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**Wecon Holdings Limited**  
**偉工控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 1793)**

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**FINANCIAL HIGHLIGHTS**

- Revenue increased by approximately HK\$291.4 million or approximately 33.5% from approximately HK\$869.0 million for the year ended 31 March 2023 to approximately HK\$1,160.4 million for the year ended 31 March 2024.
- Gross profit increased by approximately HK\$6.1 million or approximately 15.6% from approximately HK\$39.0 million for the year ended 31 March 2023 to approximately HK\$45.1 million for the year ended 31 March 2024.
- Gross profit margin slightly decreased from approximately 4.5% for the year ended 31 March 2023 to approximately 3.9% for the year ended 31 March 2024.
- Profit attributable to the equity holders of the Company slightly increased by approximately HK\$0.1 million or approximately 1.7% from approximately HK\$5.9 million for the year ended 31 March 2023 to approximately HK\$6.0 million for the year ended 31 March 2024.
- Basic earnings per share for the year ended 31 March 2024 was approximately HK0.8 cents (2023: approximately HK0.7 cents).
- The Board has proposed to maintain same level of the final dividend for the year ended 31 March 2024 at HK1.2 cents per share (2023: HK1.2 cents per share) as compared to that of the previous year ended 31 March 2023. The final dividend declared for the year ended 31 March 2024 represents a pay-out ratio of approximately 160% (2023: approximately 161%). The proposed final dividend for the year ended 31 March 2024 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The board (the “**Board**”) of directors (the “**Directors**”) of Wecon Holdings Limited (the “**Company**”) is pleased to present the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the year ended 31 March 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>REVENUE</b>	4	<b>1,160,370</b>	869,032
Cost of sales		<u>(1,115,274)</u>	<u>(830,011)</u>
<b>Gross profit</b>		<b>45,096</b>	39,021
Other income and gains	4	<b>7,158</b>	13,242
Administrative and other operating expenses, net		<b>(45,098)</b>	(45,403)
Finance costs	5	<u>(272)</u>	<u>(180)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>6,884</b>	6,680
Income tax	7	<u>(883)</u>	<u>(733)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<u><b>6,001</b></u>	<u>5,947</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	8		
– Basic and diluted		<u><b>HK0.8 cents</b></u>	<u>HK0.7 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		7,055	9,271
Right-of-use assets		9,515	7,021
Financial assets at fair value through profit or loss		12,805	13,383
Prepayments and deposits		<u>10,536</u>	<u>4,123</u>
<b>Total non-current assets</b>		<u>39,911</u>	<u>33,798</u>
<b>CURRENT ASSETS</b>			
Contract assets and trade receivables	<i>10</i>	389,692	251,761
Prepayments, deposits and other receivables		33,917	57,013
Financial assets at fair value through profit or loss		19,010	13,735
Pledged deposits		34,190	34,190
Cash and bank balances		<u>77,467</u>	<u>64,226</u>
<b>Total current assets</b>		<u>554,276</u>	<u>420,925</u>
<b>CURRENT LIABILITIES</b>			
Trade and retention payables	<i>11</i>	176,184	129,115
Other payables and accruals		129,037	35,970
Lease liabilities		5,748	4,153
Tax payable		<u>964</u>	<u>455</u>
<b>Total current liabilities</b>		<u>311,933</u>	<u>169,693</u>
<b>NET CURRENT ASSETS</b>		<u>242,343</u>	<u>251,232</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>282,254</u>	<u>285,030</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		384	618
Lease liabilities		<u>3,541</u>	<u>2,566</u>
<b>Total non-current liabilities</b>		<u>3,925</u>	<u>3,184</u>
<b>NET ASSETS</b>		<u>278,329</u>	<u>281,846</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital		8,000	8,000
Reserves		<u>270,329</u>	<u>273,846</u>
<b>Total equity</b>		<u>278,329</u>	<u>281,846</u>

## NOTES

### 1. GENERAL INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 23 March 2018. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Room 1801-1802, 18/F., Tung Hip Commercial Building, 244-252 Des Voeux Road Central, Hong Kong. The shares of the Company (the “**Share(s)**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. During the year, the Group’s subsidiaries were principally engaged in the provision of (i) building construction services and (ii) repair, maintenance, alteration and addition (“**RMAA**”) works services.

In the opinion of the Directors, the immediate holding company and the ultimate holding company of the Company is Triple Arch Limited, which was incorporated in the British Virgin Islands (the “**BVI**”).

### 2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

## 2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The new and revised HKFRSs that are applicable to the Group did not have any significant impact on the financial position or performance of the Group.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) Construction contracts; and
- (b) RMAA

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax.

The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and gains, fair value changes on financial assets at fair value through profit or loss, net, depreciation (unallocated portion), impairment/reversal of impairment of contract assets and trade receivables, net, finance costs and unallocated head office and corporate expenses, are excluded from such measurement.

Segment assets exclude property, plant and equipment, financial assets at fair value through profit or loss, pledged deposits, cash and bank balances and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's key management personnel for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2024 and 2023 is set out below.

#### Year ended 31 March 2024

	<b>Construction contracts HK\$'000</b>	<b>RMAA HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue:</b>			
Revenue from external customers	<u>726,022</u>	<u>434,348</u>	<u>1,160,370</u>
<b>Segment results:</b>	<b>26,171</b>	<b>18,925</b>	<b>45,096</b>
Other income and gains			7,158
Fair value loss on financial assets at fair value through profit or loss, net			(3,157)
Depreciation (unallocated portion)			(6,841)
Reversal of impairment of contract assets, net			49
Impairment of trade receivables, net			(303)
Finance costs			(272)
Unallocated head office and corporate expenses			<u>(34,846)</u>
Profit before tax			6,884
Income tax expense			<u>(883)</u>
Profit for the year			<u><u>6,001</u></u>
<b>Segment assets and liabilities</b>			
Segment assets	322,373	107,274	429,647
Unallocated			<u>164,540</u>
Total assets			<u><u>594,187</u></u>
Segment liabilities	250,410	52,846	303,256
Unallocated			<u>12,602</u>
Total liabilities			<u><u>315,858</u></u>

### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### Segment results, assets and liabilities *(continued)*

Year ended 31 March 2023

	Construction contracts <i>HK\$'000</i>	RMAA <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>			
Revenue from external customers	<u>560,670</u>	<u>308,362</u>	<u>869,032</u>
<b>Segment results:</b>	18,289	20,732	39,021
Other income and gains			13,242
Fair value loss on financial assets at fair value through profit or loss, net			(635)
Depreciation (unallocated portion)			(7,301)
Impairment of contract assets, net			(426)
Impairment of trade receivables, net			(352)
Finance costs			(180)
Unallocated head office and corporate expenses			<u>(36,689)</u>
Profit before tax			6,680
Income tax expense			<u>(733)</u>
Profit for the year			<u><u>5,947</u></u>
<b>Segment assets and liabilities</b>			
Segment assets	229,408	78,918	308,326
Unallocated			<u>146,397</u>
Total assets			<u><u>454,723</u></u>
Segment liabilities	123,592	38,920	162,512
Unallocated			<u>10,365</u>
Total liabilities			<u><u>172,877</u></u>

### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### Geographical information

Since over 90% of the Group's revenue was generated from the sales in Hong Kong and over 90% of the Group's identifiable non-current assets were located in Hong Kong, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

#### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year, is set out below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	414,974	269,212
Customer B	239,679	N/A*
Customer C	219,597	N/A*
Customer D	132,788	104,669
Customer E	N/A*	125,682

\* The corresponding revenues from these customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the year.

### 4. REVENUE AND OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Construction contracts	726,022	560,670
RMAA	434,348	308,362
	<u>1,160,370</u>	<u>869,032</u>



#### 4. REVENUE AND OTHER INCOME AND GAINS *(continued)*

##### Revenue from contracts with customers *(continued)*

##### *(i) Disaggregated revenue information*

For the year ended 31 March 2024

Segments	Construction contracts HK\$'000	RMAA HK\$'000	Total HK\$'000
<b>Type of services</b>			
Building construction services	726,022	–	726,022
RMAA works services	–	434,348	434,348
Total revenue from contracts with customers	<u>726,022</u>	<u>434,348</u>	<u>1,160,370</u>

For the year ended 31 March 2023

Segments	Construction contracts HK\$'000	RMAA HK\$'000	Total HK\$'000
<b>Type of services</b>			
Building construction services	560,670	–	560,670
RMAA works services	–	308,362	308,362
Total revenue from contracts with customers	<u>560,670</u>	<u>308,362</u>	<u>869,032</u>

The Group's revenue from contracts with customers was recognised over time.

#### 4. REVENUE AND OTHER INCOME AND GAINS *(continued)*

##### Revenue from contracts with customers *(continued)*

##### *(ii) Performance obligations*

For the building construction and other RMAA works services, the performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. As at 31 March 2024, the aggregate amount of the transaction price allocated to the remaining performance obligations was HK\$1,889,064,000 (2023: HK\$1,818,871,000), and the Group will recognise this revenue in the future when the buildings are completed, which are expected to occur over the next 12 to 48 months.

For the RMAA works services under term contracts, the performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less.

##### Other income and gains

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	3,056	1,712
Government grants*	17	2,660
Gain on disposal of financial assets at fair value through profit or loss, net	355	1,468
Dividend income from equity investments at fair value through profit or loss	1,222	1,143
Sundry income	<u>2,508</u>	<u>6,259</u>
	<u><b>7,158</b></u>	<u><b>13,242</b></u>

\* Government grants for the year ended 31 March 2023 mainly represented receipt under the Employment Support Scheme from the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions or contingencies related to the grants.

## 5. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	–	37
Interest on lease liabilities	<u>272</u>	<u>143</u>
	<u><b>272</b></u>	<u><b>180</b></u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Depreciation of property, plant and equipment	<b>1,665</b>	2,035
Depreciation of right-of-use assets	<b>5,648</b>	5,639
Lease payments not included in the measurement of lease liabilities	<b>521</b>	348
Other charges in respect of rental premises	<b>271</b>	229
Auditor's remuneration	<b>1,128</b>	1,070
Employee benefit expense (excluding directors' remuneration):*		
Wages and salaries	<b>93,569</b>	90,402
Pension scheme contributions (defined contribution scheme)	<u><b>3,020</b></u>	<u>3,109</u>
	<u><b>96,589</b></u>	<u>93,511</u>
Gain on disposal of financial assets at fair value through profit or loss, net	<b>(355)</b>	(1,468)
Dividend income from equity investments at fair value through profit or loss	<b>(1,222)</b>	(1,143)
Fair value loss on financial assets at fair value through profit or loss, net**	<b>3,157</b>	635
Impairment/(reversal of impairment) of contract assets, net**	<b>(49)</b>	426
Impairment of trade receivables, net**	<b>303</b>	352
Loss on disposal and write-off of items of property, plant and equipment**	<u><b>207</b></u>	<u>–</u>

\* The employee benefit expense included in cost of sales was HK\$78,966,000 (2023: HK\$75,347,000).

\*\* Amounts are included in "Administrative and other operating expenses, net" on the face of the consolidated statement of profit or loss and other comprehensive income.

## 7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 (2023: HK\$2,000,000) of estimated assessable profits of this subsidiary are taxed at 8.25% and the remaining estimated assessable profits are taxed at 16.5%.

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	<b>1,124</b>	953
Underprovision/(overprovision) in prior years	<b>(7)</b>	8
Deferred	<u><b>(234)</b></u>	<u>(228)</u>
Total tax charge for the year	<u><b>883</b></u>	<u>733</u>

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK\$6,001,000 (2023: HK\$5,947,000), and the weighted average number of ordinary shares of 793,204,000 (2023: 794,592,877) in issue during the year.

The weighted average number of ordinary shares used in the calculation for the year ended 31 March 2024 is the number adjusted to reflect the 6,796,000 (2023: 6,796,000) ordinary shares held by the trustee under the share award plan of the Company.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2024 and 2023.

## 9. DIVIDEND

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Final dividend in respect of the previous financial year paid during the year – HK1.2 cents (2023: HK1.2 cents) per ordinary share	<u>9,518</u>	<u>9,536</u>
Proposed final dividend – HK1.2 cents (2023: HK1.2 cents) per ordinary share	<u>9,600</u>	<u>9,600</u>

The payment of a final dividend in respect of the financial year ended 31 March 2023 of HK1.2 cents per share, totalling HK\$9,518,000, was based on the number of ordinary shares in issue less shares held under share award plan.

## 10. CONTRACT ASSETS AND TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other contract assets	162,191	98,817
Retention receivables	<u>67,675</u>	<u>66,812</u>
	229,866	165,629
Less: Impairment	<u>(793)</u>	<u>(842)</u>
Net contract assets	<u>229,073</u>	<u>164,787</u>
Trade receivables	161,295	87,347
Less: Impairment	<u>(676)</u>	<u>(373)</u>
Net trade receivables	<u>160,619</u>	<u>86,974</u>
Total	<u>389,692</u>	<u>251,761</u>

Trade receivables represented receivables for contract work. Management generally submits interim payment applications to customers on a monthly basis containing a statement setting out management's estimation of the valuation of the works completed in the preceding month. Upon receiving the interim payment application, the architect or the consultant of the customer verifies such valuation of works completed and issues an interim payment certificate within 30 days. Within 30 days after the issuance of interim payment certificate, the customer makes payment to the Group based on the certified amount stipulated in such certificate, deducting any retention money in accordance with the contract.

## 10. CONTRACT ASSETS AND TRADE RECEIVABLES (continued)

There is a certain concentration of credit risk. The balances of the five largest trade receivables as at 31 March 2024 represented 92.8% (2023: 83.5%) of total trade receivables while 49.8% (2023: 35.4%) of total trade receivables as at 31 March 2024 were due from the largest debtor. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables based on the invoice date and net of impairment, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	159,941	86,085
3 to 6 months	280	180
6 to 12 months	398	695
Over 12 months	—	14
	<u>160,619</u>	<u>86,974</u>

## 11. TRADE AND RETENTION PAYABLES

An ageing analysis of the trade and retention payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables:		
Within 3 months	113,135	61,568
Retention payables	<u>63,049</u>	<u>67,547</u>
	<u>176,184</u>	<u>129,115</u>

Retention payables were normally settled within terms ranging from one to three years.

Trade and retention payables are non-interest-bearing. The payment terms of trade payables are stipulated in the relevant contracts with credit periods of 30 days in general.

## **BUSINESS REVIEW**

The Group is a long-established main contractor in Hong Kong and principally engaged in the provision of (i) building construction services and (ii) RMAA works services. The Group provides building construction services to customers in both the private and public sectors. The building construction services provided by the Group primarily consist of building works for new buildings, including residential, commercial and industrial buildings, while the Group's RMAA works services include the general upkeep, maintenance, improvement, refurbishment, alteration and addition of existing facilities and components of buildings and their surroundings.

As at 31 March 2024, the Group had nine major projects on hand with an awarded contract sum of HK\$10.0 million or above, which includes projects in progress and projects that are yet to commence.

During the year ended 31 March 2024, the Group completed five major projects with an awarded contract sum of HK\$10.0 million or above.

## **PROSPECTS**

During the year ended 31 March 2024, the Group was successfully awarded three sizeable contracts with an aggregate contract sum of approximately HK\$843.9 million. The Group will continue to diversify its customer base by placing more effort in promoting the Group's reputation, ensuring projects are completed on time with the highest quality and implementing various cost-effective measures to improve its competitiveness. The management of the Group still remains prudently optimistic about the prospects of the construction industry in Hong Kong.

As the world economy enters into a period of profound transformation, the Group would seek evolution through every avenue. The Group believes that the building information modeling services could differentiate the Group from the Group's competitors through providing creative technical solutions to the Group's customers. Going forward, the Group plans to invest in building construction related services that will enhance the Group's capabilities and provide synergies to the existing business of the Group, while the Group strives to maintain high quality and workmanship which the Group has been delivering to its customers.

## **SEGMENT INFORMATION**

The Group's reportable and operating segments are (i) building construction services and (ii) RMAA works services.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group increased by approximately HK\$291.4 million or approximately 33.5% from approximately HK\$869.0 million for the year ended 31 March 2023 to approximately HK\$1,160.4 million for the year ended 31 March 2024.

#### (i) *Building Construction Services*

The revenue generated from the building construction services increased by approximately HK\$165.3 million or approximately 29.5% from approximately HK\$560.7 million for the year ended 31 March 2023 to approximately HK\$726.0 million for the year ended 31 March 2024. Such increase was mainly due to increase in revenue generated from several major projects, which achieved significant progress during the year ended 31 March 2024. Such increase, however, was partially offset by decrease in revenue generated from other major projects as a result of the practical completion of those projects during the year ended 31 March 2024.

#### (ii) *RMAA Works Services*

The revenue generated from the RMAA works services increased by approximately HK\$126.1 million or approximately 40.9% from approximately HK\$308.3 million for the year ended 31 March 2023 to approximately HK\$434.4 million for the year ended 31 March 2024. Such increase was primarily attributable to increase in revenue generated from several major projects which achieved significant progress during the year ended 31 March 2024.

### Cost of Sales

The cost of sales of the Group increased by approximately HK\$285.3 million or approximately 34.4% from approximately HK\$830.0 million for the year ended 31 March 2023 to approximately HK\$1,115.3 million for the year ended 31 March 2024. Such increase was mainly driven by and in line with the corresponding increase in revenue. The Group's cost of sales primarily consisted of subcontracting costs, material costs, direct staff costs and site overhead costs.



## **FINANCIAL REVIEW (continued)**

### **Gross Profit and Gross Profit Margin**

The gross profit of the Group increased by approximately HK\$6.1 million or approximately 15.6% from approximately HK\$39.0 million for the year ended 31 March 2023 to approximately HK\$45.1 million for the year ended 31 March 2024. The gross profit margin of the Group was approximately 3.9% and 4.5% for the years ended 31 March 2024 and 2023, respectively, representing a slight decrease of approximately 0.6 percentage point.

#### **(i) Building Construction Services**

The gross profit of building construction services increased by approximately HK\$7.9 million or approximately 43.2% from approximately HK\$18.3 million for the year ended 31 March 2023 to approximately HK\$26.2 million for the year ended 31 March 2024. The gross profit margin of building construction services increased from approximately 3.3% for the year ended 31 March 2023 to approximately 3.6% for the year ended 31 March 2024. Such increase was primarily attributable to higher gross profit margin generated from several major projects which achieved significant progress during the year ended 31 March 2024.

#### **(ii) RMAA Works Services**

The gross profit of RMAA works services decreased by approximately HK\$1.8 million or approximately 8.7% from approximately HK\$20.7 million for the year ended 31 March 2023 to approximately HK\$18.9 million for the year ended 31 March 2024. The gross profit margin of RMAA works services decreased from approximately 6.7% for the year ended 31 March 2023 to approximately 4.4% for the year ended 31 March 2024. Such decrease was primarily attributable to lower gross profit margin generated from works orders performed under several major projects during the year ended 31 March 2024.

### **Other Income and Gains**

The other income and gains of the Group decreased by approximately HK\$6.0 million or approximately 45.5% from approximately HK\$13.2 million for year ended 31 March 2023 to approximately HK\$7.2 million for year ended 31 March 2024. Such decrease was mainly due to the absence of a non-recurring government subsidy under the Employment Support Scheme established by the Government of Hong Kong SAR and decrease in sundry income during the year ended 31 March 2024.

## **FINANCIAL REVIEW (continued)**

### **Administrative and Other Operating Expenses, Net**

The administrative and other operating expenses, net of the Group slightly decreased by approximately HK\$0.3 million or approximately 0.7% from approximately HK\$45.4 million for the year ended 31 March 2023 to approximately HK\$45.1 million for year ended 31 March 2024. Such decrease was primarily attributable to decrease in net impairment of contract assets and trade receivables during the year ended 31 March 2024.

### **Finance Costs**

The finance costs of the Group increased by approximately HK\$92,000 or approximately 51.1% from approximately HK\$180,000 for the year ended 31 March 2023 to approximately HK\$272,000 for the year ended 31 March 2024. Such increase was primarily attributable to increase in the interest expense on lease liabilities.

### **Income Tax**

The income tax of the Group increased by approximately HK\$0.2 million or approximately 28.6% from approximately HK\$0.7 million for the year ended 31 March 2023 to approximately HK\$0.9 million for the year ended 31 March 2024. The effective tax rate (defined as the income tax divided by profit before tax) was approximately 12.8% and 11.0% for the years ended 31 March 2024 and 2023, respectively. The increase of the effective tax rate was primarily attributable to the absence of the non-taxable non-recurring government subsidy during the year ended 31 March 2024 as compared to that for the year ended 31 March 2023.

### **Net Profit**

As a result of the foregoing, the net profit of the Group slightly increased by approximately HK\$0.1 million or approximately 1.7% from approximately HK\$5.9 million for the year ended 31 March 2023 to approximately HK\$6.0 million for the year ended 31 March 2024. The net profit margin was approximately 0.5% and 0.7% for the years ended 31 March 2024 and 2023, respectively, representing a decrease of approximately 0.2 percentage point. Such decrease was mainly due to the decrease in gross profit margin and the absence of government subsidy for the year ended 31 March 2024.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2024, the Group has a total of 210 full-time and two part-time employees (as at 31 March 2023: 226 full-time and three part-time employees). The Group has developed its human resources policies and procedures to determine the individual remuneration with reference to factors such as performance, qualification, merits, responsibilities of each individual employee and market conditions. The Group offers induction and other ad hoc training to employees according to the job nature and position of individual employee. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage, annual leave, discretionary bonus and share options and share awards which may be granted to eligible employees. The total staff costs (excluding Directors' remuneration) of the Group were approximately HK\$96.6 million and HK\$93.5 million for the years ended 31 March 2024 and 2023, respectively.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the year ended 31 March 2024, other than the shareholding in the subsidiaries of the Company, there were no significant investments held by the Company. There were no material acquisitions or disposals of subsidiaries and associated companies undertaken by the Group during the year ended 31 March 2024.

## **CAPITAL COMMITMENTS**

As at 31 March 2024 and 2023, the Group had no significant capital commitments.

## **CONTINGENT LIABILITIES**

The Group provided unlimited guarantees in favour of certain banks and an insurance company in support of the issue of performance bonds to the Group's subsidiaries with an aggregate amount of approximately HK\$49.8 million and HK\$64.5 million as at 31 March 2024 and 2023, respectively. Certain of these performance bonds granted were secured by pledged deposits of approximately HK\$15.5 million and HK\$22.8 million as at 31 March 2024 and 2023, respectively. Other than those disclosed above, the Group had no other material contingent liabilities as at 31 March 2024.

## **FOREIGN EXCHANGE EXPOSURE**

The Group has a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong Dollar. As such, the Directors believe that the Group's risk in foreign exchange is insignificant that it is not necessary for the Group to arrange any foreign currency hedging. The Group did not enter into any instrument for hedging purposes and there were no foreign currency investments which were hedged by currency borrowings, and no other hedging instruments were entered into by the Group during the year ended 31 March 2024.

## **LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group has principally funded the liquidity and capital requirements through capital contributions from the shareholders of the Company, bank borrowings and net cash generated from operating activities.

As at 31 March 2024 and 2023, the Group had pledged deposits and cash and bank balances of approximately HK\$111.7 million and HK\$98.4 million, respectively. As at 31 March 2024 and 2023, the current ratio of the Group was approximately 1.8 times and 2.5 times, respectively.

The Group generally finances its operation by internally generated resources and banking facilities provided by certain banks and an insurance company in Hong Kong. The Directors believe that the Group has sufficient working capital for the Group's current commitments and future requirements.

During the year ended 31 March 2024, there has been no change in the capital structure of the Company.

## **DEBTS AND CHARGE ON ASSETS**

As at 31 March 2024 and 2023, the Group has no outstanding bank borrowings. As at 31 March 2024 and 2023, the lease liabilities of the Group amounted to approximately HK\$9.3 million and HK\$6.7 million, respectively.

As at 31 March 2024 and 2023, the banking facilities of the Group were secured by (i) the Group's pledged deposits of approximately HK\$34.2 million and HK\$34.2 million, respectively; (ii) the Group's life insurance policy of approximately HK\$10.2 million and HK\$10.1 million, respectively; and (iii) corporate guarantee executed by the Company. Other than the above, the Group had no charge made or subsisting an asset of the Group as at 31 March 2024.

During the year ended 31 March 2023, the Group's bank borrowings were denominated in Hong Kong Dollar and interests on bank borrowings were mainly charged at floating rate with reference to the Hong Kong Interbank Offered Rate (HIBOR). The Group currently does not have any interest rate hedging policy. Although the Group had no bank borrowings during the year ended 31 March 2024, the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

## **GEARING RATIO**

As at 31 March 2024 and 2023, the gearing ratio of the Group (defined as the lease liabilities divided by total equity) was approximately 3.3% and 2.4%, respectively.

## **PROPOSED FINAL DIVIDEND**

At the Board meeting held on 26 June 2024, the Board has proposed to maintain the same level of the final dividend for the year ended 31 March 2024 at HK1.2 cents per Share (2023: HK1.2 cents per Share) as compared to that of the previous year ended 31 March 2023. The final dividend declared for the year ended 31 March 2024 represents a pay-out ratio of approximately 160% (2023: approximately 161%). The proposed final dividend is subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting scheduled to be held on Friday, 16 August 2024 (the “**2024 AGM**”).

## **ANNUAL GENERAL MEETING**

The 2024 AGM of the Company is scheduled to be held on Friday, 16 August 2024. A notice convening the 2024 AGM will be issued to the Shareholders according to the applicable law, the articles of association of the Company and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

To ascertain the identity of the Shareholders who will be entitled to attend and vote at the 2024 AGM, the Register of Members of the Company will be closed from Tuesday, 13 August 2024 to Friday, 16 August 2024, both dates inclusive, the period during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2024 AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at its office at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 August 2024.

Subject to the Shareholders’ approval at the 2024 AGM, to ascertain the Shareholders’ entitlement to receiving the final dividend, the Register of Members of the Company will be closed from Thursday, 22 August 2024 to Friday, 23 August 2024, the period during which no transfer of Shares will be effected. Subject to the approval of the Shareholders at the 2024 AGM approving the payment of the final dividend, the final dividend is expected to be paid on Monday, 2 September 2024 to Shareholders whose names appear on the Register of Members of the Company on Friday, 23 August 2024. In order to qualify for receiving the final dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at the above address not later than 4:30 p.m. on Wednesday, 21 August 2024.

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 21 January 2019. No share option has been granted, exercised, expired, cancelled or lapsed under the Share Option Scheme since its adoption date and up to the date of this announcement.

## SHARE AWARD PLAN

The Board adopted a share award plan (the “**Share Award Plan**”) on 31 July 2020 (the “**Adoption Date**”), under which any employee of the Group and its invested entities who contributes to the Group or its invested entities (the “**Eligible Participants**”) will be entitled to participate. For details of the Share Award Plan, please refer to the Company’s announcement dated 31 July 2020. The Share Award Plan only involves existing Shares and no new Shares shall be issued thereunder.

As at the beginning and end of the year ended 31 March 2024, 6,796,000 Shares were held, respectively, by the trustee under the Share Award Plan, under which no Shares have been granted to any Eligible Participants and were available to be granted to Eligible Participants. No share award has been granted, vested, cancelled or lapsed under the Share Award Plan since its Adoption Date and up to 31 March 2024.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 31 March 2024.

## EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurred after 31 March 2024 and up to the date to this announcement which require disclosure.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the highest standard of corporate governance as the Board recognises the importance of sound corporate governance to the long-term and continuing success of the Group. The corporate governance principles of the Group emphasise transparency, accountability and independence. The Board commits to continuously reviewing and enhancing the Group’s corporate governance practices and procedures for the best interest of the Shareholders.

During the year ended 31 March 2024 and up to the date of this announcement, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (“**CG Code**”) in Appendix C1 (formerly Appendix 14) to the Listing Rules except the deviation stipulated below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman (the “**Chairman**”) and chief executive officer (the “**CEO**”) should be separated and should not be performed by the same individual. Since the Listing Date and up to the date of this announcement, Mr. Tsang Ka Yip (“**Mr. KY Tsang**”) has been the Chairman of the Board and the CEO of the Company. Given the nature and extent of the Group’s operations and Mr. KY Tsang’s in-depth knowledge and experience in the industry in which the Group operates and his familiarity with the operations of the Group, the Board believes that it is the most beneficial to the Group and the Shareholders as a whole to have Mr. KY Tsang acting as the Chairman of the Board and the CEO of the Company at the same time.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the model code for securities transactions by directors of listed issuers (the “**Model Code**”) as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries to each of the Directors and all Directors have confirmed that they have fully complied with the required standards set out in the Model Code during the year ended 31 March 2024 and up to the date of this announcement.

## **AUDIT COMMITTEE REVIEW**

The consolidated financial statements of the Group for the year ended 31 March 2024 have been reviewed by the audit committee of the Company.

## **SCOPE OF WORK OF THE COMPANY’S AUDITOR ON THE PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Company’s auditor, Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at “[www.hkexnews.hk](http://www.hkexnews.hk)” and on the website of the Company at “[www.wecon.com.hk](http://www.wecon.com.hk)”. The annual report of the Company for the year ended 31 March 2024 will be published on the above websites by July 2024 according to the Listing Rules.

## APPRECIATION

The Board would like to express our heartfelt gratitude to our Shareholders, institutional investors, customers, bankers, suppliers, subcontractors and business partners for their continuous support to and confidence in the Group. The Board would also like to take this opportunity to express our sincere thanks to our management team and all our staff members for their effort and significant contribution to the Group.

By order of the Board  
**Wecon Holdings Limited**  
**Tsang Ka Yip**  
*Chairman and*  
*Chief Executive Officer*

Hong Kong, 26 June 2024

*As at the date of this announcement, the executive Directors are Mr. Tsang Ka Yip (Chairman), Mr. Tsang Tsz Him Philip and Mr. Tsang Tsz Kit Jerry; and the independent non-executive Directors are Mr. Chan Tim Yiu Raymond, Dr. Lau Chi Keung and Mr. Sze Kwok Wing Nigel.*