as at 31 March 2025:

	2025		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**0.00%**	**112**	**–**
1–30 days past due	**0.00%**	**14,960**	**–**
31–90 days past due	**0.00%**	**3**	**–**
More than 90 days past due	**0.10%**	**78,412**	**76**
		93,487	**76**

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

	2024		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.00%	10,657	–
1–30 days past due	0.13%	58,292	76
31–90 days past due	0.13%	709	–
More than 90 days past due	14.69%	13,973	1,831
		83,631	1,907

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade and bills receivables and contract assets (Continued)

(i) Trade and bills receivables from supply chain management business (Continued)

Movement in the loss allowance account in respect of trade and bills receivables for trading of material business during the year is as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**1,907**	4,091
Reversal of allowance recognised for the year	**(1,827)**	(1,993)
Exchange differences	**(4)**	(191)
At end of the year	**76**	1,907

The loss allowance decreased because of lower trade and bills receivables balance caused by more customers arranged earlier settlement of trade and bills receivables.

(ii) Trade and bills receivables and contract assets from construction business

The expected loss rates for trade and bills receivables and contract assets under construction business are remote since trade and bills receivables and contract assets are due from several major customers which are mainly from public sector in Hong Kong and no default from these customers has happened in the past. Therefore, no loss allowance has been made with respect to trade and bills receivables and contract assets from construction business as at 31 March 2025 (2024: same).

At 31 March 2025, the Group has certain concentration of credit risk as 67% (2024: 71%) and 99% (2024: 96%) of the total trade and bills receivables was due from the largest trade customer and five largest trade customers respectively.

Other financial assets at amortised cost

Other financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Other instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include other receivables, amount due from a related party, pledged bank deposits and restricted cash and bank and cash balances.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand HK$'000	Less than 1 year HK$'000	Between 1 and 2 year HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 March 2025					
Trade and retention payables	**—**	**108,839**	**4,944**	**—**	**113,783**
Accruals and other payables	**2,600**	**159,158**	**487**	**—**	**162,245**
Amounts due to related parties	**8,973**	**—**	**—**	**—**	**8,973**
Loans from a related party	**—**	**129,050**	**118,463**	**—**	**247,513**
Other loan	**200**	**—**	**—**	**—**	**200**
Lease liabilities	**—**	**1,237**	**340**	**—**	**1,577**
At 31 March 2024					
Trade and retention payables	—	89,986	8,002	—	97,988
Accruals and other payables	—	202,546	487	—	203,033
Amounts due to related parties	11,573	—	—	—	11,573
Amount due to a director	2,330	—	—	—	2,330
Loans from a related party	—	123,521	111,825	—	235,346
Other loan	200	—	—	—	200
Lease liabilities	—	2,566	421	—	2,987

(d) Interest rate risk

The Group's pledged deposits, time deposits and other borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest rate risk arises from its bank deposits other than above. These deposits bear interests at variable rates varied with the then prevailing market condition.

However, management has assessed that the impact of potential fluctuations in market interest rates on the Group's financial performance and position is not significant. Accordingly, no detailed sensitivity analysis or further quantitative disclosures are presented, as the interest rate risk is considered immaterial.

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments at 31 March

	2025 HK$'000	2024 HK$'000
Financial assets:		
Financial assets at FVTPL	**3,912**	4,379
Financial assets at amortised cost	**452,165**	511,153
Financial liabilities:		
Financial liabilities at amortised cost	**492,325**	522,248

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 31 March:

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2025 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
— Unlisted equity investment	**—**	**—**	**3,543**	**3,543**
— Listed equity investment	**369**	**—**	**—**	**369**

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2024 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
— Unlisted equity investment	—	—	4,379	4,379

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at FVTPL-unlisted equity securities HK$'000
At 1 April 2024	—
Purchases	4,379
At 31 March 2024 and 1 April 2024	4,379
Charge in fair value	(836)
At 31 March 2025	3,543

The total gain or loss recognised in profit or loss including those assets held at end of reporting period are represented in other gain or loss in the consolidated statement of profit or loss and other comprehensive income.

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2025:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least once a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2025 HK$'000 Assets	Fair value 2024 HK$'000 Assets
Private equity investments classified as financial assets at FVTPL	Market approach	Discount for lack of marketability	5.2%	Decrease	**3,549**	4,379

8. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Supply chain management		
— Transportation service income	**37,889**	32,641
— Trading of materials	**2,414,584**	2,167,991
	2,452,473	2,200,632
— Building construction and other construction related business	**1,360**	1,963
— Alterations, renovation, upgrading and fitting-out works	**44,541**	116,177
— Property maintenance	**335,112**	615,793
	2,833,486	2,934,565

8. REVENUE (Continued)

(a) Disaggregation of revenue (Continued)

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major products or service lines and geographical regions:

For the year ended 31 March	Trading of materials 2025 HK$'000	Trading of materials 2024 HK$'000	Transportation service income 2025 HK$'000	Transportation service income 2024 HK$'000	Building construction and other construction related business 2025 HK$'000	Building construction and other construction related business 2024 HK$'000	Alterations, renovation, upgrading and fitting-out works 2025 HK$'000	Alterations, renovation, upgrading and fitting-out works 2024 HK$'000	Property maintenance 2025 HK$'000	Property maintenance 2024 HK$'000	Total 2025 HK$'000	Total 2024 HK$'000
Primary geographical markets												
Hong Kong	**265,412**	158,583	**–**	–	**1,360**	1,963	**44,541**	116,177	**335,112**	615,793	**646,425**	892,516
The people's Republic of China (the "PRC") except Hong Kong	**2,149,172**	2,009,408	**37,889**	32,641	**–**	–	**–**	–	**–**	–	**2,187,061**	2,042,049
Revenue from external customers	**2,414,584**	2,167,991	**37,889**	32,641	**1,360**	1,963	**44,541**	116,177	**335,112**	615,793	**2,833,486**	2,934,565
Timing of revenue recognition												
Goods and services transferred at a point in time	**2,414,584**	2,167,991	**–**	–	**–**	–	**–**	–	**–**	–	**2,414,584**	2,167,991
Services transferred over time	**–**	–	**37,889**	32,641	**1,360**	1,963	**44,541**	116,177	**335,112**	615,793	**418,902**	766,574
Total	**2,414,584**	2,167,991	**37,889**	32,641	**1,360**	1,963	**44,541**	116,177	**335,112**	615,793	**2,833,486**	2,934,565

(b) 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 the expected timing of recognising revenue as follows:

	Construction contracts 2025 HK$'000	Construction contracts 2024 HK$'000
Within one year	**42,901**	706,227
More than one year but not more than two years	**–**	35,459
	42,901	741,686

The Group has applied the practical expedient in paragraph 121(b) of HKFRS 15 to its sales contracts for trading of materials and transportation services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts trading of materials and transportation services that had an original expected duration of one year or less.

8. REVENUE (Continued)

(b) Transaction price allocated to the remaining performance obligation for contracts with customers (Continued)

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 such that the Group need not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

9. OTHER INCOME

	2025 **HK$'000**	2024 HK$'000
Interest income from:		
Bank deposits	**5,723**	4,383
Sub-contractors	**2,546**	4,027
Total interest income	**8,269**	8,410
Government grants	**88**	27
Others	**1,253**	131
	9,610	8,568

10. OTHER GAINS AND LOSSES

	2025 **HK$'000**	2024 HK$'000
Gain on bargain purchase	**600**	—
Gain on early termination of lease	**38**	—
Fair value loss on financial assets at FVTPL	**(980)**	—
Gain on disposal of property, plant and equipment	**169**	125
Waiver of amount due to a director	**530**	—
Waiver of other payables	**9,161**	—
Net foreign exchange loss	**(175)**	(100)
	9,343	25

11. SEGMENT INFORMATION

As at 31 March 2025, the Group has four reportable segments as follows:

(a) Supply chain management — engaged in sales and provision of materials, the relevant transportation of materials and potential accessary services

(b) Building construction and other construction related business — engaged in provision of construction services

(c) Alterations, renovation, upgrading and fitting-out works — engaged in provision of alteration, renovation, upgrading and fitting-out works for public sectors

(d) Property maintenance — engaged in provision of maintenance works for public sectors

During the year ended 31 March 2025, the senior executive management revisited its internal reporting structure. For the purpose of resource allocation and performance evaluation, the previously reportable segments, "Trading of materials" and "Transportation services," have been combined into a new segment named "Supply chain management." As a result of this change, the comparative segment information for the year ended 31 March 2024 has been re-presented to align with the current year's presentation.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include unallocated administrative expenses, certain other income, other gains and losses, finance costs and income tax expenses. Segment assets do not include certain property, plant and equipment, certain right-of-use assets, financial assets at FVTPL, certain other receivables, amount due from a related party, pledged bank deposits and bank and cash balances. Segment non-current assets do not include financial assets at FVTPL. Segment liabilities do not include certain lease liabilities, amounts due to related parties, amount due to a director, loans from a related party, certain trade and other payables and current tax liabilities.

11. SEGMENT INFORMATION (Continued)

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(i) Information about reportable segments profit or loss, assets and liabilities:

	Supply chain management HK$'000	Building construction and other construction related business HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Property maintenance HK$'000	Total HK$'000
Year ended 31 March 2025					
Revenue from external customers	**2,452,473**	**1,360**	**44,541**	**335,112**	**2,833,486**
Segment profit	**25,124**	**356**	**2,896**	**32,731**	**61,107**
Interest revenue	**46**	**–**	**128**	**2,418**	**2,592**
Depreciation	**974**	**–**	**–**	**291**	**1,265**
Reversal of allowance for trade and bills receivables	**(1,827)**	**–**	**–**	**–**	**(1,827)**
Capital expenditure	**9**	**–**	**–**	**–**	**9**
At 31 March 2025					
Segment assets	**277,632**	**–**	**29,166**	**124,914**	**431,712**
Segment liabilities	**(111,531)**	**(1,573)**	**(23,222)**	**(29,813)**	**(166,139)**

	Supply chain management HK$'000 (Re-presented)	Building construction and other construction related business HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Property maintenance HK$'000	Total HK$'000
Year ended 31 March 2024					
Revenue from external customers	2,200,632	1,963	116,177	615,793	2,934,565
Segment profit	37,580	1,711	13,508	33,979	86,778
Interest revenue	14	–	716	3,317	4,047
Depreciation	931	–	–	378	1,309
Reversal of allowance for trade and bills receivables	(1,993)	–	–	–	(1,993)
Capital expenditure	1,022	–	–	–	1,022
At 31 March 2024					
Segment assets	267,691	7,570	37,829	189,695	502,785
Segment liabilities	(115,312)	(2,783)	(51,128)	(150,383)	(319,606)

11. SEGMENT INFORMATION (Continued)

(ii) Reconciliations of segment revenue and profit or loss:

	2025 HK$'000	2024 HK$'000
Revenue		
Consolidated revenue	**2,833,486**	2,934,565
Profit or loss		
Total profit or loss of reportable segments	**61,107**	86,778
Unallocated amounts:		
Other income	**6,956**	4,390
Other gains and losses	**9,343**	25
Administrative expenses	**(27,853)**	(43,020)
Finance costs	**(27,441)**	(25,889)
Consolidated profit before tax	**22,112**	22,284

Reconciliation of segment assets and liabilities:

	2025 HK$'000	2024 HK$'000
Assets		
Total assets of reportable segments	**431,712**	502,785
Unallocated amounts:		
Unallocated head office and corporate assets	**235,896**	177,075
Consolidated total assets	**667,608**	679,860
Liabilities		
Total liabilities of reportable segments	**166,139**	319,606
Unallocated amounts:		
Unallocated head office and corporate liabilities	**357,657**	256,018
Consolidated total liabilities	**523,796**	575,624

11. SEGMENT INFORMATION (Continued)

(iii) Geographical information:

Information about the Group's non-current assets by location of assets are detailed below:

	Non-current assets	
	2025	2024
	HK$'000	HK$'000
Hong Kong	**1,624**	3,344
The PRC except Hong Kong	**339**	324
Consolidated total	**1,963**	3,668

(iv) Revenue from major customers:

	2025 **HK$'000**	2024 HK$'000
Supply chain management segment		
Customer A	**559,296**	1,114,477
Customer C	**357,694**	—
Building construction and other construction related business and property maintenance segments		
Customer B	**348,884**	627,068

12. FINANCE COSTS

	2025 **HK$'000**	2024 HK$'000
Interest expenses on loans from a related party	**26,926**	25,402
Interest expenses on bank loans and other loans	**231**	269
Interest expenses on lease liabilities (note 20)	**284**	218
	27,441	25,889

13. INCOME TAX EXPENSES

Income tax has been recognised in profit or loss as follows:

	2025 HK$'000	2024 HK$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	**4,249**	3,957
Under-provision in prior years	**3**	—
	4,252	3,957
Current tax — PRC Enterprise Income Tax		
Provision for the year	**2,603**	132
Over-provision in prior years	**3**	(11)
	2,606	121
	6,858	4,078

Pursuant to the rules and regulations of the Cayman Islands, Republic of Seychelles and the British Virgin Islands, the Group is not subject to any income tax in these regions.

Under the two-tiered profits tax regime, Profits Tax rate for the first HK$2 million of assessable profits of qualifying group entity derived in Hong Kong will be taxed at 8.25% (2024: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. For the other subsidiaries operating in Hong Kong, Hong Kong Profit Tax has been provided at a rate 16.5% (2024: 16.5%) on the estimated assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2024: 25%). Pursuant to relevant laws and regulations in the PRC, the effective EIT rate for a subsidiary which qualified as small and micro enterprises is 2.5% for assessable profits below RMB1 million and 5% for assessable profits between RMB1 million and RMB3 million for the year ended 31 March 2025 and 2024.

13. INCOME TAX EXPENSES (Continued)

The reconciliation between the income tax expenses and the product of profit before tax multiplied by the applicable tax rates is as follows:

	2025 HK$'000	2024 HK$'000
Profit before tax	**22,112**	22,284
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	**4,995**	6,456
Tax effect of income that is not taxable	**(759)**	(321)
Tax effect of expenses that are not deductible	**4,912**	4,766
Tax effect of tax losses not recognised	**426**	1,925
Tax effect of utilisation of tax losses not previously recognised	**(2,394)**	(8,127)
Tax effect on two-tiered profits tax regime	**(165)**	(165)
Tax effect of temporary difference	**55**	66
Tax reduction	**(218)**	(511)
Over-provision in prior years	**6**	(11)
Income tax expenses	**6,858**	4,078

At the end of the reporting year the Group has unused tax losses of HK$62,427,000 (2024: HK$88,619,000) available for offset against future profits. No deferred tax asset has been recognised in respect of HK$62,427,000 (2024: HK$88,619,000) due to the unpredictability of future profit streams. The unrecognised tax losses of approximately HK$61,353,000 (2024: HK$82,662,000) may be carried forward infinitively while HK$1,074,000 (2024: HK$5,957,000) unrecognised tax losses will expire in five years.

14. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2025 HK$'000	2024 HK$'000
Auditor's remuneration		
— Audit services	1,655	1,722
— Non-audit services	220	520
	1,875	2,242
Cost of services provided	385,527	719,434
Cost of inventories sold	2,389,319	2,130,197
Depreciation of property, plant and equipment	433	621
Depreciation of right-of-use assets	2,269	3,570
Gain on disposal of property, plant and equipment	(169)	(125)
Net foreign exchange loss	175	100
Expenses relating to short-term lease and leases of low value assets	243	246

15. EMPLOYEE BENEFITS EXPENSE

	2025 HK$'000	2024 HK$'000
Staff costs (including directors' emoluments)		
— Salaries, bonuses and allowances	48,584	88,871
— Retirement benefit scheme contributions	1,240	1,974
	49,824	90,845

(a) Pensions — defined contribution plans

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the People's Republic of China, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

15. EMPLOYEE BENEFITS EXPENSE (Continued)

(a) Pensions — defined contribution plans (Continued)

The Group operates a Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

During the years ended 31 March 2025 and 2024, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 March 2025 and 2024 under the PRC Retirement Scheme and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

Contributions totalling HK$1,240,000 (2024: HK$1,974,000) were payable to the fund at the year-end.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included two directors (2024: one director) whose emoluments are reflected in the analysis presented in note 16. The emoluments of the remaining three (2024: four) individuals are set out below:

	2025 HK$'000	2024 HK$'000
Basic salaries and allowances	**7,498**	5,940
Discretionary bonuses	**669**	2,920
Retirement benefit scheme contributions	**51**	72
	8,218	8,932

The emoluments fell within the following band:

	Number of individuals	
	2025	2024
HK$1,000,000 to HK$1,500,000	**1**	—
HK$1,500,001 to HK$2,000,000	**—**	2
HK$2,000,001 to HK$2,500,000	**2**	1
HK$2,500,001 to HK$3,000,000	**—**	—
HK$3,000,001 to HK$3,500,000	**—**	1

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director is set out below:

Name of director	For the year ended 31 March 2025 Fees HK$'000	Salaries and allowances HK$'000	Discretionary Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr. Chau Chit (note (g))	**—**	**—**	**—**	**—**	**—**
Mr. Zhu Xiaodong	**—**	**1,200**	**—**	**—**	**1,200**
Mr. Fung Ka Lun	**1,200**	**—**	**—**	**—**	**1,200**
Mr. Zhu Feng (note (a))	**—**	**660**	**—**	**18**	**678**
Mr. Tang Hongyang (note (b)) (Chief Executive Officer)	**—**	**720**	**—**	**18**	**738**
Mr. Su Junjie (note (c))	**157**	**—**	**—**	**5**	**162**
Mr. Chau Ting Sen (note (d))	**33**	**—**	**—**	**—**	**33**
			—		
Independent non-executive directors			**—**		
Mr. Wong Wai Kwan	**228**	**—**	**—**	**—**	**228**
Dr. Wong Lee Ping (note (e))	**21**	**—**	**—**	**—**	**21**
Ms. Li Xiaoting (note (f))	**219**	**—**	**—**	**—**	**219**
Mr. Zhang Shengman	**228**	**—**	**—**	**—**	**228**
Total for 2025	**2,086**	**2,580**	**—**	**41**	**4,707**

Name of director	For the year ended 31 March 2024 Fees HK$'000	Salaries and allowances HK$'000	Discretionary Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr. Chau Chit (Chief Executive) (note (g))	—	2,400	—	—	2,400
Mr. Zhu Xiaodong	—	1,200	—	—	1,200
Mr. Fung Ka Lun	1,200	—	—	—	1,200
Dr. Zhu Dashu (note (h))	240	—	—	—	240
Mr. Zhu Kai (note (i))	192	—	—	—	192
Mr. Zhu Feng (note (a))	—	309	—	8	318
Mr. Tang Hongyang (note (b))	—	280	—	9	288
			—		
Independent non-executive directors			—		
Mr. Wong Wai Kwan	228	—	—	—	228
Dr. Wong Lee Ping (note (e))	228	—	—	—	228
Mr. Zhang Shengman	228	—	—	—	228
Total for 2024	2,316	4,189	—	17	6,522

16. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Notes:

(a) Mr. Zhu Feng was appointed on 13 October 2023.

(b) Mr. Tang Hongyang was appointed on 10 November 2023 and appointed as Chief Executive Officer on 20 February 2025.

(c) Mr. Su Junjie was appointed on 13 January 2025.

(d) Mr. Chau Ting Sen was appointed on 20 February 2025.

(e) Dr. Wong Lee Ping resigned on 3 May 2024.

(f) Ms. Li Xiaoting was appointed on 3 May 2024.

(g) Mr. Chau Chit resigned on 20 February 2025.

(h) Dr. Zhu Dashu resigned on 10 November 2023.

(i) Mr. Zhu Kai resigned on 13 October 2023.

During the year, Mr. Chau Chit has voluntarily waived his entitlement to director's emolument amounted to HK$6,000,000 for the period from 22 July 2015 upon the date of his resignation 20 February 2025 (2024: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

Save for those disclosed in note 42 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. DIVIDENDS

The directors do not recommend the payment for any dividend for the year ended 31 March 2025 (2024: Nil).

18. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2025 **HK$'000**	2024 HK$'000
Earnings for the purpose of calculating basic and diluted earnings per share	**15,427**	18,221
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**615,284**	372,736

As the effect of the Company's outstanding share options were anti-dilutive, the Company did not include the effect of such dilutive potential ordinary shares arising from the outstanding share options in the weighted average number of ordinary shares for the purpose of calculating diluted earnings per share during the years ended 31 March 2025 and 2024.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixture and equipment HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2023	1,633	1,330	4,691	5,342	12,996
Additions	4	82	33	—	119
Disposals	—	—	—	(824)	(824)
Written off	(6)	(66)	(577)	—	(649)
Exchange differences	—	—	(4)	—	(4)
At 31 March 2024 and 1 April 2024	1,631	1,346	4,143	4,518	11,638
Additions	—	—	14	—	14
Acquisition of subsidiaries (note 39(a))	—	4	16	—	20
Disposals	—	—	—	(742)	(742)
Written off	(1,615)	—	—	—	(1,615)
Exchange differences	—	—	(1)	—	(1)
At 31 March 2025	16	1,350	4,172	3,776	9,314
Accumulated depreciation					
At 1 April 2023	1,620	1,304	4,451	4,499	11,874
Charge for the year	6	47	162	406	621
Disposals	—	—	—	(824)	(824)
Written off	(6)	(66)	(577)	—	(649)
Exchange differences	—	—	(4)	—	(4)
At 31 March 2024 and 1 April 2024	1,620	1,285	4,032	4,081	11,018
Charge for the year	7	45	99	282	433
Disposals	—	—	—	(675)	(675)
Written off	(1,615)	—	—	—	(1,615)
Exchange differences	—	—	(1)	—	(1)
At 31 March 2025	12	1,330	4,130	3,688	9,160
Carrying amount					
At 31 March 2025	**4**	**20**	**42**	**88**	**154**
At 31 March 2024	11	61	111	437	620

20. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 1 April 2023	4,072
Additions	1,300
Lease modifications	926
Depreciation	(3,570)
At 31 March 2024 and 1 April 2024	2,728
Additions	1,543
Depreciation	(2,269)
Early termination	(513)
At 31 March 2025	1,489

	2025 HK$'000	2024 HK$'000
Depreciation expenses on right-of-use assets	**2,269**	3,570
Interest expense on lease liabilities (included in finance costs)	**284**	218
Expenses relating to short-term lease (included in cost of sales and services and administrative expenses)	**27**	27
Expenses relating to leases of low value assets (included in cost of sales and services and administrative expenses)	**216**	219
Gain on early termination of lease	**38**	—

Details of total cash outflow for leases is set out in note 39(c).

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term from 2 to 3 years (2024: 2 to 3 years), but may have extension options to extend the lease contract of properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

21. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2025 are as follows:

Name	Place of incorporation/ registration and business/ kind of legal entity	Issued/ registered and paid up capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Prosper Ace Investments Limited	BVI/Company limited by shares	US$10,000	100%	–	Investment holding
Wan Chung	Hong Kong/Limited liability company	HK$130,000,000	–	100%	(note (i))
Wan Chung Engineering Company Limited	Hong Kong/Limited liability company	HK$11,010,000	–	100%	(note (ii))
Ki Ngai Construction Engineering Limited	Hong Kong/Limited liability company	HK$11,200,000	–	51%	Provision of property maintenance services
Great Genius Ventures Limited	BVI/Company limited by shares	US$1	–	100%	Investment holding
Hong Kong Dakyun International Trade Company Limited	Hong Kong/Limited liability company	HK$100	–	100%	Trading of iron ores
江蘇允順供應鏈管理有限公司 Jiangsu Yun Shun Supply Chain Management Co., Ltd (note (iv))	The PRC/ (note (iii))	RMB100,000,000	–	100%	Trading of iron ores
江蘇建澤物流有限公司 Jiangsu Jianze Logistics Co., Ltd (note (iv))	The PRC/Limited liability company	RMB5,400,000	–	100%	Provision of transportation and related services
Glorious Cosmos Limited	Republic of Seychelles/ Company limited by shares	US$1	–	100%	Investment holding
日照中礦新能源科技有限公司 Rizhao Zhongkuang New Energy Technology Co., Ltd (Note (iv))	The PRC/ (note (v))	–	–	85%	Trading of iron ores

Notes:

(i) The principal activities of these subsidiaries consisted of the provision of property maintenance services, building construction works, and alterations, renovation, upgrading and fitting-out works.

(ii) The principal activities of this subsidiary consisted of the provision of building construction works and alterations, renovation, updating and fitting-out works.

(iii) Wholly-foreign-owned enterprises under laws of the PRC.

(iv) For identification purpose.

(v) Sino-foreign joint venture enterprise under laws of the PRC.

22. FINANCIAL ASSETS AT FVTPL

	2025 HK$'000	2024 HK$'000
Listed investments, at fair value — Equity Securities	**369**	—
Unlisted equity instruments	**3,543**	4,379
	3,912	4,379
Analysed as:		
Non-current assets	**3,543**	4,379
Current assets	**369**	—
	3,912	4,379

On 26 January 2024, the Group acquired 6.85% equity interests in a private limited company, established in South Korea, from two independent shareholders at an aggregate consideration of KRW741,500,000 (equivalent to HK$4,379,000). The equity investments are not held for trading, and the directors do not designate which to be recognised at fair value through other comprehensive income (non-recycling). Therefore, the carrying amounts of the above financial assets are mandatorily measured at FVTPL in accordance with HKFRS 9.

The fair value of the listed securities are based on current bid prices and denominated in HK$.

23. INVENTORIES

	2025 HK$'000	2024 HK$'000
Trading inventories	**83,178**	70,787

24. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade and bills receivables	**100,694**	83,631
Less: allowance (note 6(b))	**(76)**	(1,907)
	100,618	81,724
Prepayments	**80,536**	89,873
Deposit to suppliers	**45,854**	52,514
Other deposits	**2,015**	3,426
Deposit for performance bonds (note)	**9,725**	9,771
Others	**132**	—
	138,262	155,584
	238,880	237,308

Note: As at 31 March 2025, approximately HK$92,000 (2024: HK$92,000) of deposits were pledged to insurance company to secure the performance bonds.

The Group's trading terms with other customers are mainly based on the contract terms. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2025 HK$'000	2024 HK$'000
0 to 90 days	**21,984**	70,453
91 to 180 days	**66,160**	448
181 to 365 days	**10,137**	10,193
Over 365 days (note)	**2,337**	630
	100,618	81,724

Note: Amount of HK$1,790,000 has been settled subsequently before the date of authorising of consolidated financial statements of 2025.

24. TRADE AND OTHER RECEIVABLES (Continued)

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK$	**7,207**	10,278
RMB	**81,842**	61,256
USD	**11,569**	10,190
	100,618	81,724

25. CONTRACT ASSETS

	2025 HK$'000	2024 HK$'000
Arising from performance under		
— Alterations, renovation, upgrading and fitting-out works	**–**	5,526
— Building construction	**–**	7,597
— Property maintenance	**98,933**	165,980
	98,933	179,103
Retention receivables	**11,291**	14,987
	110,224	194,090

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group has right to receive consideration for work completed and not yet billed because the rights are conditional upon certification. The contract assets are transferred to the trade and bills receivables when the rights become unconditional.

No revenue was recognised during the year from performance obligations satisfied (or partially satisfied) in previous period.

The amount of contract assets that is expected to be recovered after more than one year is HK$8,579,000 (2024: HK$10,211,000).

26. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

	2025 HK$'000	2024 HK$'000
Bank and cash balances	**24,575**	7,840
Time deposits at bank mature within three months	**119,526**	78,848
	144,101	86,688
Pledged bank deposits	**65,759**	63,349

As at 31 March 2025, the Group's time deposits and pledged deposits borne fixed interest rates ranging from 1.93% to 3.4% (2024: 3.05% to 4.40%) and with fixed maturity which expose the Group to fair value interest rate risk.

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK$	**120,529**	80,185
RMB	**18,085**	6,267
Others	**5,487**	236
	144,101	86,688

All pledged bank deposits are denominated in HK$.

As at 31 March 2025, the bank and cash balances of the Group denominated in RMB amounted to HK$18,085,000 (2024: HK$6,267,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

27. TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables	**96,796**	78,744
Retention payables	**16,987**	19,244
	113,783	97,988
Accruals expense (note)	**12,126**	19,653
Accrued project cost	**121,781**	158,317
Other tax payables	**15,767**	16,671
Provision for unused annual leaves	**3,502**	3,502
Others	**9,069**	4,890
	162,245	203,033
Less: non-current portion	**(487)**	(487)
	161,758	202,546
	275,541	300,534

Note: Included in balance of which HK$152,000 (2024: HK$140,000) represents the interest payable on the other loans as set out in note 33.

The ageing analysis of trade payables based on the date of receipt of goods or services consumed, is as follows:

	2025 HK$'000	2024 HK$'000
0 to 90 days	**23,257**	48,224
91 to 180 days	**16,967**	—
181 to 365 days	**32,671**	15,026
Over 365 days	**23,901**	15,494
	96,796	78,744

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK$	**23,510**	26,666
RMB	**66,284**	37,052
USD	**7,002**	15,026
	96,796	78,744

28. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Within one year	**1,237**	2,566	**1,186**	2,480
More than one year, but not exceeding two years	**340**	421	**337**	411
	1,577	2,987	**1,523**	2,891
Less: Future finance charges	**(54)**	(96)	**N/A**	N/A
Present value of lease obligations	**1,523**	2,891	**1,523**	2,891
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,186)**	(2,480)
Amount due for settlement after 12 months			**337**	411

The weighted average incremental borrowing rates applied to lease liabilities range from 3.63% to 7.00% (2024: from 3.63% to 7.00%).

Lease liabilities are denominated in HK$.

29. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Contract liabilities		
— Construction services	**1,176**	791
— Delivery of materials	**15,256**	40,239
	16,432	41,030

Contract liabilities relating to construction services and delivery of materials are related short-term advances received to render construction services and receipts in advance from customers for purchasing iron ores, cast iron and coal.

29. CONTRACT LIABILITIES (Continued)

Movements in contract liabilities:

	2025 HK$'000	2024 HK$'000
Balance at 1 April	**41,030**	3,203
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	**(40,193)**	(2,727)
Increase in contract liabilities as a result of billing in advance of delivery of materials/construction services	**15,286**	40,984
Exchange difference	**309**	(430)
Balance at 31 March	**16,432**	41,030

30. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Due from a related party

The amount represented the amount paid by the Group on behalf of Mr. Wong for the compensation recharged by insurance companies regarding the performance bonds issued for securing construction projects of Wan Chung Construction (Singapore) Pte. Ltd. ("Wan Chung Singapore"), which are back-to-back guaranteed by Mr. Wong. Since Wan Chung Singapore went into liquidation and certain on-going incomplete projects were also suspended during the year ended 31 March 2023, the customers of those incomplete projects demanded insurance companies to compensate for those unsatisfactory performance of Wan Chung Singapore.

(b) Due to related parties, which are:

	2025 HK$'000	2024 HK$'000
Mega Start Limited ("Mega Start") (note (i))	**–**	(2,600)
Mr. Wong (note (ii))	**(8,973)**	(8,973)
	(8,973)	(11,573)

Notes:

(i) The balance is unsecured, interest-free and repayable on demand.

(ii) Included in the balance of which HK$295,000 (2024: HK$295,000) represents the interest payable on the loans from Mr. Wong, a director of certain subsidiaries of the Company, as set out in note 32. The remaining balance of HK$8,678,000 (2024: HK$8,678,000) is unsecured, interest-free and repayable on demand.

31. AMOUNT DUE TO A DIRECTOR

The balance was unsecured, interest-free and had no fixed repayment term.

32. LOANS FROM A RELATED PARTY

As at 31 March 2022, the loans from a related party were advanced by Mr. Wong to the Company's wholly-owned subsidiaries, namely Magic Choice and Wan Chung. The loans were unsecured and bear interest at 3.8% per annum and repayable in September 2021. In the event of default of repayment, the amounts in default were interest bearing at 2% per month.

On 19 September 2022, Magic Choice, Wan Chung and Mr. Wong entered into new agreements to refinance the balances of the aforementioned outstanding loans, under which Mr. Wong agreed to grant new loans in the amounts of approximately HK$102,124,000 and HK$105,000,000 to Magic Choice and Wan Chung, respectively. The applicable interest rate for each of the aforesaid loans was 9.8% per annum. The maturity dates of the loans to Magic Choice and Wan Chung were 18 September 2023 and 18 September 2024, respectively. The interests on both loans were repayable on the 18th day of each month (or the immediate following business day if such day is not a business day) until the maturity date of the loans.

On 28 June 2023, Magic Choice, Wan Chung and Mr. Wong entered into agreements to extend the maturity dates of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung were extended to 31 October 2024 and 30 September 2025, respectively. On 26 June 2024, Magic Choice, Wan Chung and Mr. Wong entered into agreements to further extend the maturity dates of loans to Magic Choice and Wan Chung to 31 October 2025 and 30 September 2026, respectively.

On 20 June 2025, Magic Choice, Wan Chung and Mr. Wong entered into agreements to further extend the maturity date of loans to Magic Choice and Wan Chung to 30 September 2027.

33. OTHER LOAN

The loan borrowed from an independent third party is unsecured, interest bearing at 8% per annum with maturity date of 26 March 2024.

34. BANKING FACILITIES

As at 31 March 2025, the Group had available banking facilities of approximately HK$458,500,000 (2024: HK$460,750,000), which were utilised to the extent of approximately HK$12,044,000 (2024: HK$12,796,000). These banking facilities are related to overdraft, revolving term loan, letter of credit, trust receipts, performance bond and foreign exchange contracts, and are secured by pledged bank deposits of subsidiaries and guarantees provided by the Company and Mr. Wong.

35. SHARE CAPITAL

	2025 HK$'000	2024 HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each (2024: 2,000,000,000 ordinary shares of HK$0.01 each)	**20,000**	20,000
Issued and fully paid:		
621,876,317 ordinary shares of HK$0.01 each (2024: 449,999,944 ordinary shares of HK$0.01 each)	**6,219**	4,500

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued	Nominal value of shares issued HK$'000
At 1 April 2023	8,999,998,994	18,000
Shares consolidation (note (a))	(8,549,999,045)	—
Share cancellation	(5)	—
Capital reduction (note (b))	—	(13,500)
At 31 March 2024 and 1 April 2024	449,999,944	4,500
Issuance of shares by rights issue (note (c))	171,876,373	1,719
At 31 March 2025	621,876,317	6,219

Note:

(a) On 6 April 2023, an extraordinary general meeting was held and approved the share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK$0.002 ("Existing Shares") each to be consolidated into one (1) consolidated share at par value of HK$0.04.

(b) On 8 December 2023, the capital reduction and share sub-division by every one (1) share at par value of HK$0.04 each to be sub-divided into four (4) shares at par value of HK$0.01 each was implemented upon all conditions precedent for the implementation as disclosed in the circular dated 3 March 2023, the announcement on 17 February 2023, 24 February 2023, 15 June 2023, 14 September 2023, 16 November 2023, 1 December 2023 and 7 December 2023 have been fulfilled.

(c) On 21 February 2024, the Board proposed to raise approximately HK$36,225,000 before deducting professional fee and other related expenses by issuing up to 224,999,972 new shares to the qualifying shareholders on the basis of two (2) rights shares for every one (1) share in issue (the "Rights Shares") at the subscription price of HK$0.161 per share (the "Rights Issue"). Upon the completion of the Rights Issue on 16 April 2024, the number of shares in issue of the Company was increased by 171,876,373, resulting in a credit to share capital and share premium by HK$1,719,000 and HK$24,253,000, respectively after netting of the related cost of approximately HK$1,700,000. Details of the Rights Issue are disclosed in the Company's announcements dated 21 February 2024 and 15 April 2024.

35. SHARE CAPITAL (Continued)

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Total debt comprises other loan, trade and other payables, loans from a related party, amounts due to related parties and a director and lease liabilities (2024: other loan, trade and other payables, loans from a related party, amounts due to related parties and a director and lease liabilities). Adjusted capital comprises all components of equity (i.e. share capital, accumulated losses and other reserves).

	2025 HK$'000	2024 HK$'000
Total debt	**493,848**	525,139
Less: bank and cash balances	**(144,101)**	(86,688)
pledged bank deposits	**(65,759)**	(63,349)
Net debt	**283,988**	375,102
Total equity	**143,812**	104,236
Debt-to-adjusted capital ratio	**66%**	78%

The debt-to-adjusted capital ratio decreased from 78% to 66% resulted primarily from the decrease in debts caused by waiver of certain payables due with senior management and a director of the Company, and increase in equity caused by profit incurred and issuance of shares for the year.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 March 2025 and 2024.

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

(a) Statement of financial position of the Company

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Investments in subsidiaries		**–**	–
Current assets			
Prepayments and deposits		**–**	75
Amount due from a related party		**19,591**	19,591
Amounts due from subsidiaries		**126,001**	117,127
Bank and cash balances		**12**	13
		145,604	136,806
Current liabilities			
Other payables		**9,543**	18,095
Amount due to a director		**–**	2,330
Amount due to a related party		**–**	2,600
Amounts due to subsidiaries		**77,191**	77,191
		86,734	100,216
Net current assets		**58,870**	36,590
NET ASSETS		**58,870**	36,590
Capital and reserves			
Share capital		**6,219**	4,500
Reserves	36(b)	**52,651**	32,090
TOTAL EQUITY		**58,870**	36,590

Approved by the Board of Directors on 27 June 2025 and are signed on its behalf by:

Tang Hongyang *Director*	**Zhu Xiaodong** *Director*

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium account HK$'000 (note 37(b)(i))	Share option reserve HK$'000 (note 38)	(Accumulated losses)/retained earnings HK$'000	Total HK$'000
At 1 April 2023	345,649	1,746	(316,003)	31,392
Loss for the year	—	—	(12,802)	(12,802)
Capital reduction (note 35(b))	—	—	13,500	13,500
Transfer (note)	(345,649)	—	345,649	—
At 31 March 2024 and 1 April 2024	—	1,746	30,344	32,090
Loss for the year	—	—	(3,692)	(3,692)
Issuance of shares by rights issue (note 35(c))	24,253	—	—	24,253
At 31 March 2025	24,253	1,746	26,652	52,651

Note: On 6 April 2023, an extraordinary general meeting was held and it was approved to reduce the amount standing to the credit of the share premium account and to apply such amount towards offsetting the accumulated losses.

37. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law, Cap. 22 (Law 6 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

37. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

(iii) Capital reserve

Capital reserve comprises the following in prior years:

— Wan Chung acquired the entire equity interest in Wan Chung Property Company Limited from its then shareholder at a discount of approximately HK$2,776,000 which was deemed to be capital contribution from the owners of the Company.

— Wan Chung recovered indemnified taxation of approximately HK$866,000 from its former shareholder pursuant to the deed of indemnity which was deemed to be capital contribution from the owners of the Company.

(iv) Statutory surplus reserve

The statutory surplus reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiary under the applicable laws and regulations in the PRC.

(v) Other reserve

Other reserve represents the difference between the nominal value of the issued share capital of the subsidiaries acquired and the consideration paid pursuant to the group reorganisation in preparation for the listing of the Company's shares on the Stock Exchange in January 2012.

38. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders of the Company on 19 December 2011, the Company adopted a share option scheme (the "2011 Scheme") to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group.

On 30 September 2021, an ordinary resolution was passed to terminate the 2011 Scheme. A new share option scheme (the "2021 Scheme") become in force for ten years.

Eligible participants of the 2021 Scheme include employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, and business partners or service providers of the Group.

The total number of shares in respect of which options may be granted under the 2021 Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

38. SHARE OPTION SCHEME (Continued)

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the directors of the Company may determine, which shall not exceed ten years from the date of grant. The exercise price is determined by the directors of the Company, and will be at least higher than (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

As at 31 March 2025, there are 6,664,556 share options (2024: 6,664,556 share options (note)) of the Company granted under the 2011 Scheme, representing approximately 1% (2024: 1.67%) of the issued share capital of the Company. Unless otherwise determined by the Directors, there is no minimum period required under the 2011 Scheme for the holding of an option before it can be exercised. The remaining life of the 2021 Scheme is approximately 10 years and to be expired on 29 September 2031.

Details of specific categories of options are as follows:

Year	Date of grant	Vesting period	Exercise period	Exercise price
2021	13 August 2021	N/A	13 August 2021 to 12 August 2026	HK$0.6752 (note)

If the option remains unexercised after a period of 5 years from the date of grant, the option expires. Options are forfeited if the employees leaves the Group after 3 months.

Year	**Outstanding at 1 April 2024**	**(Exercised)/granted during the Period**	**Outstanding at 31 March 2025**
2021	**6,664,556**	**–**	**6,664,556**
Exercisable at the end of the period			**6,664,556**
Weighted average exercise price (note)	**HK$0.675**	**N/A**	**HK$0.675**

Year	Outstanding at 1 April 2023 (note)	(Exercised)/granted during the Period	Outstanding at 31 March 2024 (note)
2021	6,664,556	–	6,664,556
Exercisable at the end of the period			6,664,556
Weighted average exercise price (note)	HK$0.675	N/A	HK$0.675

38. SHARE OPTION SCHEME (Continued)

The options outstanding at the end of the period have a weighted average remaining contractual life of 1.37 years (2024: 2.37 years).

Note: The number of share options and the exercise price have been adjusted pursuant to the share consolidation effective on 6 April 2024 and the rights issue completed on 9 April 2025.

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of a subsidiary

On 11 September 2024, the Group acquired 100% of the issued share capital of Runroc Holdings Limited ("Runroc") for a cash consideration of HK$87,000. Runroc was engaged in investment holding and trading business. Runroc owns 85% equity interest of a subsidiary which is principally engaged in trading business and starts to get involved with provision of iron ore pre-treatment and mixed ore processing services for various steel mills. The acquisition is part of the Group's strategy to expand its supply chain management business.

The fair value of the identifiable assets and liabilities of Runroc and its subsidiary at the date of acquisition is as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	20
Trade receivables	15,352
Prepayments, deposits and other receivables	2,291
Financial assets at FVTPL	513
Due from a director	199
Bank and cash balances	2,772
Inventory	35
Trade and other payables	(18,217)
Contract liabilities	(2,240)
	725
Portion shared by NCI	(38)
Gain on bargain purchase	(600)
Satisfied by:	
Cash	87
Net cash inflow arising on acquisition:	
Cash consideration paid	(87)
Cash and cash equivalents acquired	2,772
	2,685

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Acquisition of a subsidiary (Continued)

The Group recongised a gain on bargain purchase of HK$600,000 in the business combination. The gain is included in other gain and loss. The business combination results in a gain on bargain purchase.

Runroc and its subsidiary contributed revenue of HK$193,737,000 and loss of HK$842,000 in the period between the date of acquisition and the end of the reporting period. If the acquisition had been completed on 1 April 2024, total Group revenue for the year would have been HK$466,067,000, and profit for the period would have been HK$12,312,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2024, nor is intended to be a projection of future results.

(b) Reconciliation of liabilities arising from financing activities

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

	1 April 2024 HK$'000	Addition of leased properties HK$'000	Lease written off and modifications HK$'000	Non-Cash movement HK$'000	Cash flows HK$'000	Interest expenses HK$'000	31 March 2025 HK$'000
Lease liabilities	**2,891**	**1,543**	**(551)**	**(154)**	**(2,334)**	**128**	**1,523**
Amounts due to related parties	**11,573**	**–**	**–**	**(2,600)**	**(26,926)**	**26,926**	**8,973**
Amount due to a director	**2,330**	**–**	**–**	**(530)**	**(1,800)**	**–**	**–**
Loans from a related party	**207,124**	**–**	**–**	**–**	**–**	**–**	**207,124**
Other loan	**200**	**–**	**–**	**–**	**–**	**–**	**200**
Interest on other loans	**140**	**–**	**–**	**–**	**–**	**12**	**152**
	224,258	**1,543**	**(551)**	**(3,284)**	**(31,060)**	**27,066**	**217,972**

	1 April 2023 HK$'000	Addition of leased properties HK$'000	Lease modifications HK$'000	Non-Cash movement HK$'000	Cash flows HK$'000	Interest expenses HK$'000	31 March 2024 HK$'000
Lease liabilities	3,573	1,300	926	–	(3,126)	218	2,891
Amounts due to related parties	11,945	–	–	–	(25,774)	25,402	11,573
Amount due to a director	2,330	–	–	–	–	–	2,330
Loans from a related party	207,124	–	–	–	–	–	207,124
Other loan	–	–	–	–	200	–	200
Interest on other loans	–	–	–	–	(129)	269	140
	224,972	1,300	926	–	(28,829)	25,889	224,258

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following:

	2025 HK$'000	2024 HK$'000
Within operating cash flows	**243**	246
Within financing cash flows	**2,334**	3,126
	2,577	3,372

These amounts relate to the following:

	2025 HK$'000	2024 HK$'000
Lease rental paid	**2,577**	3,372

40. CONTINGENT LIABILITIES

Compensation to banks or insurance companies due to unsatisfactory performance to customers

Performance bonds amounting to approximately HK$9,334,000 (2024: approximately HK$12,979,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and these customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers. At the end of the reporting period, the directors do not consider it will be probable that a claim will be made against the Group under any of the above guarantees. The maximum liability of the Group at the end of the reporting period under such guarantees is the outstanding amount at that date.

Apart from as disclosed above, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of each case and with reference to legal advice.

41. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for offices. As at 31 March 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20.

42. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2025 **HK$'000**	2024 HK$'000
Interest expenses paid to a director of certain subsidiaries of the Company (note)	**26,926**	25,402

Note: The amount represented the interest expense charged on loans from Mr. Wong pursuant to the loan agreements dated 19 September 2023 and 28 June 2024 respectively. The term of the loans from a related party are detailed in note 32.

(b) Compensation of key management personnel

The details of remuneration of the directors of the Company paid during the year and are set out in note 16(a).

The remuneration of directors and other members of key management during the year was as follow:

	2025 **HK$'000**	2024 HK$'000
Short-term benefits	**10,524**	13,939

(c) Performance bond of approximately HK$9,334,000 (2024: HK$12,979,000) was guaranteed by Mr. Wong.

43. EVENT AFTER REPORTING PERIOD

(a) On 18 June 2025, the Company announced to subscribe up to HK$11,600,000 investor shares of Bayzed Health Group Inc. at its offer price in initial public offering. The details of the subscription is set out in the announcement date 18 June 2025.

(b) On 19 June 2025, the Company entered into a Sale and Purchase Agreement with a company wholly-owned by Mr. Wong (the "Purchaser"), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of Prosper Ace Investments Limited (the "Target Company"), at a consideration of HK$1. The Target Company is a wholly-owned subsidiary of the Company. The Target Company and its subsidiaries (including Magic Choice, Wan Chung, Wan Chung Engineering Company Limited and Ki Ngai Construction Engineering Limited) (collectively referred to as the "Target Group") are principally engaged in building construction and other construction related business, alterations, renovation, upgrading and fitting-out works and property maintenance.

As the Company is indebted to the Target Group, on 19 June 2025, the Company entered into a Deed of Settlement with the Target Company and Mr. Wong. Pursuant to the Deed of Settlement, the Company shall settle the current accounts with the Target Company by (i) instructing Mr. Wong to pay to the Target Group for settlement of his outstanding debt with the Company; and (ii) the Company shall pay HK$15 million to the Target Company for the settlement of the remaining balance of the current accounts.

A shareholders' meeting will be convened to consider and, if thought fit, to pass the resolutions to approve the Sale and Purchase Agreement, the Deed of Settlement and the transactions contemplated thereunder.

Details of the above transactions and the conditions precedent under the Sale and Purchase Agreement are set out in the Company's announcement dated 19 June 2025.

Upon completion of the disposal of the Target Company and the completion of the Deed of Settlement, the Group will no longer be indebted to Mr. Wong.

As if the disposal completed at 31 March 2025, the result of the remaining group would be similar before disposal because of decrease in finance cost due to no interest expense relating to loans from Mr. Wong accounted for and the decrease in administrative expenses and income tax expenses incurred; Net financial position will be affected by the impact on release of loans from Mr. Wong and significant decrease in bank and cash balances and pledged deposits.

(c) On 20 June 2025, Magic Choice, Wan Chung, and Mr. Wong entered into agreement to further extend the maturity date of loans to 30 September 2027 at 13% interest per annum with immediate effect.

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	2021 HK$'000	2022 HK$'000 (re-presented)	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Revenue	5,236,876	3,991,555	2,462,942	2,934,565	**2,833,486**
Profit/(loss) before taxation	11,389)	30,548	(71,419)	22,284	**22,112**
Income tax expense	(6,282)	(14,987)	(4,152)	(4,078)	**(6,858)**
Loss for the year from discontinued operations	—	(30,978)	(9,866)	—	**—**
Profit/(loss) attributable to:					
Owners of the parent	7,216	(13,566)	(85,348)	18,221	**15,427**
Non-controlling interests	(2,109)	(1,851)	(89)	(15)	**(173)**

CONSOLIDATED ASSETS AND LIABILITIES

	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Total assets	858,846	880,680	664,257	679,860	**667,608**
Total liabilities	(706,791)	(707,162)	(571,350)	(575,624)	**(523,796)**
Total equity	152,055	173,518	92,907	104,236	**143,812**